

PIKEDAWN LIMITED
(Registered Number 3377310)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1999



PIKEDAWN LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of property development.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has continued its development of property during course of the year and will continue to develop property in the future.

The loss for the year attributable to shareholders amounts to £228,694 (1998: loss £219,720)

The directors do not recommend payment of a dividend. (1998 - £ Nil)

DIRECTORS AND THEIR INTERESTS

	Ordinary shares of £1	
The directors during the year were:	31 December 1999	31 December 1998
A D Kennan	-	-
J M Fickling	-	-

A D Kennan and J M Fickling are both directors of K & F Developments Limited which is the holding company of Pikedawn Limited. The directors interests in the share capital of K & F Developments Limited are shown in that company's financial statements.

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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 1999 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

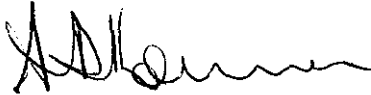
PIKEDAWN LIMITED

DIRECTOR'S REPORT (continued)

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board.



A D Kennan
Director

23 October 2000

AUDITORS' REPORT TO THE MEMBERS OF PIKEDAWN LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounts policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 1, the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 misstatements, 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 affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Newcastle upon Tyne
23 October 2000

PIKEDAWN LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		(264,073)	(219,812)
OPERATING LOSS		(264,073)	(219,812)
Interest receivable and similar income		35,441	335
Interest payable and similar charges		(62)	(243)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(228,694)	(219,720)
Taxation on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR		(228,694)	(219,720)
PROFIT AND LOSS RESERVES BROUGHT FORWARD		(222,220)	(2,500)
PROFIT AND LOSS RESERVES CARRIED FORWARD	7	(450,914)	(222,220)

The company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the withdrawn loss for the year as reported above and their historical cost equivalents.

PIKEDAWN LIMITED

BALANCE SHEET AT 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £	<u>1999</u> £	<u>1998</u> £	<u>1998</u> £
CURRENT ASSETS					
Debtors	4	22		-	
Stock	5	2,899,430		2,801,625	
Bank and cash		219,904		3,318	
		<u>3,119,356</u>		<u>2,804,943</u>	
CREDITORS (Amounts falling due within one year)	6	<u>(3,570,268)</u>		<u>(3,027,161)</u>	
NET CURRENT LIABILITIES			<u>(450,912)</u>		<u>(222,218)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(450,912)</u>		<u>(222,218)</u>
SHARE CAPITAL AND RESERVES					
Called up equity share capital	8		2		2
Profit and loss account	7		<u>(450,914)</u>		<u>(222,220)</u>
EQUITY SHAREHOLDERS' DEFICIT	7		<u>(450,912)</u>		<u>(222,218)</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 23 October 2000 and were signed on its behalf by:



AD Kennan
Director

PIKEDAWN LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999****1 ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

a) Stocks

Stock is valued at cost plus incidental expenditure relating to the development of the property. The Directors consider that the value of stock is recoverable.

b) Cash flow statement

In the opinion of the directors the company falls within the definition of a small reporting entity contained in the Financial Reporting Standard Number 1 and they have therefore taken advantage of the provisions of the statement which exempt such entities from the requirements to include a cash flow statement within their accounts.

c) Basis of preparation

The financial statements have been prepared on a going concern basis. The validity of the going concern basis is dependent upon the continued support of the parent undertaking, K & F Developments Limited. The parent undertaking have confirmed their intention to continue to support the company for the foreseeable future.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities is stated after charging:

	<u>1999</u>	<u>1998</u>
	£	£
Auditors' remuneration	1,000	1,000
	<u> </u>	<u> </u>

3 TAXATION

The tax charge on the profit on ordinary activities comprises:

	<u>1999</u>	<u>1998</u>
	£	£
UK corporation tax at 20%		
- based on losses for the year	-	-
	<u> </u>	<u> </u>

4 DEBTORS

Other Debtors

	<u>1999</u>	<u>1998</u>
	£	£
	22	-
	<u> </u>	<u> </u>

5 STOCK

Work in progress

	<u>1999</u>	<u>1998</u>
	£	£
	2,899,430	2,801,625
	<u> </u>	<u> </u>

PIKEDAWN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)

6 CREDITORS (amounts falling due within one year)

	<u>1999</u>	<u>1998</u>
	£	£
Trade Creditors	165,195	-
Amount owing to K & F Developments Ltd	3,396,573	3,022,161
Accruals and deferred income	8,500	5,000
	<u>3,570,268</u>	<u>3,027,161</u>

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up equity <u>share capital</u>	Profit and <u>loss account</u>	<u>Total</u>
	£	£	£
Opening shareholders' deficit	2	(222,220)	(222,218)
Loss for the year	-	(228,694)	(228,694)
Closing shareholders' deficit	<u>2</u>	<u>(450,914)</u>	<u>(450,912)</u>

8 CALLED UP SHARE CAPITAL

Authorised share capital

	<u>1999</u>	<u>1998</u>
	£	£
100 ordinary shares of £1 each	100	100

Issued, allotted and fully paid

	<u>1999</u>	<u>1998</u>
	£	£
2 ordinary shares of £1 each	2	2

9 CAPITAL COMMITMENTS

The company entered into a contract with Dove Brothers on 5 April 1999. The value of the contract is £2,122,804. During the year, payments of £362,206 were made.

10 RELATED PARTY TRANSACTIONS

As well as the amount owing to K & F Developments Limited disclosed in note 6, Pikedawn Limited paid management charges of £204,741 to K & F Developments Limited, of which the directors are A D Kennan and J M Fickling.

PIKEDAWN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (continued)

11 SUBSEQUENT EVENTS

Since the year end, the parent undertaking of the company is in the process of obtaining a mortgage to the value of £1,500,000 secured over the property in order to continue its development.

12 ULTIMATE CONTROLLING PARTY

The parent undertaking of the company is K & F Developments Limited, a company registered in England and Wales.

The ultimate controlling party of the company is J M Fickling Esq, a director of this company and of K & F Developments Limited.