

**Gallions Approach Limited**

Report and Financial Statements

Year Ended

7 January 2003



**IBDO**  
BDO Stoy Hayward  
Chartered Accountants

**Gallions Approach Limited**

**Annual report and financial statements for the year ended 7 January 2003**

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**Directors**

R Dipre  
S K Jones  
D Gandhi  
D Gaffney

**Secretary and registered office**

D Gandhi, Ashley House, Ashley Road, Epsom, Surrey, KT18 5AZ

**Company number**

4113708

**Auditors**

BDO Stoy Hayward, Northside House, 69 Tweedy Road Bromley, Kent, BR1 3WA

## **Gallions Approach Limited**

### **Report of the directors for the 13 month period ended 7 January 2003**

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The directors present their report together with the audited financial statements for the 13 month period ended 7 January 2003.

#### **Results**

The profit and loss account is set out on page 5 and shows the loss for the 13 month period.

#### **Principal activities**

The company's principal activity is the development and sale of property. The company will be developing a land mark site in the Docklands area of London. As a result, the directors view the future with optimism.

#### **Directors**

The directors of the company during the 13 month period were:

|                 |                             |
|-----------------|-----------------------------|
| R Dipre         |                             |
| S K Jones       |                             |
| R J Wotherspoon | (resigned 21 November 2002) |
| D Gandhi        | (appointed 21 May 2003)     |
| D Gaffney       | (appointed 21 May 2003)     |

No director had any beneficial interest in the share capital of the company. R Dipre is a director of the ultimate parent company, Gladedale Holdings Plc. His interests in the share capital of that company are shown in its financial statements.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial 13 month 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 13 month 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; and
- 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.

## **Gallions Approach Limited**

### **Report of the directors for the 13 month period ended 7 January 2003 *(Continued)***

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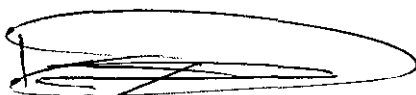
#### **Auditors**

BDO Stoy Hayward were appointed as auditors during the 13 month period and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

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

#### **On behalf of the board**

D Gandhi



#### **Director**

Date: 28 July 2003

## **Gallions Approach Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Gallions Approach Limited**

We have audited the financial statements of Gallions Approach Limited for the 13 month period ended 7 January 2003 on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

#### *Respective responsibilities of directors and auditors*

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

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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.

**Gallions Approach Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 7 January 2003 and of its loss for the 13 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward*

**BDO STOY HAYWARD**  
*Chartered Accountants  
and Registered Auditors*  
Bromley

Date: *4 August 2003*

**Gallions Approach Limited****Profit and loss account for the 13 month period ended 7 January 2003**

|                                                                                   | Note | 2003<br>£ | 2001<br>£ |
|-----------------------------------------------------------------------------------|------|-----------|-----------|
| Turnover                                                                          |      | -         | -         |
| Administrative expenses                                                           |      | 96        | -         |
|                                                                                   |      | <hr/>     | <hr/>     |
| Operating loss                                                                    |      | (96)      | -         |
| Interest payable and similar charges                                              | 2    | (66,211)  | -         |
|                                                                                   |      | <hr/>     | <hr/>     |
| Loss on ordinary activities before and after<br>taxation for the financial period |      | (66,307)  | -         |
|                                                                                   |      | <hr/>     | <hr/>     |

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

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

# Gallions Approach Limited

## Balance sheet at 7 January 2003

|                                                       | Note | 2003<br>£        | 2003<br>£ | 2001<br>£ | 2001<br>£ |
|-------------------------------------------------------|------|------------------|-----------|-----------|-----------|
| <b>Current assets</b>                                 |      |                  |           |           |           |
| Stocks and work in progress                           |      | 2,680,317        |           | -         |           |
| Debtors                                               | 4    | 3,002            |           | 2         |           |
|                                                       |      | <u>2,683,319</u> |           | <u>2</u>  |           |
| <b>Creditors: amounts falling due within one year</b> | 5    | 2,749,624        |           | -         |           |
|                                                       |      | <u></u>          |           | <u></u>   |           |
| <b>Total assets less current liabilities</b>          |      |                  | (66,305)  |           | 2         |
| <b>Capital and reserves</b>                           |      |                  |           |           |           |
| Called up share capital                               | 7    |                  | 2         |           | 2         |
| Profit and loss account                               | 8    |                  | (66,307)  |           | -         |
|                                                       |      |                  | <u></u>   |           | <u></u>   |
| <b>Equity shareholders' (deficit)/funds</b>           |      |                  | (66,305)  |           | 2         |
|                                                       |      |                  | <u></u>   |           | <u></u>   |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 28 July 2003

R Dine  
Director

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

## Gallions Approach Limited

### Notes forming part of the financial statements for the period ended 7 January 2003

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#### 1 Accounting policies

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

##### *Basis of preparation*

The financial statements have been prepared on a going concern basis notwithstanding the net liabilities at 7 January 2003 of £66,305. This assumes that the company will continue in operational existence for the foreseeable future, which is dependent on the continuing financial support of the group. Gladedale Holdings Plc, the ultimate parent undertaking, has undertaken to provide the required financial support for a period of at least twelve months from the date of approval of these financial statements.

The following principal accounting policies have been applied:

##### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

##### *Stocks*

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises cost of acquisition and development including directly attributable fees and expenses, but not interest. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### 2 Interest payable and similar charges

|                           | 2003<br>£ | 2001<br>£ |
|---------------------------|-----------|-----------|
| Bank loans and overdrafts | 66,211    | -         |

## Gallions Approach Limited

### Notes forming part of the financial statements for the period ended 7 January 2003 (Continued)

#### 3 Taxation on loss on ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

|                                                                                                   | 2003<br>£ | 2001<br>£ |
|---------------------------------------------------------------------------------------------------|-----------|-----------|
| Loss on ordinary activities before tax                                                            | (66,307)  | -         |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 - 30%) | (19,892)  | -         |
| Effect of:<br>Group relief                                                                        | 19,892    | -         |
| Current tax charge for period                                                                     | -         | -         |

The company has changed its accounting policy in respect of deferred tax following the adoption of FRS 19 "Deferred Tax" this year. Under the company's previous accounting policy deferred tax was only recognised to the extent that it was probable that an asset or liability would crystallise. The company's new accounting policy is set out in note 1.

This change in accounting policy has had no effect on the results of the company in the current or prior year.

#### 4 Debtors

|               | 2003<br>£ | 2001<br>£ |
|---------------|-----------|-----------|
| Other debtors | 3,002     | 2         |

All amounts shown under debtors fall due for payment within one year.

# Gallions Approach Limited

Notes forming part of the financial statements for the period ended 7 January 2003 (*Continued*)

## 5 Creditors: amounts falling due within one year

|                                     | 2003<br>£        | 2001<br>£ |
|-------------------------------------|------------------|-----------|
| Bank loans and overdrafts (secured) | 2,326,368        | -         |
| Amounts owed to group undertakings  | 297,151          | -         |
| Taxation and social security        | 1,566            | -         |
| Other creditors                     | 124,539          | -         |
|                                     | <u>2,749,624</u> | <u>-</u>  |

The bank loans and overdrafts are secured by the debenture over the whole company assets, together with cross guarantees given by other group companies.

## 6 Provision for liabilities and charges

There is no actual or potential liability for deferred tax and therefore none has been provided.

## 7 Share capital

|                                   | 2003<br>£    | Authorised<br>2001<br>£ | Allotted, called up<br>and unpaid<br>2003<br>£ | 2001<br>£ |
|-----------------------------------|--------------|-------------------------|------------------------------------------------|-----------|
| <i>Equity share capital</i>       |              |                         |                                                |           |
| Ordinary shares shares of £1 each | <u>1,000</u> | <u>1,000</u>            | <u>2</u>                                       | <u>2</u>  |

## 8 Reserves

|                    | Profit and<br>loss account<br>£ |
|--------------------|---------------------------------|
| At 1 December 2001 | -                               |
| Loss for the year  | (66,307)                        |
|                    | <u>-</u>                        |
| At 7 January 2003  | <u>(66,307)</u>                 |

## 9 Contingent liabilities

As disclosed in note 6 to the financial statements, this company has given a cross guarantee in respect of the banking facilities of other group companies. The maximum amount outstanding at 7 January 2003 was £53,908,000 (2002 - £37,036,000).

**10 Related party disclosures**

Until 21 November 2002, the company was owned 50% by Strathmartine (Holdings) Limited and 50% by Gladedale Holdings Plc under a joint venture arrangement. Strathmartine (Holdings) Limited was a joint venture arrangement between Gladedale Holdings Plc and Kilmartin Holdings Limited. Under this structure and up to 21 November 2002, the company undertook transactions with the following related parties:

- Furlong Homes Limited (subsidiary of Gladedale Holdings Limited Plc in which R Dipre had a controlling interest)
- Kilmartin Holdings Limited

All transactions were a result of the transfer of funds between these related parties. There were no sales or purchases of property between related companies during the period.

On 21 November 2002, Gladedale Holdings Plc purchased the remaining 50% of the share capital of Strathmartine (Holdings) Limited from Kilmartin Holdings Limited. From this date, Gladedale Holdings Plc became the company's ultimate parent company.

As a result, the company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures", not to disclose transactions with members of the group headed by Gladedale Holdings Plc on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements of Gladedale Holdings Plc.

All balances due from and to related companies of the Kilmartin Holdings Limited group were settled prior to the transfer of shares on 21 November 2002.

Included within other debtors is a balance of £3,000 (2002 - £Nil) owed by Gladedale Urban Developments Ltd, a company of which R. Dipre is a director.

**11 Ultimate parent company and parent undertaking of larger group**

The directors consider the ultimate parent undertaking to be Gladedale Holdings Plc, a company registered in England and Wales. Gladedale Holdings Plc is the parent of the smallest and largest group of which the company is a member and for which consolidated accounts are prepared. Copies of these accounts can be obtained from Companies House.

**12 Ultimate Controlling party**

The directors consider the ultimate controlling party to be R Dipre, a director of the company, by virtue of his shareholding in Gladedale Holdings Plc.