

Company Registration No. 4599607

**MASSHOUSE DEVELOPMENTS
LIMITED**

Report and Financial Statements

31 December 2004



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MASSHOUSE DEVELOPMENTS LIMITED

Report and financial statements 2004

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MASSHOUSE DEVELOPMENTS LIMITED

Report and financial statements 2004

Officers and professional advisers

Directors

B I M Turnbull
A D Middleton (resigned 29 March 2005)
J E Kendrick
N S Payne
J M Rowney
S C Sanders
R A Elliott
F P Reil
S Robinson (appointed 29 March 2005)

Secretary

S P Garnett

Registered Office

Enterprise House
28 Parkway
Deeside Industrial Park
Deeside
Flintshire
CH5 2NS

Bankers

Royal Bank of Scotland
1 Dale Street
Liverpool
L2 2PP

Solicitors

Eversheds
115 Colmore Row
Birmingham
B3 3AL

Auditors

Deloitte & Touche LLP
Chartered Accountants
Liverpool

MASSHOUSE DEVELOPMENTS LIMITED

Directors' report

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

Activities

The company is involved in the development of a site in Birmingham that is currently being run as a temporary car park.

Review of developments

The company's loss for the period after taxation amounted to £44,197 (2003 profit £5,437).

Dividends

The directors do not recommend the payment of a dividend (2003 - £nil).

Future prospects

The directors are confident about the future prospects of the company.

Directors and their interests

The directors who held office during the period and thereafter are shown on page 1.

None of the directors held any of the ordinary shares of the company.

Auditors

Deloitte & Touche LLP who were appointed to replace KPMG LLP during the year have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

26 October 2005

MASSHOUSE DEVELOPMENTS LIMITED

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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;
- 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASSHOUSE DEVELOPMENTS LIMITED

We have audited the financial statements of Masshouse Developments Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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.

Deloitte & Touche LLP

31 October 2005

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

MASSHOUSE DEVELOPMENTS LIMITED

Profit and loss account Year ended 31 December 2004

		25
	Note	Year ended 31 December 2004 £
		November 2002 to 31 December 2003 £
Turnover	1	543,514
Cost of sales		(125,133)
Gross profit		418,381
Administrative expenses		(446,339)
Operating (loss)/profit	2-3	(27,958)
Interest payable and similar charges	4	(35,181)
(Loss)/profit on ordinary activities before taxation	2-3	(63,139)
Tax on (loss)/profit on ordinary activities	5	18,942
Retained (loss)/profit for the year		(44,197)
Retained profit brought forward		5,437
Retained (loss)/profit carried forward		(38,760)

There are no recognised gains or losses for the current year or the preceding period other than as stated above. Accordingly, no separate statement of total recognised gains and losses has been prepared.

All the results derive from continuing operations.

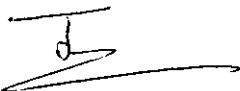
MASSHOUSE DEVELOPMENTS LIMITED

Balance sheet Year ended 31 December 2004

	Note	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	6		20,679		-
Current assets					
Stocks	7	8,827,961		6,901,070	
Debtors	8	300,598		35,117	
		9,128,559		6,936,187	
Creditors: amounts falling due within one year	9	(2,514,125)		(256,877)	
Net current assets			6,614,434		6,679,310
Total assets less current liabilities			6,635,113		6,679,310
Creditors: amounts falling due after more than one year	10		(6,673,869)		(6,673,869)
Net (liabilities)/assets			(38,756)		5,441
Capital and reserves					
Called up share capital	11		4		4
Profit and loss account			(38,760)		5,437
Equity shareholders' (deficit)/funds	12		(38,756)		5,441

These financial statements were approved by the Board of Directors on *26 October 2005*

Signed on behalf of the Board of Directors



Director

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts Year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds of its size.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that resulting an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statement.

A net deferred tax is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the period from the temporary car park and advertising hoardings. Revenue is recognised on a receivable basis.

2. Loss on ordinary activities before taxation

Loss on ordinary activity before taxation is stated after charging:

	Year ended 31 December 2004	25 November 2002 to 31 December 2003
	£	£
Depreciation	1,173	-
Audit	5,000	1,000
	<u> </u>	<u> </u>

3. Information regarding directors and employees

None of the directors received any remuneration during the period from the company (2003: same).

The company does not employ any staff (2003: same).

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts Year ended 31 December 2004

4. Interest payable and similar charges

	25 Year ended 31 December 2004 £	25 November 2002 to 31 December 2003 £
Bank interest	34,681	-
Other interest and charges	500	-
	<u>35,181</u>	<u>-</u>

5. Taxation

	25 Year ended 31 December 2004 £	25 November 2002 to 31 December 2003 £
Analysis of tax charge		
Current tax		
UK Corporation tax	-	(2,330)
Adjustment in respect of prior years	2,330	-
	<u>2,330</u>	<u>(2,330)</u>
Deferred tax		
Timing differences	16,612	-
	<u>16,612</u>	<u>-</u>
Total deferred tax		
	<u>18,942</u>	<u>(2,330)</u>
Tax credit/(charge) for the period		

Factors affecting the current tax charge for the period

The tax assessed for the year is lower (2003: equal) than that resulting from applying the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	25 Year ended 31 December 2004 £	25 November 2002 to 31 December 2003 £
(Loss)/profit on ordinary activities before tax	(63,139)	7,767
Tax at 30% thereon	18,942	(2,330)
Effects of:		
Capital allowances in excess of depreciation	1,287	-
Movement in short term timing differences	(17,899)	-
Trade loss carried back	(2,330)	-
Prior year adjustments	2,330	-
	<u>2,330</u>	<u>(2,330)</u>
Current tax credit/(charge) for the period		

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts **Year ended 31 December 2004**

6. Tangible fixed assets

	Fixtures and fittings £
Cost	-
At 1 January 2004	21,852
Additions	<u>21,852</u>
At 31 December 2004	<u>21,852</u>
Depreciation	-
At 1 January 2004	1,173
Charge for the year	<u>1,173</u>
At 31 December 2004	<u>1,173</u>
Net book value	20,679
At 31 December 2004	<u><u>20,679</u></u>
At 31 December 2003	<u><u>-</u></u>

7. Stocks

	2004 £	2003 £
Work in progress	<u>8,827,961</u>	<u>6,901,070</u>

8. Debtors

	2004 £	2003 £
Amounts falling due within one year	4	4
Amounts owed by Joint Venture Partners	49,229	-
Amounts owed by associated undertakings (see note 13)	132,722	-
Trade debtors	102,031	35,113
Other debtors	16,612	-
Deferred tax asset (see note 5)	<u>300,598</u>	<u>35,117</u>

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts Year ended 31 December 2004

9. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts (see note 13)	1,149,521	-
Amounts owed to associated undertakings (see note 13)	916,262	-
Trade creditors	362,546	146,263
Accruals and deferred income	85,796	108,284
Corporation tax	-	2,330
	<u>2,514,125</u>	<u>256,877</u>

The bank loan and overdraft are on standard terms and conditions with the Royal Bank of Scotland plc (associated undertaking of KUC Properties Limited).

10. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loan stock repayable in more than 5 years	<u>6,673,869</u>	<u>6,673,869</u>

These loans will be repayable in full on 31 December 2010 and are secured against the stocks and work in progress, held in the company.

11. Called up share capital

	2004 £	2003 £
Authorised:		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
2 A ordinary shares of £1 each	2	2
2 B ordinary shares of £1 each	2	2
	<u>4</u>	<u>4</u>

Every member has one vote for every share of which it is the holder, except that neither class of share can vote for the removal of a director, without prior consultation with the other class. The members of each type of share can appoint four directors of each. The A and B shares in all other respects are identical and rank pari passu.

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts **Year ended 31 December 2004**

12. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Result for the financial period	(44,197)	5,437
Issue of shares	-	4
Net (deduction)/addition to shareholders' funds	(44,197)	5,441
Opening shareholders' funds	5,441	-
Closing shareholders' (deficit)/funds	<u>(38,756)</u>	<u>5,441</u>

MASSHOUSE DEVELOPMENTS LIMITED

Notes to the accounts Year ended 31 December 2004

13. Related party disclosures

The company is a joint venture between David McLean Nikal Limited and KUC Properties Limited. As at 31 December 2004 the following balances are included in debtors:

	2004 £	2003 £
David McLean Nikal Limited	2	2
KUC Properties Limited	2	2
David McLean Developments Limited (associated undertaking of David McLean Nikal Limited)	49,229	2

Included in creditors are the following balances:

	2004 £	2003 £
David McLean Nikal Limited	345,601	-
David McLean Contractors Limited (associated undertaking of David McLean Nikal Limited)	555,973	-
Nikal Limited (associated undertaking of David McLean Nikal Limited)	14,688	-
Royal Bank of Scotland plc (associated undertaking of KUC Properties Limited)	1,149,521	-
David McLean Nikal Limited (loan notes)	2,780,778	2,780,778
KUC Properties Limited (loan notes)	3,893,091	3,893,091

During the year the following transactions took place on an arm's length basis:

	£
Management fees (with David McLean Nikal Limited)	300,000
Work in progress costs - (with KUC Properties Limited)	73,086
- (with David McLean Contractors Limited)	501,904
Debt collection (with David McLean Developments Limited)	49,229
Interest (with Royal Bank of Scotland plc)	34,681
Arrangement fee/bank charges (with Royal Bank of Scotland plc)	103,141
Marketing fees (Nikal Limited)	12,500

14. Controlling parties

The company is under the joint control of David McLean Nikal Limited and KUC Properties Limited. At 31 December 2004, David McLean Nikal Limited owned 2 "A" shares and KUC Properties owned 2 "B" shares. As detailed in note 11 the shares rank equally in all respects.