

Pikedawn Limited
Annual Report
for the year ended 31 December 2002

Registered Number 3377310



Pikedawn Limited

Annual Report

for the year ended 31 December 2002

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Pikedawn Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

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. Since the year end the property has been sold for £8.2 million and the directors continue to actively seek further properties for development.

The loss for the year attributable to shareholders amounts to £276,100 (2001 : loss £338,338).

The directors do not recommend payment of a dividend. (2001 - £ 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 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 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 with the exception of the change in accounting policy with respect to deferred taxation as explained on page 6. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

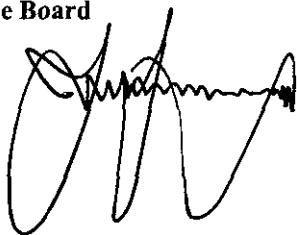
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

The auditors, PricewaterhouseCoopers LLP, 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

J M Fickling
Director



17 October 2003

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, the accounting policies and the related notes.

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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Ltd

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
20 October 2003

Pikedawn Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(534,818)	(338,653)
Operating loss		(534,818)	(338,653)
Interest receivable and similar income	2	309	437
Interest payable and similar charges	3	(34,482)	(122)
Loss on ordinary activities before taxation	1	(568,991)	(338,338)
Tax on loss on ordinary activities	4	292,891	-
Loss for the financial year	9	(276,100)	(338,338)

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 loss on ordinary activities before taxation and the withdrawn loss for the year as reported above and their historical cost equivalents.

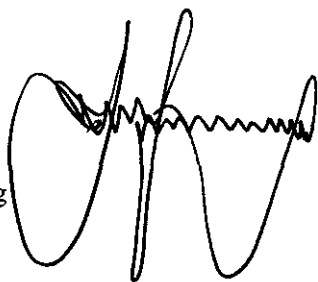
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Balance sheet as at 31 December 2002

	Note	2002 £	2002 £	2001 £	2001 £
Current assets					
Stock	5	6,183,714		5,556,802	
Debtors	6	342,044		3,837	
Cash at bank		953		1,471	
		6,526,711		5,562,110	
Creditors (amounts falling due within one year)	7	(7,851,543)		(6,610,842)	
Net current liabilities			(1,324,832)		(1,048,732)
Net liabilities			(1,324,832)		(1,048,732)
Share capital and reserves					
Called up equity share capital	10		2		2
Profit and loss account	9		(1,324,834)		(1,048,734)
Equity shareholders' deficit	9		(1,324,832)		(1,048,732)

The financial statements on pages 3 to 9 were approved by the board of directors on 17 October 2003 and were signed on its behalf by:

J M Fickling
Director



Pikedawn Limited

Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and 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 (revised) and has therefore taken advantage of the exemption from the preparation of a cash flow statement.

Deferred taxation

With effect from 1 January 2002, the company changed its accounting policy on 'deferred tax' in line with FRS 19. FRS 19 introduces a form of full provision for accounting for deferred tax, called the incremental liability approach, which replaces the partial provision approach previously followed under SSAP 15.

Deferred tax is now provided on timing differences where the company has an obligation to pay more tax in the future as a result of the reversal of those timing differences. Previously deferred tax was provided on timing differences to the extent that they were expected to reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that they are considered recoverable in the future.

There is no impact on the results for the prior periods of the introduction of FRS 19. The introduction of FRS 19 has resulted in the recognition of a deferred tax asset of £292,891 as at 31 December 2002 and a taxation credit of the same amount for the year then ended.

No provision is made for tax deferred by timing differences unless there is reasonable probability that the tax deferred will become payable in the foreseeable future.

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Notes to the financial statements for the year ended 31 December 2002

1 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging:

	2002 £	2001 £
Auditors' remuneration	1,000	1,000

2 Interest receivable and similar income

	2002 £	2001 £
Bank interest	309	437

3 Interest payable and similar charges

	2002 £	2001 £
Loan interest	34,376	-
Bank interest	106	122
	34,482	122

4 Taxation

(a) Analysis of charge in period

	2002 £	2001 £
UK corporation tax at 20%:		
- current period	-	-
Deferred tax		
- origination and reversal of timing differences	(292,891)	-
Tax credit on profit on ordinary activities	(292,891)	-

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(b) Factors affecting tax charge for the period

	2002 £	2001 £
Loss on ordinary activities before tax	(568,991)	(338,338)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001: 20%)	(113,798)	(67,668)
Effects of:		
Group relief surrendered not paid	133	-
Tax losses not utilised	133,665	67,668
Current tax charge for the period	-	-

(c) Factors that may affect future tax charges

The availability of losses carried forward may reduce the tax rates in future periods. Tax losses carried forward total £1,464,455 (2001: £896,128).

5 Stock

	2002 £	2001 £
Work in progress	6,183,714	5,556,802

6 Debtors

	2002 £	2001 £
Prepayments	3,727	3,837
Other taxation and social security	45,426	-
Deferred taxation (note 8)	292,891	-
	342,044	3,837

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7 Creditors (amounts falling due within one year)

	2002	2001
	£	£
Trade creditors	364,311	205,270
Amount due to immediate parent company	6,951,110	6,393,267
Other creditors	531,602	-
Accruals and deferred income	4,520	12,305
	7,851,453	6,610,842

8 Provision for deferred tax

	Amount Provided		Amount Unprovided	
	2002	2001	2002	2001
	£	£	£	£
Losses	(292,891)	-	-	(179,226)
	(292,891)	-	-	(179,226)

9 Reconciliation of movements in equity shareholders' deficit

	Called up equity share capital	Profit and loss account	Total
	£	£	£
Opening equity shareholders' deficit	2	(1,048,734)	(1,048,732)
Loss for the year	-	(276,100)	(276,100)
Closing equity shareholders' deficit	2	(1,324,834)	(1,324,832)

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10 Called up equity share capital

	2002	2001
	£	£
<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

11 Contractual commitments

The company entered into a contract with Dove Brothers on 5 April 1999. The value of the contract is £3,100,000 at the year end (2001: £2,980,715). During the year, payments of £NIL were made (2001: £985,748).

12 Contingent liability

There is a bank loan held by the parent undertaking, K&F Developments Limited, which is secured on the St Saviours property, which has been sold for £8.2 million after the year end by Pikedawn Limited.

13 Related party transactions

As well as the amount owing to K & F Developments disclosed in note 7, Pikedawn Limited paid management charges of £404,620 (2001: £212,494) to K & F Developments, its ultimate parent company, of which the directors are A D Kennan and J M Fickling.

During the year, Pikedawn Ltd also received a loan of £35,000 from Peaklaw Ltd, of which J M Fickling is a director. This amount remains outstanding at the year end. Peaklaw Ltd entered into voluntary liquidation on 20 June 2003.

14 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.