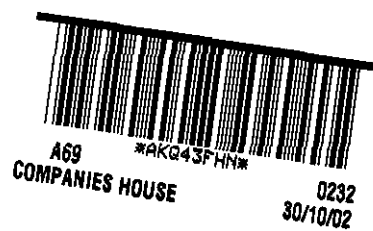


Pikedawn Limited
Directors' Report and Accounts
for the year ended 31 December 2001

Registered Number 3377310



Pikedawn Limited

Directors' report and accounts

for the year ended 31 December 2001

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Pikedawn Limited

Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

Principal activities

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

Review of business and future developments

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

The loss for the year attributable to shareholders amounts to £338,338 (2000 : loss £259,482). The ability of the company to continue as a going concern is dependant upon the sale of the property currently under development once completed and the continued support of the parent undertaking. The parent company has confirmed its intention to continue to support the company for the foreseeable future.

The directors do not recommend payment of a dividend. (2000 - £ Nil).

Directors and their interests

None of the directors held any beneficial interest in the shares of the company. 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 year that 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 2001 and that applicable accounting standards have been followed.

Pikedawn Limited

Directors' report for the year ended 31 December 2001 (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

24 October 2002

Pikedawn Limited

Independent auditors' report to the members of Pikedawn Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report.

Basis of audit 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
29 October 2002

Pikedawn Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(338,653)	(271,311)
Operating loss		(338,653)	(271,311)
Interest receivable and similar income	2	437	12,387
Interest payable and similar charges		(122)	(183)
Loss on ordinary activities before taxation	1	(338,338)	(259,107)
Taxation on loss on ordinary activities	3	-	(375)
Retained loss for the financial year	7	(338,338)	(259,482)

All of the activities of the company relate entirely to continuing operations.

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 as at 31 December 2001

	Note	2001 £	2001 £	2000 £	2000 £
Current assets					
Stock	4	5,556,802		4,555,486	
Debtors	5	3,837		1,134	
Cash at bank		1,471		5,956	
		5,562,110		4,562,576	
Creditors (amounts falling due within one year)					
	6	(6,610,842)		(5,272,970)	
Net current liabilities			(1,048,732)		(710,394)
Net liabilities			(1,048,732)		(710,394)
Share capital and reserves					
Called up equity share capital	8		2		2
Profit and loss accounts	7		(1,048,734)		(710,396)
Equity shareholders' deficit	7		(1,048,732)		(710,394)

The financial statements on pages 4 to 9 were approved by the board of directors on 24 October 2002 and were signed on its behalf by:



A D Kennan
Director

Pikedawn Limited

Accounting policies

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

Stocks and work in progress

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

Cash flow statement

The company falls within the definition of a small reporting entity contained in the Financial Reporting Standard Number 1 and has therefore taken advantage of the exemption from the preparation of a cash flow statement.

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 sale of the property being developed by the company and the continued support of the parent undertaking, K & F Developments Limited. The parent undertaking has confirmed their intention to continue to support the company for the foreseeable future.

Deferred taxation

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Pikedawn Limited

Notes to the financial statements for the year ended 31 December 2001

1 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging:

	2001 £	2000 £
Auditor's remuneration	1,000	1,000

2 Interest receivable and similar income

	2001 £	2000 £
Bank interest	437	10,648
Other income	-	1,739
	437	12,387

3 Taxation

The taxation charge on the profit on ordinary activities comprises:

	2001 £	2000 £
UK corporation tax at 20%		
- based on losses for the year	-	-
Tax charged on interest received	-	375
	-	375

Tax losses carried forward total £896,128 (2000: £557,790). There is an unprovided deferred tax asset arising on tax losses carried forward of £179,226 (2000: £111,558).

4 Stock

	2001 £	2000 £
Work in progress	5,556,802	4,555,486

Pikedawn Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

5 Debtors

	2001	2000
	£	£
Prepayments	3,837	1,134

6 Creditors (amounts falling due within one year)

	2001	2000
	£	£
Trade Creditors	205,270	326,868
Amount owing to K & F Developments Limited	6,393,267	4,941,102
Accruals and deferred income	12,305	5,000
	6,610,842	5,272,970

7 Reconciliation of movements in equity shareholders' funds

	Called up equity share capital	Profit and loss account	Total
	£	£	£
Opening equity shareholders' funds	2	(710,396)	(710,394)
Loss for the year	-	(338,338)	(338,338)
Closing equity shareholders' funds	2	(1,048,734)	(1,048,732)

8 Called up equity share capital

	2001	2000
	£	£
<u>Authorised share capital</u>		
100 ordinary shares of £1 each	100	100
<u>Issued, allotted and fully paid</u>		
2 ordinary shares of £1 each	2	2

Pikedawn Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

9 Contractual commitments

The company entered into a contract with Dove Brothers on 5 April 1999. The value of the contract is £2,980,715 at the year end. During the year, payments of £985,748 were made (2000: £1,456,267).

10 Contingent liability

There is a bank loan held by the parent undertaking, K&F Developments Limited, which is secured on the St Saviours property currently being developed by Pikedawn Limited.

11 Related party transactions

As well as the amount owing to K & F Developments disclosed in note 6, Pikedawn Limited paid management charges of £212,494 (2000: £250,732) to K & F Developments, its ultimate parent company, of which the directors are A D Kennan and J M Fickling.

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.