

**Report of the Directors and
Financial Statements
for the Year Ended 30 September 2000
for
Gascoigne Group Holdings Limited**

Richardson Hall Kennedy & Co
Chartered Accountants
and Registered Auditor
Coburg House
1 Coburg Street
Gateshead
NE8 1NS



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Gascoigne Group Holdings Limited

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for the Year Ended 30 September 2000**

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Gascoigne Group Holdings Limited
Company Information
for the Year Ended 30 September 2000

DIRECTORS: Mr P A Gascoigne
Mr K W Gascoigne

SECRETARY: Mr P A Gascoigne

REGISTERED OFFICE: Eastfield Farm
Woodhorn Village
Ashington
Northumberland
NE63 9YA

REGISTERED NUMBER: 3406721 (England and Wales)

AUDITORS: Richardson Hall Kennedy & Co
Chartered Accountants
and Registered Auditor
Coburg House
1 Coburg Street
Gateshead
NE8 1NS

Gascoigne Group Holdings Limited

Report of the Directors for the Year Ended 30 September 2000

The directors present their report with the financial statements of the company for the year ended 30 September 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a group holding company.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2000.

DIRECTORS

The directors during the year under review were:

Mr P A Gascoigne

Mr K W Gascoigne

The beneficial interests of the directors holding office on 30 September 2000 in the issued share capital of the company were as follows:

	30.9.00	1.10.99
Ordinary £1 shares		
Mr P A Gascoigne	465,000	465,000
Mr K W Gascoigne	65,001	65,001

STATEMENT OF 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 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 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.

AUDITORS

The auditors, Richardson Hall Kennedy & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mr P A Gascoigne - SECRETARY

Dated: 27 April 2001

Gascoigne Group Holdings Limited

**Report of the Auditors to the Shareholders of
Gascoigne Group Holdings Limited**

We have audited the financial statements on pages four to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page nine.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Richardson Hall Kennedy & Co
Chartered Accountants
and Registered Auditor
Coburg House
1 Coburg Street
Gateshead
NE8 1NS

Dated: 27 April 2001

Gascoigne Group Holdings Limited

**Profit and Loss Account
for the Year Ended 30 September 2000**

		2000	1999
	Notes	£	£
TURNOVER		-	-
Administrative expenses		65,234	74,745
		(65,234)	(74,745)
Other operating income		60,000	230,437
OPERATING (LOSS)/PROFIT	3	(5,234)	155,692
Amounts written off investments	4	20,435	-
		(25,669)	155,692
Interest payable and similar charges	5	19,910	20,748
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(45,579)	134,944
Tax on (loss)/profit on ordinary activities	6	(19,703)	42,000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(25,876)	92,944
Retained profit/(deficit) brought forward		77,764	(15,180)
RETAINED PROFIT CARRIED FORWARD		<u>£51,888</u>	<u>£77,764</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

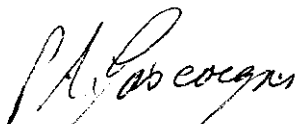
The notes form part of these financial statements

Gascoigne Group Holdings Limited

**Balance Sheet
30 September 2000**

		2000		1999	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		763,039		573,718
Investments	8		530,002		530,002
			<u>1,293,041</u>		<u>1,103,720</u>
CURRENT ASSETS:					
Debtors	9	66,088		110,519	
Investments	10	8,254		-	
Cash at bank		-		23,908	
			<u>74,342</u>		<u>134,427</u>
CREDITORS: Amounts falling due within one year	11	662,972		482,467	
NET CURRENT LIABILITIES:			<u>(588,630)</u>		<u>(348,040)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			704,411		755,680
CREDITORS: Amounts falling due after more than one year	12		(113,622)		(139,015)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		(8,900)		(8,900)
			<u>£581,889</u>		<u>£607,765</u>
CAPITAL AND RESERVES:					
Called up share capital	17		530,001		530,001
Profit and loss account			51,888		77,764
SHAREHOLDERS' FUNDS:	19		<u>£581,889</u>		<u>£607,765</u>

ON BEHALF OF THE BOARD:



Mr P A Gascoigne - DIRECTOR



Mr K W Gascoigne - DIRECTOR

Approved by the Board on 27 April 2001

The notes form part of these financial statements

Gascoigne Group Holdings Limited

**Cash Flow Statement
for the Year Ended 30 September 2000**

	Notes	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	1		211,590		224,380
Returns on investments and servicing of finance	2		(19,910)		(20,748)
Taxation			(20,864)		-
Capital expenditure and financial investment	2		(192,355)		(569,946)
			<u>(21,539)</u>		<u>(366,314)</u>
Financing	2		(68,457)		487,620
(Decrease)/Increase in cash in the period			<u>£(89,996)</u>		<u>£121,306</u>
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period			(89,996)	121,306	
Cash outflow from increase in liquid resources			8,254	-	
Cash outflow from decrease in debt and lease financing			<u>48,022</u>	<u>59,852</u>	
Change in net debt resulting from cash flows			(33,720)		181,158
New finance leases			<u>(43,724)</u>		<u>-</u>
Movement in net debt in the period			<u>(77,444)</u>		<u>181,158</u>
Net debt at 1 October			<u>(125,124)</u>		<u>(306,282)</u>
Net debt at 30 September			<u>£(202,568)</u>		<u>£(125,124)</u>

The notes form part of these financial statements

Gascoigne Group Holdings Limited

**Notes to the Cash Flow Statement
for the Year Ended 30 September 2000**

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating (loss)/profit	(5,234)	155,692
Depreciation charges	39,104	34,603
Profit on sale of fixed assets	(600)	-
Decrease/(Increase) in debtors	44,431	(60,917)
Increase in creditors	133,889	95,002
	<u>211,590</u>	<u>224,380</u>
Net cash inflow from operating activities	<u>211,590</u>	<u>224,380</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest paid	(14,076)	(16,548)
Interest element of hire purchase payments	(5,834)	(4,200)
	<u>(19,910)</u>	<u>(20,748)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(19,910)</u>	<u>(20,748)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(226,101)	(52,746)
Cash payments - investmt purch	(8,254)	(530,000)
Sale of tangible fixed assets	42,000	12,800
	<u>(192,355)</u>	<u>(569,946)</u>
Net cash outflow for capital expenditure	<u>(192,355)</u>	<u>(569,946)</u>
Financing		
Loan repayments in year	(68,457)	(59,850)
Amount introduced by directors	-	17,470
Cash receipt re share issue	-	530,000
	<u>(68,457)</u>	<u>487,620</u>
Net cash (outflow)/inflow from financing	<u>(68,457)</u>	<u>487,620</u>

The notes form part of these financial statements

Gascoigne Group Holdings Limited

**Notes to the Cash Flow Statement
for the Year Ended 30 September 2000**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.99 £	Cash flow £	Other non-cash changes £	At 30.9.00 £
Net cash:				
Cash at bank	23,908	(23,908)		-
Bank overdraft	-	(66,088)		(66,088)
	<u>23,908</u>	<u>(89,996)</u>		<u>(66,088)</u>
Liquid resources:				
Current asset investments	-	8,254	-	8,254
	<u>-</u>	<u>8,254</u>	<u>-</u>	<u>8,254</u>
Debt:				
Hire purchase	(11,032)	15,022	(43,724)	(39,734)
Debts falling due after one year	(138,000)	33,000	-	(105,000)
	<u>(149,032)</u>	<u>48,022</u>	<u>(43,724)</u>	<u>(144,734)</u>
Total	<u>(125,124)</u>	<u>(33,720)</u>	<u>(43,724)</u>	<u>(202,568)</u>
Analysed in Balance Sheet				
Cash at bank	23,908			-
Current asset investments	-			8,254
Bank overdraft	-			(66,088)
Hire purchase within one year	(10,017)			(31,112)
after one year	(1,015)			(8,622)
Debts falling due after one year	(138,000)			(105,000)
	<u>(125,124)</u>			<u>(202,568)</u>

The notes form part of these financial statements

Gascoigne Group Holdings Limited

Notes to the Financial Statements for the Year Ended 30 September 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on reducing balance
Fixtures and fittings	- 15 - 33% reducing balance and 15%-33% straight line
Motor vehicles	- 25% on reducing balance

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Basis of preparing the financial statements

The company and its subsidiary undertakings comprise a medium sized group. The company has taken advantage of the exemption provided by s.248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not its group.

2. STAFF COSTS

There were no staff costs for the year ended 30 September 2000 nor for the year ended 30 September 1999.

The average monthly number of employees during the year was as follows:

	2000	1999
Directors	<u>2</u>	<u>2</u>

Gascoigne Group Holdings Limited

Notes to the Financial Statements for the Year Ended 30 September 2000

3. OPERATING (LOSS)/PROFIT

The operating loss (1999 - operating profit) is stated after charging/(crediting):

	2000	1999
	£	£
Hire of plant and machinery	5,000	5,000
Depreciation - owned assets	29,379	27,680
Depreciation - assets on hire purchase contracts	9,725	6,923
Profit on disposal of fixed assets	(600)	-
Auditors' remuneration	1,500	3,100
	<u> </u>	<u> </u>
Directors' emoluments	4,500	-
	<u> </u>	<u> </u>

4. AMOUNTS WRITTEN OFF INVESTMENTS

	2000	1999
	£	£
Diminution in current asset investment	20,435	-
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank interest	4,957	4,515
Bank loan interest	9,119	12,033
Hire purchase	5,834	4,200
	<u> </u>	<u> </u>
	19,910	20,748
	<u> </u>	<u> </u>

6. TAXATION

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	(31,903)	33,100
Losses surrendered	12,200	-
Deferred taxation	-	8,900
	<u> </u>	<u> </u>
	(19,703)	42,000
	<u> </u>	<u> </u>

UK corporation tax has been charged at 27% (1999 - 27%).

Gascoigne Group Holdings Limited

**Notes to the Financial Statements
for the Year Ended 30 September 2000**

7. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 October 1999	411,201	68,152	14,417	114,551	608,321
Additions	122,197	49,249	11,954	86,425	269,825
Disposals	-	(7,000)	-	(43,875)	(50,875)
At 30 September 2000	<u>533,398</u>	<u>110,401</u>	<u>26,371</u>	<u>157,101</u>	<u>827,271</u>
DEPRECIATION:					
At 1 October 1999	1,771	6,815	3,107	22,910	34,603
Charge for year	1,827	10,432	5,044	21,801	39,104
Eliminated on disposals	-	(700)	-	(8,775)	(9,475)
At 30 September 2000	<u>3,598</u>	<u>16,547</u>	<u>8,151</u>	<u>35,936</u>	<u>64,232</u>
NET BOOK VALUE:					
At 30 September 2000	<u>529,800</u>	<u>93,854</u>	<u>18,220</u>	<u>121,165</u>	<u>763,039</u>
At 30 September 1999	<u>409,430</u>	<u>61,337</u>	<u>11,310</u>	<u>91,641</u>	<u>573,718</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST:			
At 1 October 1999	-	34,619	34,619
Additions	39,250	29,000	68,250
Transferred to ownership	-	(34,619)	(34,619)
At 30 September 2000	<u>39,250</u>	<u>29,000</u>	<u>68,250</u>
DEPRECIATION:			
At 1 October 1999	-	6,923	6,923
Charge for year	3,925	5,800	9,725
Transferred to ownership	-	(6,923)	(6,923)
At 30 September 2000	<u>3,925</u>	<u>5,800</u>	<u>9,725</u>
NET BOOK VALUE:			
At 30 September 2000	<u>35,325</u>	<u>23,200</u>	<u>58,525</u>
At 30 September 1999	<u>-</u>	<u>27,696</u>	<u>27,696</u>

Gascoigne Group Holdings Limited

**Notes to the Financial Statements
for the Year Ended 30 September 2000**

8. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 October 1999	
and 30 September 2000	<u>530,002</u>
NET BOOK VALUE:	
At 30 September 2000	<u><u>530,002</u></u>
At 30 September 1999	<u><u>530,002</u></u>
	2000 1999
	£ £
Unlisted investments	<u><u>530,002</u></u> <u><u>530,002</u></u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

P A Gascoigne Limited

Nature of business: Building contractors

	%		
	holding		
Class of shares:			
Ordinary	100.00		
		2000	1999
		£	£
Aggregate capital and reserves		347,567	329,658
Profit/(Loss) for the year		<u><u>17,909</u></u>	<u><u>(98,506)</u></u>

Contract Services (Acorn) Limited

Nature of business: Employment agency

	%		
	holding		
Class of shares:			
Ordinary	100.00		
		2000	1999
		£	£
Aggregate capital and reserves		36,893	26,684
Profit/(Loss) for the year		<u><u>10,109</u></u>	<u><u>(103,102)</u></u>

Gascoigne Burials Limited

Nature of business: Preparation and sale of burial plots

	%		
	holding		
Class of shares:			
Ordinary	100.00		
		2000	1999
		£	£
Aggregate capital and reserves		18,566	10,529
Profit for the year		<u><u>8,036</u></u>	<u><u>532</u></u>

Gascoigne Group Holdings Limited

**Notes to the Financial Statements
for the Year Ended 30 September 2000**

8. FIXED ASSET INVESTMENTS - continued

Gascoigne Farms Limited

Nature of business: Land development for forestry purposes

Class of shares:	%
Ordinary	holding 100.00

	2000	1999
	£	£
Aggregate capital and reserves	33,426	40,515
(Loss)/Profit for the year	<u>(7,089)</u>	<u>15,750</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000	1999
	£	£
Other debtors	44,591	44,591
Prepayments & accrued income	7,220	7,218
Amounts owed by group undertakings	14,276	58,709
Unpaid share capital	1	1
	<u>66,088</u>	<u>110,519</u>

10. CURRENT ASSET INVESTMENTS

	2000	1999
	£	£
Listed investments	<u>8,254</u>	<u>-</u>

Market value of listed investments at 30 September 2000 - £8,254.

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2000	1999
	£	£
Bank loans and overdrafts (see note 13)	66,088	-
Hire purchase contracts (see note 14)	31,112	10,017
Amounts owed to group undertakings	554,265	418,876
Other creditors	2	2
Directors' current accounts	17,472	17,472
Corporation tax	(7,467)	33,100
Accrued expenses	1,500	3,000
	<u>662,972</u>	<u>482,467</u>

Gascoigne Group Holdings Limited

**Notes to the Financial Statements
for the Year Ended 30 September 2000**

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Bank loans (see note 13)	105,000	138,000
Hire purchase contracts (see note 14)	8,622	1,015
	<u>113,622</u>	<u>139,015</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2000 £	1999 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>66,088</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>105,000</u>	<u>138,000</u>

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2000 £	1999 £
Gross obligations repayable:		
Within one year	33,383	10,760
Between one and five years	<u>10,049</u>	<u>1,192</u>
	<u>43,432</u>	<u>11,952</u>
Finance charges repayable:		
Within one year	2,271	743
Between one and five years	<u>1,427</u>	<u>177</u>
	<u>3,698</u>	<u>920</u>
Net obligations repayable:		
Within one year	31,112	10,017
Between one and five years	<u>8,622</u>	<u>1,015</u>
	<u>39,734</u>	<u>11,032</u>

Gascoigne Group Holdings Limited

**Notes to the Financial Statements
for the Year Ended 30 September 2000**

15. SECURED DEBTS

The following secured debts are included within creditors:

	2000	1999
	£	£
Bank overdrafts	66,088	-
Bank loans	105,000	138,000
Hire purchase contracts	39,734	11,032
	<u>210,822</u>	<u>149,032</u>

The bank loan and overdraft are secured by:

- Debenture over the whole of the company's assets dated 29 May 1998
- Standard security over area of farmland at Glenfield, Peebles
- Standard security over 320 acres of farmland at Horseburgh Castle Farm, Peebles

16. PROVISIONS FOR LIABILITIES AND CHARGES

	2000	1999
	£	£
Deferred taxation	<u>8,900</u>	<u>8,900</u>

	Deferred taxation £
Balance at 1 October 1999	8,900
Profit and loss account	<u> </u>
Balance at 30 September 2000	<u>8,900</u>

17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2000 £	1999 £
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2000 £	1999 £
530,001	Ordinary	£1	<u>530,001</u>	<u>530,001</u>

Gascoigne Group Holdings Limited

Notes to the Financial Statements for the Year Ended 30 September 2000

18. RELATED PARTY DISCLOSURES

The company was under the control of Mr P A Gascoigne, a director and members of his close family throughout the current and previous year. Mr P A Gascoigne is personally interested in 88% (1999 88%) of the company's issued share capital.

During the year the following transactions and balances occurred with subsidiary undertakings:

Contract Services (Acorn) Limited

Management services fee received	£20,000	(1999 £50,000)
Nominal ledger transactions	£56,564	(1999 £Nil)
Debtor at the year end	£14,276	(1999 £50,840)

Gascoigne Burials Limited

Creditor at the year end	£21,088	(1999 £11,088)
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Gascoigne Farms Limited

Management charge paid	£25,000	(1999 £25,000)
Nominal ledger transactions	£22,536	(1999 £Nil)
Creditor at the year end	£97,536	(1999 £50,000)

P A Gascoigne Limited

Management services fee received	£40,000	(1999 £70,000)
Nominal ledger transactions	£147,628	(1999 £183,129)
Creditor at the year end	£435,638	(1999 £349,919)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/Profit for the financial year	(25,876)	92,944
New share capital subscribed	-	530,000
Net (reduction)/addition to shareholders' funds	(25,876)	622,944
Opening shareholders' funds	607,765	(15,179)
Closing shareholders' funds	581,889	607,765
Equity interests	581,889	607,765