

Knightspur Properties Plc
Annual Report and Financial Statements
for the year ended 31st December 2003



Knightspur Properties Plc

Company Information

Directors Peter Laurence Murphy
Matthew Martin Slane

Secretary Paul Williams

Company number 1067607 (England and Wales)

Registered office 2A Alexandra Grove
North Finchley
London N12 8NU

Auditors Simmons Gainsford LLP
7/10 Chandos Street
Cavendish Square
London W1G 9DQ

Knightspur Properties Plc

Contents

	Page
Chairman's statement	1
Directors' report	2 - 3
Auditors' report	4
Consolidated profit and loss account	5 - 6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the consolidated cash flow statement	10 - 11
Notes to the financial statements	12 - 27

Knightspur Properties Plc

Chairman's statement

Financial statements for the year ended 31st December 2003

Knightspur Properties Plc and its subsidiaries are principally involved in the residential sector of the property market. The activities comprise of investments, development and trading in residential property portfolios.

I am pleased to report a consolidated profit before taxation of £185,493 for the year to 31st December 2003 (2002: £581,442). On a historical cost basis, the consolidated profit before tax amounts to £1,112,923 (2002: £835,543).

In 2003 the directors agreed to dispose of investment companies to C&G Properties Plc, a company under common control, for an amount of c£2.5m. This decision was taken so that the Knightspur group could concentrate all its resources on the trading and development of residential property.

During the year there was further significant progress in the group's joint venture development activities with sales of c£3.80m (2002: c£8.56m) and stock of property under development of c£14.09m (2002: c£11.24m). The construction and sale of houses at Grange Close in Winchester contributed £0.51m to group turnover (2002: £3.68m) and the next phase of that development has commenced comprising 25 houses for sale on the open market and 12 flats for affordable housing. I am also pleased to report that we have already this year exchanged for sale over £1.9m of apartments at Highwoods, our prestigious development in Mill Hill at the former St Mary's Abbey.

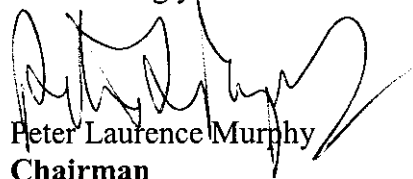
Progress has been made at other joint venture development sites mentioned in last year's annual report with the two remaining units at Cossington Farm, Kent sold during the year and 3 further units sold at Boroughs Oak Farm, Kent with the remaining unit at this development sold in the current year.

The group has continued to adopt its policy to improve its residential portfolio by a programme of continued upgrading and provision of self-contained units. The group has expanded its activities through active participation in development joint ventures.

The group has acquired further sites for re-development where development work had not commenced at the year end date.

I am thankful for the continued support of our main bankers, Barclays Bank Plc and Investec Bank (UK) Limited through long term funding arrangements.

I am confident of the future prospects for the group and with the current range of properties under development and hope to be able to report an improvement in the group results for the forthcoming year.



Peter Laurence Murphy
Chairman

Date: 28 July 2004

Knightspur Properties Plc

Directors' report for the year ended 31st December 2003

The directors present their report and the financial statements for the year ended 31st December 2003.

Principal activities and review of the business

The principal activities of the group during the year have been that of property development, dealing, investment and management.

The review of the group's activities during the year and its future prospects are as indicated in the chairman's statement.

Results and dividends

The statutory consolidated profit and loss account which is set out on page 5 shows a profit before taxation of £185,493 (2002: £581,442).

The directors do not recommend the payment of a dividend.

Fixed assets

The significant changes in fixed assets during the year are detailed in notes 8 to 10 to the financial statements.

Directors and their interests

The directors who served during the year and their direct beneficial interests in the ordinary share capital of the company were as stated below:

	Class of Share	31.12.03	1.1.03
Peter Laurence Murphy	Ordinary shares	80.63%	80.63%
Matthew Martin Slane	Ordinary shares	0.67%	0.67%

In addition to the interests shown above, Peter Laurence Murphy also has an indirect interest in the company by virtue of his 85% beneficial interest in C & G Properties Plc which is interested in 9.30% (2002: 9.30%) of the company's share capital, and by being a member of The KCG Pension Fund, together with his wife, being the only two members of that scheme, which is interested in a further 9.40% (2002: 9.40%) of the company's share capital.

Policy and practice on payment of creditors

It is the company's and group's policy to pay suppliers in accordance with the payment terms negotiated with them.

Knightspur Properties Plc

Directors' report for the year ended 31st December 2003 (continued)

Auditors

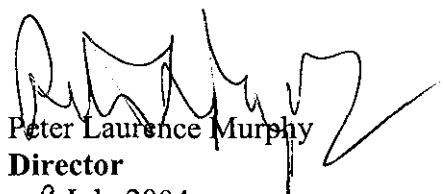
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are required by law to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for the financial year. The directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31st December 2003. The directors also confirm their responsibility to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the group, and for taking reasonable steps to prevent and detect fraud and other irregularities.

On behalf of the Board



Peter Laurence Murphy

Director

28 July 2004

**Independent auditors' report
to the shareholders of Knightspur Properties Plc**

We have audited the financial statements of Knightspur Properties Plc on pages 5 to 27 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 12 and 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company and other members of the group have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

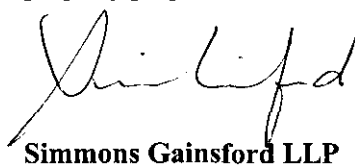
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's and group's affairs as at 31st December 2003 and of the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford LLP

Chartered Accountants
& Registered Auditors

28th July 2004
7/10 Chandos Street
Cavendish Square
London W1G 9DQ

Knightspur Properties Plc

Consolidated profit and loss account for the year ended 31st December 2003

	Notes	£	2003 £	2002 £
Turnover	2			
Continuing operations		4,682,051	11,760,991	
Discontinued operations		129,472	140,454	
			4,811,523	11,901,445
Cost of sales			(3,182,260)	(8,773,884)
Joint venturers' share of profits			(242,538)	(722,728)
Gross profit			1,386,725	2,404,833
Selling and marketing costs			(212,210)	(479,873)
Property costs			(106,931)	(101,720)
Administrative expenses			(1,081,514)	(1,438,660)
Other operating income			493,785	525,319
Operating profit	3			
Continuing operations		443,333	839,480	
Discontinued operations		36,522	70,419	
			479,855	909,899
Profit on sale of investment properties - discontinued operations	4		595,920	279,777
Loss on sale of subsidiaries - discontinued operations			(240,000)	-
Profit on ordinary activities before interest			835,775	1,189,676
Investment income	5		286	869
Other interest receivable and similar income	5		44,774	53,167
Interest payable and similar charges	6		(695,342)	(662,270)
Profit on ordinary activities before taxation			185,493	581,442
Tax on profit on ordinary activities	7		(151,517)	(160,166)
Profit on ordinary activities after taxation			33,976	421,276
Minority interest			(59,390)	2,896
Retained (loss) / profit for the year	16a		(25,414)	424,172

There are no recognised gains and losses other than those passing through the profit and loss account.

Knightspur Properties Plc

Note of historical cost profits and losses

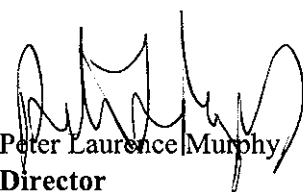
	2003	2002
	£	£
Reported profit on ordinary activities before taxation	185,493	581,442
Realisation of property revaluation gains of previous years	927,430	254,101
Historical cost profit on ordinary activities before taxation	1,112,923	835,543
Historical cost profit on ordinary activities after taxation and minority interests	902,016	678,273

Knightspur Properties Plc

Consolidated balance sheet as at 31st December 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Negative goodwill	8	(98,585)		(123,231)	
Tangible assets	9a	236,572		2,316,147	
Investments	10a	<u>2,522,845</u>		<u>2,140</u>	
			2,660,832		2,195,056
Current assets					
Stocks	11	18,218,562		14,250,471	
Debtors	12	1,027,762		691,203	
Cash at bank and in hand		<u>615,845</u>		<u>2,674,541</u>	
		19,862,169		17,616,215	
Creditors:					
Amounts falling due within one year	13	<u>(14,273,765)</u>		<u>(11,148,511)</u>	
Net current assets			5,588,404		6,467,704
Total assets less current liabilities			8,249,236		8,662,760
Creditors:					
Amounts falling due after more than one year	14		(911,900)		(1,359,400)
			7,337,336		7,303,360
Capital and reserves					
Called up share capital	15	2,100,062		2,100,062	
Share premium account	16a	621,412		621,412	
Revaluation reserve	16a	121,988		1,049,418	
Capital reserve	16a	489,227		489,227	
Profit and loss account	16a	3,905,715		3,003,699	
Equity shareholders' funds	17	7,238,404		7,263,818	
Minority interest		98,932		39,542	
			7,337,336		7,303,360

The financial statements were approved by the Board on 28 July 2004.

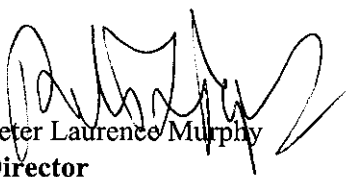

Peter Laurence Murphy
Director

Knightspur Properties Plc

Balance sheet as at 31st December 2003

	Notes	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	9b		10,132		11,258
Investments	10b		5,196,130		7,293,769
			5,206,262		7,305,027
Current assets					
Stocks	11	13,509,080		9,776,345	
Debtors	12	1,028,891		1,971,676	
Cash at bank and in hand		301,191		2,229,078	
		14,839,162		13,977,099	
Creditors:					
Amounts falling due within one year	13	(13,064,211)		(14,710,837)	
Net current assets			1,774,951		(733,738)
Total assets less current liabilities			6,981,213		6,571,289
Creditors:					
Amounts falling due after more than one year	14		(911,900)		(1,066,900)
			6,069,313		5,504,389
Capital and reserves					
Called up share capital	15		2,100,062		2,100,062
Share premium account	16b		621,412		621,412
Investment revaluation reserve	16b		-		2,589,106
Capital reserve	16b		1,109		1,109
Profit and loss account	16b		3,346,730		192,700
Equity shareholders' funds	17		6,069,313		5,504,389

The financial statements were approved by the Board on 28 July 2004.


Peter Laurence Murphy
Director

Knightspur Properties Plc

**Consolidated cash flow statement for the year ended
31st December 2003**

	Notes	2003		2002	
		£	£	£	£
Net cash (outflow) / inflow from operating activities	1	(3,806,320)		1,483,344	
Returns on investments and servicing of finance					
Interest received		44,774		53,167	
Interest paid		(699,527)		(642,667)	
Dividends received		286		869	
Net cash outflow from returns on investments and servicing of finance		(654,467)		(588,631)	
Taxation					
Corporation Tax paid		(269,824)		(288,148)	
Capital expenditure and financial investment					
Purchase of listed investments		(600)		-	
Purchase of investment properties		(51,332)		(50,435)	
Purchase of other tangible fixed assets		(45,280)		(1,522)	
Sale of investment properties		901,160		662,342	
Receipts from sales of tangible fixed assets		14,123		-	
Net cash inflow from capital expenditure and financial investment		818,071		610,385	
Acquisitions and disposals					
Purchase of subsidiary		-		(630,200)	
Net cash acquired with subsidiary		-		594,315	
Purchase of minority interest in subsidiary		-		(100,000)	
Net cash outflow from acquisitions and disposals		-		(135,885)	
Financing					
Debt due within one year					
Short term loans drawn down		2,137,805		3,848,346	
Short term loans repaid		(280,478)		(2,744,508)	
Debt due in more than one year					
Loans repaid		-		(245,000)	
Capital element of hire purchase contracts		(5,997)		(7,196)	
Net cash inflow from financing		1,851,330		851,642	
(Decrease) / increase in cash in the year		(2,061,210)		1,932,707	

Knightspur Properties Plc

Notes to the consolidated cash flow statement for the year ended 31st December 2003

1 Reconciliation of operating profit to net cash flows from operating activities

	2003 £	2002 £
Operating profit	479,855	909,899
Depreciation charges	17,977	16,436
Amortisation of negative goodwill	(24,646)	-
Profit on disposal of fixed assets	(1,385)	-
(Increase) / decrease in stocks of properties	(3,968,091)	2,687,217
(Increase) / decrease in debtors	(1,789,306)	1,667,643
Increase / (decrease) in creditors	1,479,276	(3,797,851)
Net cash (outflow) / inflow from operating activities	(3,806,320)	1,483,344

2 Reconciliation of net cash flow to movement in net debt (note 3)

	2003 £	2002 £
(Decrease) / increase in cash in the year	(2,061,210)	1,932,707
Cash inflow from increase in debt	(1,851,330)	(851,642)
Changes in net debt resulting from cash flows	(3,912,540)	1,081,065
Loan notes issued on acquisition of subsidiary	-	(294,400)
Net debt disposed of with subsidiary	292,500	-
Net debt at start of year	(5,586,964)	(6,373,629)
Net debt at end of year	(9,207,004)	(5,586,964)

3 Analysis of changes in net debt

	At 1 January 2003 £	Cash flow £	Disposals £	At 31 December 2003 £
Cash in hand and at bank	2,674,541	(2,058,696)	-	615,845
Overdrafts	(3,725)	(2,514)	-	(6,239)
Debt due within one year	2,670,816	(2,061,210)	-	609,606
Debt due within one year	(6,892,383)	(2,102,327)	90,000	(8,904,710)
Debt due after one year	(1,359,400)	245,000	202,500	(911,900)
Finance leases	(5,997)	5,997	-	-
Net debt	(5,586,964)	(3,912,540)	292,500	(9,207,004)

Knightspur Properties Plc

Notes to the consolidated cash flow statement (continued) for the year ended 31st December 2003

4 Major non-cash transactions

The consideration for the sale of the subsidiary undertakings that occurred during the year comprised of loan notes. The assets that were disposed of are set out below.

5 Sale of subsidiary undertakings

	£
Net assets disposed	
Fixed asset investments	340
Investment properties	1,840,232
Debtors	1,452,747
Creditors	(532,874)
	2,760,445
Loss on disposal	(240,000)
	2,520,445
Satisfied by	
Loan notes issued	2,520,445

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards. The financial statements adopt the following accounting policies:

1.1 Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the holding company and all its subsidiaries. Negative goodwill arising on consolidation and representing the excess of the fair value of the net assets acquired over purchase price is amortised over five years from the first full financial year after acquisition.

Joint ventures

The group is involved in various property development joint ventures. The nature of all but one of these joint ventures is such that the group effectively controls the day to day operations with a share of the profits payable to the joint venture partners. Accordingly, the group has consolidated the results of those joint ventures under its control as if they were a normal part of its own trading. The share of profits payable to joint venture partners has been shown separately before arriving at gross profit and the amounts invested by the joint venturers has been included under creditors due within one year.

The results for the remaining joint venture have been included under other operating income and the amount invested in this joint venture has been included under debtors.

1.2 Turnover

Turnover represents sales of properties held as trading stock, rents receivable from investment properties and property management fees.

1.3 Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except investment properties, over their expected useful lives. It is calculated on the original cost of the assets at the following rate:

Computer equipment	- straight line over 3 years
Furniture, fixtures and fittings	- 10% per annum on net book value
Motor vehicles	- 25% per annum on net book value

Knightspur Properties Plc

Notes forming part of the financial statements for the year ended 31st December 2003

1 Accounting policies (continued)

1.4 Investment properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. On the basis of these financial statements, no provision has been made for deferred tax.

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market value as the group does not intend to sell the revalued assets.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

2 Turnover analysis by activity

	2003 £	2002 £
Group		
Sales of properties	4,620,885	11,729,451
Rent receivable	135,583	151,337
Property management	55,055	20,657
	4,811,523	11,901,445

3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	17,977	16,436
Auditors' remuneration	58,731	47,531
and after crediting:		
Rent receivable from trading properties	243,504	260,964
Profit on disposal of fixed assets	1,385	-
	244,889	260,964

The effect of the disposals on the results for the year was as follows:

	Year ended 31 December 2003			Year ended 31 December 2002		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover	4,682,051	129,472	4,811,523	11,760,991	140,454	11,901,445
Cost of sales	(3,182,260)	-	(3,182,260)	(8,773,884)	-	(8,773,884)
Joint venturers' share of profits	(242,538)	-	(242,538)	(722,728)	-	(722,728)
	1,257,253	129,472	1,386,725	2,264,379	140,454	2,404,833
Gross profit						
Selling and marketing costs	(212,210)	-	(212,210)	(479,873)	-	(479,873)
Property costs	(84,216)	(22,715)	(106,931)	(88,000)	(13,720)	(101,720)
Administrative expenses	(1,011,279)	(70,235)	(1,081,514)	(1,382,345)	(56,315)	(1,438,660)
Other operating income	493,785	-	493,785	525,319	-	525,319
	443,333	36,522	479,855	839,480	70,419	909,899
Operating profit	443,333	36,522	479,855	839,480	70,419	909,899

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

4 Profit on sale of investment properties

	2003 £	2002 £
Profit on sale of freehold property against opening valuation	595,920	279,777
Realised on investment property against historical cost	1,523,350	533,878

5 Investment income

	2003 £	2002 £
Income from listed investments	286	869
Bank interest	42,751	50,488
Other interest	2,023	2,679
	45,060	54,036

6 Interest payable

	2003 £	2002 £
On bank loans and overdrafts	675,856	636,017
Other loans	14,720	7,774
Lease finance charges	-	972
On overdue tax	4,766	17,507
	695,342	662,270

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

7 Taxation

	2003 £	2002 £
Domestic current year tax		
UK Corporation Tax	168,559	231,731
Adjustment for prior years	(17,042)	(71,565)
Current tax charge	151,517	160,166
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	185,493	581,442
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2002: 30%)	55,648	174,433
Effects of:		
Non deductible expenses	3,745	6,495
Depreciation	5,393	4,931
Capital allowances	(6,608)	(3,349)
Adjustments to previous periods	(17,042)	(71,565)
Chargeable disposals	229,642	131,943
Dividends and distributions received	(86)	(252)
Other tax adjustments	(119,175)	(82,470)
	95,869	(14,267)
Current tax charge	151,517	160,166

No provision has been made for taxation which might become payable if the group's investment properties were sold at the net amount stated in these financial statements; the additional tax liability could amount to approximately £61,000 (2002: £355,000).

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

8 Negative goodwill - group

	£
Cost	
At 1st January 2003 and at 31st December 2003	123,231
Amortisation	
Charge for the year	24,646
At 31st December 2003	24,646
Net Book Value at	
31st December 2003	98,585
31st December 2002	123,231

Knightsbridge Properties Plc

Notes to the financial statements for the year ended 31st December 2003

9a. Tangible fixed assets - group

	Investment properties £	Furniture, fixtures & fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1st January 2003	2,258,963	123,628	54,307	2,436,898
Additions	51,332	24,845	20,435	96,612
Disposals	(305,240)	(15,782)	(36,967)	(357,989)
On disposal of subsidiaries	(1,840,232)	-	-	(1,840,232)
At 31st December 2003	164,823	132,691	37,775	335,289
Depreciation				
At 1st January 2003	-	89,807	30,944	120,751
On disposals	-	(15,782)	(24,229)	(40,011)
Charge for the year	-	14,665	3,312	17,977
At 31st December 2003	-	88,690	10,027	98,717
Net Book Value at				
31st December 2003	164,823	44,001	27,748	236,572
31st December 2002	2,258,963	33,821	23,363	2,316,147

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £42,835 (2002: £1,209,545).

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2003	-
At 31 December 2002	10,121
Depreciation charge for the year	
31 December 2003	-
31 December 2002	3,373

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

9b. Tangible fixed assets - company

	Fixtures & fittings £
Cost	
At 1st January 2003 and at 31st December 2003	55,573
Depreciation	
At 1st January 2003	44,315
Charge for the year	1,126
At 31st December 2003	45,441
Net book value at 31st December 2003	10,132
Net book value at 31st December 2002	11,258

10a. Investments - group

	Listed investments £	Unlisted investment £	Total £
Cost			
At 1st January 2003	2,140	-	2,140
Additions	600	2,520,445	2,521,045
On disposal of subsidiary	(340)	-	(340)
At 31st December 2003	2,400	2,520,445	2,522,845

The unlisted investment comprises of 4.5% loan stock in C&G properties Plc which was acquired on the transfer of various subsidiaries to C&G Properties Plc on 31st December 2003. The loan stock will be redeemable not earlier than ten years from the date of issue.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

10b Investments - company

	Listed investments £	Unlisted investment £	Subsidiary undertakings £	Total £
Cost or valuation				
At 1st January 2003	-	-	7,293,769	7,293,769
Additions	600	2,520,445	1,240,640	3,761,685
Disposals	-	-	(5,859,324)	(5,859,324)
At 31st December 2003	600	2,520,445	2,675,085	5,196,130

The unlisted investment comprises of 4.5% loan stock in C&G properties Plc which was acquired on the transfer of various subsidiaries to C&G Properties Plc on 31st December 2003. The loan stock will be redeemable not earlier than ten years from the date of issue.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

- 10c** Knightspur Properties Plc holds the following direct and indirect interests in the equity capital of the undertakings indicated below:

Name of company	Country of registration	Holdings	Proportion held
Trading Companies			
Gardenstate Properties Limited	England	Ordinary shares	75%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
Roundpoll Limited	England	Ordinary Shares	100%
Totteridge Common Limited	England	Ordinary shares	95%
Wadestock Limited	England	Ordinary shares	100%
Investment Companies			
Dawnstar Properties Limited	England	Ordinary Shares	100%
M25 Holdings Limited (formerly Yearvale Limited)	England	Ordinary Shares	75%
M25 Estates Limited	England	Ordinary Shares	100%
M25 Investments Limited	England	Ordinary Shares	75%
Dormant Companies			
Alnor Properties Limited	England	Ordinary Shares	100%
Canaryridge Limited	England	Ordinary Shares	100%
Plum Properties Limited	England	Ordinary Shares	100%
Stimpson (Investments) Limited	England	Ordinary Shares	100%
Totteridge House Limited	England	Ordinary Shares	100%
Wards Properties (Clacton) Limited	England	Ordinary Shares	100%

11 Stocks

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Stock of properties	18,218,562	14,250,471	13,509,080	9,776,345

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

12 Debtors: falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	190,318	19,475	176,322	7,894
Amounts owed by subsidiary undertakings	-	-	349,670	1,607,909
Other debtors	248,669	178,773	154,654	103,699
Amounts owed by joint venturers	264,608	164,608	264,608	164,608
Prepayments and accrued income	324,167	328,347	83,637	87,566
	<u>1,027,762</u>	<u>691,203</u>	<u>1,028,891</u>	<u>1,971,676</u>

13 Creditors: falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	8,910,949	6,896,108	7,116,786	5,789,530
Net obligations under finance leases	-	5,997	-	-
Trade creditors	123,075	282,536	29,818	57,900
Amount owed to subsidiary undertakings	-	-	1,725,103	5,895,170
Amounts owed to joint venturers	2,827,112	2,468,827	2,117,331	2,041,010
Corporation Tax	164,523	346,849	-	-
Other taxes and social security costs	28,971	26,648	21,907	18,150
Director's current account	441,407	148,803	441,407	148,803
Other creditors	1,576,577	440,808	1,527,929	411,775
Accruals and deferred income	201,151	531,935	83,930	348,499
	<u>14,273,765</u>	<u>11,148,511</u>	<u>13,064,211</u>	<u>14,710,837</u>

The bank loans and overdrafts are secured by way of legal mortgages over land and buildings owned by the company and its subsidiary undertakings.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

14 Creditors: falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
5% loan notes in C&G Properties Plc	294,400	294,400	294,400	294,400
Bank loans repayable between				
- one and two years	245,000	245,000	155,000	155,000
- two and five years	372,500	735,000	462,500	465,000
- after more than five years	-	85,000	-	152,500
	<u>911,900</u>	<u>1,359,400</u>	<u>911,900</u>	<u>1,066,900</u>

The earliest date of redemption for the 5% loan notes, unless the company feels otherwise, is 31st December 2010 and the latest date by which they will be redeemed is 31 December 2015.

The long term bank loans are secured by a fixed and floating charge over the investment properties and closing stock of the group. Interest is fixed at 8.4% p.a. until 28th May 2004.

15 Share capital

	Number of ordinary shares	£
Authorised		
At 1st January 2003 and 31st December 2003 (£1 ordinary)	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, called up and fully paid		
At 1st January 2003 and 31st December 2003	2,100,062	2,100,062
	<u>2,100,062</u>	<u>2,100,062</u>

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

16a. Statement of movement on reserves - group

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Balance at 1st January 2003	621,412	1,049,418	489,227	3,003,699
Retained loss for the year	-	-	-	(25,414)
Transfer from revaluation reserve to profit and loss account	-	(927,430)	-	927,430
At 31st December 2003	621,412	121,988	489,227	3,905,715

16b. Statement of movement on reserves - company

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Balance at 1st January 2003	621,412	2,589,106	1,109	192,700
Retained profit for the year	-	-	-	564,924
Transfer from revaluation reserve to profit and loss account	-	(2,589,106)	-	2,589,106
At 31st December 2003	621,412	-	1,109	3,346,730

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
(Loss) / profit for the financial year	(25,414)	424,172	564,924	(95,651)
Opening shareholders' funds	7,263,818	6,839,646	5,504,389	5,600,040
Closing shareholders' funds	7,238,404	7,263,818	6,069,313	5,504,389

18 Company profit and loss account

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account. The profit for the financial year is made up as follows:

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Holding company's profit / (loss) for the financial year	564,924	(95,651)

19 Contingent liabilities

In connection with overall banking facilities, unlimited guarantees have been given by the company to support the borrowings of Invicta Holdings Limited, a subsidiary undertaking up to 31st December 2003. The amount of the contingent liability under these guarantees is constantly changing due to day to day movements on the bank accounts but should not exceed the overall facilities to the subsidiary involved amounting to £292,500 (2002: £382,500) at the balance sheet date.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

20 Directors' emoluments - group and company

	2003 £	2002 £
Emoluments for qualifying services	75,833	322,275
Company pension contributions to money purchase schemes	200,000	250,000
	<u>275,833</u>	<u>572,275</u>

Emoluments disclosed above relate entirely to the highest paid director.

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	Group		Company	
	2003	2002	2003	2002
Office and management	9	9	7	7

Employment costs

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Wages and salaries	635,867	702,702	339,255	588,865
Social security costs	77,607	69,855	39,819	71,305
Other pension costs	200,000	250,000	200,000	250,000
	<u>913,474</u>	<u>1,022,557</u>	<u>579,074</u>	<u>910,170</u>

22 Control

The group is under the control of the director, Peter Laurence Murphy, by virtue of his beneficial interest in the issued share capital of Knightspur Properties Plc as disclosed in the directors' report.

Knightspur Properties Plc

Notes to the financial statements for the year ended 31st December 2003

23 Related party transactions

- a. Included under other debtors / other creditors are amounts due / payable as follows:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Due from other connected companies	266,920	168,005	266,920	168,005
Due to companies under common control	1,210,576	70,108	1,210,576	70,108
Due to other connected companies	15,064	15,064	15,064	15,064

- b. Also included in other creditors is an amount of £294,680 (2002: £294,730) due to The KCG Pension Fund of which the director, Peter Murphy, is a trustee and member.
- c. Administrative expenses includes rent of £22,500 (2002: £22,500) payable to The KCG Pension Fund for the use of a part of one its investment properties as the group's office.
- d. Administrative expenses includes rent of £150,000 (2002: £150,000) payable to Peter Murphy for the use of a property owned by him.
- e. Peter Murphy is a joint venture partner in some of the group's joint ventures. His profit share for the year amounted to £nil (2002: £86,000).
- f. Other operating income includes £50,000 (2002: £62,500) in respect of management fees receivable from The M25 Group Limited, a company of which Peter Murphy is a director and registered shareholder as trustee for the Peter Murphy Children's Trust.
- g. Other operating income includes £200,000 (2002: £200,000) in respect of accrued management fees receivable chargeable to companies within the C & G Properties Plc group which is under the control of Peter Murphy.
- h. The director's current account of £441,407 (2002: £148,803) is due to the director, Peter Murphy. No interest has been charged on these sums.