

Panatown Limited

(Company Number 1875921)

Report and Accounts

30th March 2002



**PANATOWN LIMITED
REPORT OF THE DIRECTORS**

DIRECTORS:
W.J. Gredley (Chairman)
A.J.A. Helme

SECRETARY:
A.J.A. Helme

The directors present their report and the company's accounts for the year ended 30th March 2002.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of building construction.

DIRECTORS AND THEIR INTERESTS

The directors during the year were W.J. Gredley (Chairman) and A.J.A. Helme, neither of whom held any beneficial interest in the shares of the company during the period. Their interests in the shares of the ultimate parent company, Unex Holdings Limited, are shown in the accounts of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors draw attention to Note 1(ii) of the Accounts.

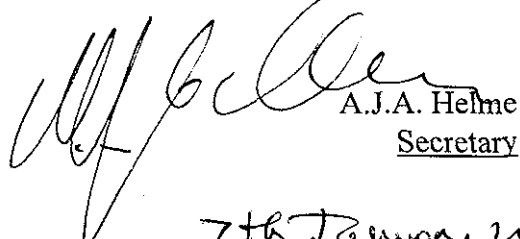
The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Registered Office:

Unex House,
Church Lane,
Stetchworth,
Cambridgeshire.

BY ORDER OF
THE BOARD


A.J.A. Helme
Secretary
7th February 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANATOWN LIMITED

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 has 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 is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with 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 company'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.

Fundamental Uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the future financing of the company. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain continuing financial support. Details of circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANATOWN LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30th March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

2 Bloomsbury Street
LONDON
WC1B 3ST



BAKER TILLY
Chartered Accountants
Registered Auditors

7th January 2003

PANATOWN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
30TH MARCH 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
<u>TURNOVER</u>		500,000	1,153,000
Cost of sales		(420,000)	(1,865,647)
<u>GROSS PROFIT/(LOSS)</u>		80,000	(712,647)
Administrative expenses		(420,264)	(745,237)
<u>OPERATING LOSS</u>	2	(340,264)	(1,457,884)
Interest payable		(136)	-
<u>LOSS ON ORDINARY</u> <u>ACTIVITIES BEFORE</u> <u>TAXATION</u>		(340,400)	(1,457,884)
Tax on loss on ordinary activities	4	-	-
<u>LOSS FOR THE FINANCIAL</u> <u>YEAR</u>	8	(340,400)	(1,457,884)
<u>PROFIT AND LOSS ACCOUNT</u> <u>at 31st March 2001</u>		(14,798,987)	(13,341,103)
<u>PROFIT AND LOSS ACCOUNT</u> <u>at 30th March 2002</u>		£(15,139,387)	£(14,798,987)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the year of £340,400 (2001: Loss £1,457,884)

The notes on pages 6 to 8 form part of these accounts.

PANATOWN LIMITED
BALANCE SHEET
30TH MARCH 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
<u>CURRENT ASSETS</u>			
Stock	5	70,366	420,000
Other debtors		109,895	33,523
Cash at bank		5	-
		180,266	453,523
<u>CREDITORS: AMOUNTS FALLING</u>			
<u>DUE WITHIN ONE YEAR</u>	6	(15,319,553)	(15,252,410)
<u>NET DEFICIENCY OF ASSETS</u>		£(15,139,287)	£(14,798,887)
 <u>CAPITAL AND RESERVES</u>			
Called up share capital	7	100	100
Profit and loss account		(15,139,387)	(14,798,987)
<u>EQUITY SHAREHOLDERS'</u>			
<u>FUNDS</u>	8	£(15,139,287)	£(14,798,887)

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

7th January 2003
Approved by the Board on

.....)
W.J. Gredley)

) DIRECTORS

.....)
A.J.A. Helme)

The notes on pages 6 to 8 form part of these accounts

PANATOWN LIMITED
NOTES TO THE ACCOUNTS
30TH MARCH 2002

1. ACCOUNTING POLICIES

i. Basis of Preparation

The accounts are prepared under the historical cost convention. No cash flow statement is presented. A group statement is included in the accounts of the ultimate parent company.

ii. Going Concern

The accounts are prepared on a going concern basis, the validity of which depends on the continuing financial support of another group company, Unex Smithfield Limited. This group undertaking has confirmed that it will continue to provide working capital, either directly or indirectly, whilst it believes that, taken as a whole, the company's worth will be enhanced by its continuing activities. This support does not extend to underwriting all the obligations of the company.

iii. Turnover

The company's principal activity during the year was that of building construction.

Certain construction works being carried out by the company have been invoiced and paid for in advance in a previous accounting period. As relevant work in progress is satisfactorily completed it is passed to the purchaser and is not included in the company's balance sheet.

No turnover arose from this type of transaction in the year (2001: Nil).

iv. Stock

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

v. Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

2. OPERATING LOSS

2002

2001

This is stated after charging:

Auditors' remuneration

£1,000

£1,000

PANATOWN LIMITED
NOTES TO THE ACCOUNTS
30TH MARCH 2002

3. DIRECTORS' REMUNERATION

No director received any emoluments during the year (2001:Nil).

4. TAXATION

	<u>2002</u>	<u>2001</u>
Current tax		
UK corporation tax on results of the year	<u>-</u>	<u>-</u>
Loss on ordinary activities before tax	<u>(340,400)</u>	<u>(1,457,884)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(102,120)	(437,365)
Effects of:		
Group relief surrendered	<u>102,120</u>	<u>437,365</u>
Current tax charge for year	<u>-</u>	<u>-</u>

5. STOCK

Stock comprises work in progress and raw materials on site at 30th March 2002 under building construction contracts with group undertakings.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u>	<u>2001</u>
Bank overdraft	38,920	1,181,170
Amounts owed to group undertakings	15,277,115	13,773,556
Tax and social security costs	-	634
Accruals	3,518	297,050
	<u>£15,319,553</u>	<u>£15,252,410</u>

The bank overdrafts are secured by guarantees given by the ultimate parent company.

7. SHARE CAPITAL

Authorised:

1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
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Allotted, called up and fully paid:

100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
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PANATOWN LIMITED
NOTES TO THE ACCOUNTS
30TH MARCH 2002

8. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS

Opening shareholders' funds	(14,798,887)	(13,341,003)
Loss for the year	(340,400)	(1,457,884)
Closing shareholders' funds	<u>£(15,139,287)</u>	<u>£(14,798,887)</u>

9. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption provided by paragraph 3(c) of Financial Reporting Standard 8 from reporting transactions with group companies.

10. CONTROLLING PARTY

The immediate parent company is Unex Corporation Limited and the ultimate parent company is Unex Holdings Limited. Both companies are registered in England. The ultimate controlling party is Mr. W.J. Gredley.

11. GUARANTEES

The company has given guarantees, along with other group companies, on certain borrowings of the group secured by charges on certain group properties. At 30th March 2002 the amount of these borrowings was £6,500,000.

12. POST BALANCE SHEET EVENTS

In December 2002, the company settled its litigation against a national building contractor within an overall settlement of £17,410,000 being paid to the Unex Group.