

Registration number 2796310

Project Genesis Limited
Directors' report and financial statements
for the year ended 30 June 2003



Project Genesis Limited

Company information

Directors	Mr J W Fawcett Mrs C W Fawcett Emeritus Professor B Smythe Mr W Connolly
Secretary	Mrs C W Fawcett
Company number	2796310
Registered office	Woodthorpe Hall Old Tupton Chesterfield Derbyshire S42 6HJ
Auditors	Mitchells 93-97 Saltergate Chesterfield Derbyshire S40 1LA
Bankers	Royal Bank of Scotland PLC 5 Church Street Sheffield S40 1HF
Solicitors	Dibb Lupton Alsop Robert Muckle Clifford Chance

Project Genesis Limited

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Project Genesis Limited

Directors' report for the year ended 30 June 2003

The directors present their report and the financial statements for the year ended 30 June 2003.

Principal activity

The principal activity of the company is the regeneration and development of sites adjoining the town centre of Consett, including the 700 acre site known as Berry Edge.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	30/06/03	01/07/02
Mr J W Fawcett	-	-
Mrs C W Fawcett	-	-
Emeritus Professor B Smythe	-	-
Mr W Connolly	-	-

In accordance with the 'Shareholders Agreement', the day to day activities are vested in an executive committee which comprises the 'A' Directors, being Mr J W Fawcett and Mrs C W Fawcett.

The directors had no direct interest in the shares of the company at 30 June 2003 and 30 June 2002, according to the register required to be kept by Section 325 of the Companies Act 1985.

Emeritus Professor Smythe and W Connolly have an indirect interest in the company by virtue of the fact that they are trustees of Project Genesis Nominees Limited which held 1 'B' share at 30 June 2003 and at 30 June 2002.

Dysart Developments Limited held 1 'A' share at 30 June 2003 and 30 June 2002. Mr J W Fawcett and Mrs Fawcett each have an interest in 125,000 ordinary shares in Dysart Developments Limited, being 50% each of the total issued share capital in that company.

Directors' responsibilities

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

- select suitable accounting policies and 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 are responsible for keeping proper 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.

Project Genesis Limited

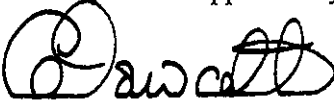
**Directors' report
for the year ended 30 June 2003**

Auditors

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

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 1 March 2004 and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'C W Fawcett', written over a horizontal line.

Mrs C W Fawcett
Secretary

Project Genesis Limited

Independent auditors' report to the shareholders of Project Genesis Limited

We have audited the financial statements of Project Genesis Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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 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 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 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 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.

Project Genesis Limited

Independent auditors' report to the shareholders of Project Genesis Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mitchells

**Mitchells
Chartered Accountants and
Registered Auditor**

2nd March 2004.

**93-97 Saltergate
Chesterfield
Derbyshire
S40 1LA**

Project Genesis Limited

**Profit and loss account
for the year ended 30 June 2003**

		2003	2002
	Notes	£	£
Turnover	2	1,303,893	5,275,814
Cost of sales		(1,314,313)	(5,277,898)
Gross loss		(10,420)	(2,084)
Operating costs		(8,565)	(5,609)
Operating loss	3	(18,985)	(7,693)
Other interest receivable and similar income		19,477	12,344
Interest payable and similar charges		(492)	(4,651)
Retained profit for the year		-	-
Accumulated loss brought forward		(2,796)	(2,796)
Accumulated loss carried forward		(2,796)	(2,796)

The notes on pages 7 to 10 form an integral part of these financial statements.

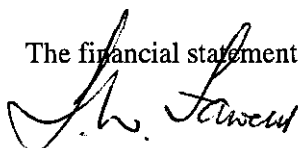
Project Genesis Limited

**Balance sheet
as at 30 June 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		6,972		8,584
Investments	5		1		1
			<u>6,973</u>		<u>8,585</u>
Current assets					
Stocks		82,343		220,914	
Debtors	6	22,394		186,537	
Cash at bank and in hand		579,766		275,066	
		<u>684,503</u>		<u>682,517</u>	
Creditors: amounts falling due within one year	7	(694,270)		(693,896)	
Net current liabilities			(9,767)		(11,379)
Deficiency of assets			<u>(2,794)</u>		<u>(2,794)</u>
Capital and reserves					
Called up share capital	8		2		2
Profit and loss account			(2,796)		(2,796)
Shareholders' funds			<u>(2,794)</u>		<u>(2,794)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 1 March 2004 and signed on its behalf by


Mr J W Fawcett
Director


Mrs C W Fawcett
Director

The notes on pages 7 to 10 form an integral part of these financial statements.

Project Genesis Limited

Notes to the financial statements for the year ended 30 June 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Security equipment	-	15% Straight Line
Fax machines	-	25% Reducing Balance

1.4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5. Stock and work in progress

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

1.6. Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

1.7. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible assets	1,612	1,615
Auditors' remuneration	2,500	1,687

Project Genesis Limited

Notes to the financial statements for the year ended 30 June 2003

4. Tangible fixed assets

	Security equipment £	Fax machine £	Total £
Cost			
At 1 July 2002	10,686	199	10,885
At 30 June 2003	10,686	199	10,885
Depreciation			
At 1 July 2002	2,137	164	2,301
Charge for the year	1,603	9	1,612
At 30 June 2003	3,740	173	3,913
Net book values			
At 30 June 2003	6,946	26	6,972
At 30 June 2002	8,549	35	8,584

5. Fixed asset investments

	Subsidiary undertakings shares £	Total £
Cost		
At 1 July 2002		
At 30 June 2003	1	1
Net book values		
At 30 June 2003	1	1
At 30 June 2002	1	1

Project Genesis Limited

Notes to the financial statements for the year ended 30 June 2003

5.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Project Genesis (Town Centre) Limited	England	Property Development	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Project Genesis (Town Centre) Limited	1	-

6. Debtors	2003 £	2002 £
Trade debtors	-	4,718
Other debtors	22,394	181,819
	<u>22,394</u>	<u>186,537</u>
7. Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	299,579	184,607
Amounts owed to group undertaking	11,019	119,845
Other creditors	332,053	377,049
Accruals and deferred income	51,619	12,395
	<u>694,270</u>	<u>693,896</u>

Project Genesis Limited

Notes to the financial statements for the year ended 30 June 2003

8. Share capital	2003	2002
	£	£
Authorised		
50 Ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

9. Related party transactions

During the year Project Genesis Limited paid £196,875 (2002:£16,378) for developer fees to Dysart Developments Limited, a company which owns 50% of the share capital of the company.

10. Ultimate parent undertaking

The directors regard Dysart Developments Limited, a company registered in England and Wales, as the parent company