

4113708

Gallions Approach Limited

Report and Financial Statements

Year Ended

31 December 2004

BDO
BDO Stoy Hayward
Chartered Accountants



Gallions Approach Limited

Annual report and financial statements for the year ended 31 December 2004

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Directors

R Dipre
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 LLP, Northside House, 69 Tweedy Road, Bromley, Kent, BR1 3WA

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

Principal activities, review of business and future developments

The company's principal activity is the development and sale of property. The company is developing a landmark 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 year were:

R Dipre
D Gandhi
D Gaffney

No director had any beneficial interest in the share capital of the company. R Dipre, D Gaffney and D Gandhi are directors of the ultimate parent company, Gladedale Holdings Plc. Their 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 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 year. 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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

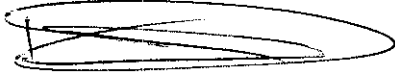
Report of the directors for the year ended 31 December 2004 (*Continued*)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

D Gandhi
Secretary

A handwritten signature, likely of D Gandhi, enclosed within an oval border.

Date: 17-10-05

To the shareholders of Gallions Approach Limited

We have audited the financial statements of Gallions Approach Limited for the year ended 31 December 2004 on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 to 8.

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.

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AAO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Bromley*

Date: *17 October 2005*

Gallions Approach Limited**Profit and loss account for the year ended 31 December 2004**

	Note	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Turnover	2	3,708,974	-
Cost of sales		3,500,000	-
Gross profit		208,974	-
Administrative expenses		185,362	198,812
Operating profit/(loss)	3	23,612	(198,812)
Interest payable and similar charges	5	(836,448)	(302,165)
Loss on ordinary activities before and after taxation for the financial period		(812,836)	(500,977)

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior period are included in the profit and loss account. There are no movements in shareholders' funds in the current year and prior period apart from the loss for the period.

The notes on pages 7 to 13 form part of these financial statements.

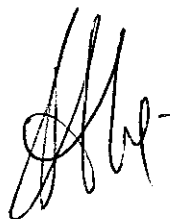
Gallions Approach Limited

Balance sheet at 31 December 2004

	Note	31 December 2004 £	31 December 2004 £	31 December 2003 £	31 December 2003 £
Fixed assets					
Tangible assets	7		13,052		14,123
Current assets					
Stocks and work in progress	8	32,674,120		19,112,040	
Debtors	7	484,801		834,139	
Cash at bank and in hand		-		250	
		<u>33,158,921</u>		<u>19,946,429</u>	
Creditors: amounts falling due within one year	10	<u>30,660,091</u>		<u>14,150,834</u>	
Net current assets			<u>2,498,830</u>		<u>5,795,595</u>
Total assets less current liabilities			<u>2,511,882</u>		<u>5,809,718</u>
Creditors: amounts falling due after more than one year	11		<u>3,892,000</u>		<u>6,377,000</u>
			<u>(1,380,118)</u>		<u>(567,282)</u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		(1,380,120)		(567,284)
Equity shareholders' funds			<u>(1,380,118)</u>		<u>(567,282)</u>

The financial statements were approved by the Board on 17 October 2005

R Dipre
Director



The notes on pages 7 to 13 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied..

Basis of preparation

The financial statements have been prepared on a going concern basis, notwithstanding the net liabilities at 31 December 2004 of £1,380,118. 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 company, 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.

Turnover

Turnover is stated net of value added tax and includes:

- legally completed sales of residential property; and
- sales of development properties.

In respect of the development of social housing entered into under binding contractual terms, revenue is recognised in accordance with the stage of completion

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.

1 Accounting policies (*continued*)

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.

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- 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 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit/(loss)

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	7,580	5,430
Auditors remuneration - audit services	1,000	1,000
Auditors remuneration - non-audit services	500	500

Gallions Approach Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

4 Employees

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Wages and salaries	15,655	13,100
Other pension costs	-	11,287
	<u>15,655</u>	<u>24,387</u>

The company had no employees in either year. The directors were remunerated by other group companies.

5 Interest payable and similar charges

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Bank loans and overdrafts	836,448	301,826
Other interest payable	-	339
	<u>836,448</u>	<u>302,165</u>

Gallions Approach Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

6 Taxation on loss on ordinary activities

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

	Year ended 31 December 2004 £	Period ended 31 December 2003 £
Loss on ordinary activities before tax	(812,836)	(500,977)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	(243,851)	(150,293)
Effect of:		
Expenses not deductible for tax purposes	8,891	-
Capital allowances for period in excess of depreciation	679	190
Group relief	234,281	97,053
Losses carried forward	-	53,050
Current tax charge for period	-	-

7 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At 1 January 2004	19,553
Additions	6,509
At 31 December 2004	26,062
<i>Depreciation</i>	
At 1 January 2004	5,430
Provided for the year	7,580
At 31 December 2004	13,010
<i>Net book value</i>	
At 31 December 2004	13,052
At 31 December 2003	14,123

Gallions Approach Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

8 Stocks

	31 December 2004 £	31 December 2003 £
Land held for development and work in progress	32,674,120	19,112,040

9 Debtors

	31 December 2004 £	31 December 2003 £
Trade debtors	319,207	-
Amounts owed by group undertakings	-	801,224
Other debtors	165,594	32,915
	<u>484,801</u>	<u>834,139</u>

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

Included within other debtors is £2 relating to unpaid share capital.

10 Creditors: amounts falling due within one year

	31 December 2004 £	31 December 2003 £
Bank loans and overdrafts (secured)	18,270,898	7,180,045
Trade creditors	25,198	93,951
Amounts owed to group undertakings	6,927,895	3,078,724
Taxation and social security	10,696	21,466
Other creditors	461,586	3,714,338
Accruals and deferred income	4,963,818	62,310
	<u>30,660,091</u>	<u>14,150,834</u>

The bank overdraft is secured by a legal charge over the company's investment property and a fixed and floating charge over the assets of the company, together with cross guarantees by other group companies

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Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

11 Creditors: amounts falling due after more than one year

	31 December 2004 £	31 December 2003 £
Other creditors	3,892,000	6,377,000

Other creditors falling due after more than one year are due between 1 and 2 years.

12 Share capital

	31 December 2004 £	31 December 2003 £
<i>Authorised</i>		
<i>Equity share capital</i>		
Ordinary shares of £1 each	1,000	1,000

	31 December 2004 £	31 December 2003 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
Ordinary shares of £1 each	2	2

13 Reserves

	Profit and loss account £
At 1 January 2004	(567,284)
Loss for the year	(812,836)
At 31 December 2004	(1,380,120)

14 Contingent liabilities

As disclosed in note 8 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 31 December 2003 was £122,371,000 (2003 - £82,529,000).

15 Related party disclosures

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 consolidated financial statements.

Included within other creditors are amounts owed to Gladedale Urban Developments Limited, a company of which R Dipre is a director, of £6,691 (31 December 2003 - £6,691).

16 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.

17 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.