

Registered number: 02255001

ZR BUILDERS (DERBY) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2003



ZR BUILDERS (DERBY) LIMITED

COMPANY INFORMATION

DIRECTOR

S G Brook

SECRETARY

L A Spence

COMPANY NUMBER

02255001

REGISTERED OFFICE

Unit 4A Goods Wharf
Goods Road, Belper
Derbyshire
DE56 1UU

AUDITORS

Smith Cooper
Chartered Accountants & Registered Auditors
Wilmot House
St James Court
Friar Gate
Derby
DE1 1BT

ZR BUILDERS (DERBY) LIMITED

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ZR BUILDERS (DERBY) LIMITED

DIRECTOR'S REPORT

For the period ended 31 December 2003

The director presents his report and the financial statements for the period ended 31 December 2003.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company during the year was that of builders, property developers and property rental.

DIRECTORS REVIEW OF BUSINESS

DIRECTOR

The director who served during the period was:

S G Brook

The director has no interest in the share capital of the company. His interest in the share capital of the holding company is shown in that company's financial statements.

AUDITORS

The auditors, Smith Cooper, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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

This report was approved by the board on 5 May 2004 and signed on its behalf.



L A Spence
Secretary

ZR BUILDERS (DERBY) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ZR BUILDERS (DERBY) LIMITED

We have audited the financial statements of ZR Builders (Derby) Limited for the period ended 31 December 2003 set out on pages 3 to 8. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 5.

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 auditor's 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 Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

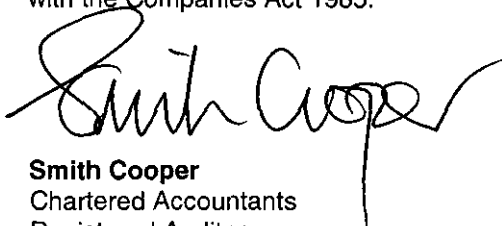
BASIS OF AUDIT OPINION

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 director 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 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Smith Cooper
Chartered Accountants
Registered Auditors

Wilmot House
St James Court
Friar Gate
Derby
DE1 1BT

Date: 5 May 2004

ZR BUILDERS (DERBY) LIMITED**PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 2003

	Note	Period ended 31 December 2003 £	Year ended 31 August 2002 £
TURNOVER	1	188,792	141,607
Cost of sales		<u>(30,097)</u>	<u>(9,209)</u>
GROSS PROFIT		158,695	132,398
Administrative expenses		<u>(2,239)</u>	<u>(374,480)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		156,456	(242,082)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	3	<u>(45,000)</u>	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>111,456</u></u>	<u><u>(242,082)</u></u>

The notes on pages 5 to 8 form part of these financial statements.

ZR BUILDERS (DERBY) LIMITED

BALANCE SHEET
As at 31 December 2003

	Note	31 December 2003		31 August 2002	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	4		1,720,480		1,719,745
CURRENT ASSETS					
Stocks		-		22,216	
Debtors	5	73,756		117,991	
Cash at bank		298,043		216,979	
			<u>371,799</u>	<u>357,186</u>	
CREDITORS: amounts falling due within one year	6	(2,346,031)		(2,442,139)	
NET CURRENT LIABILITIES			<u>(1,974,232)</u>	<u>(2,084,953)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(253,752)</u>	<u>(365,208)</u>	
CAPITAL AND RESERVES					
Called up share capital	7		100		100
Profit and loss account	8		(253,852)		(365,308)
SHAREHOLDERS' FUNDS			<u>(253,752)</u>	<u>(365,208)</u>	

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 5 May 2004 and signed on its behalf.

S. G. Brook

S G Brook
Director

The notes on pages 5 to 8 form part of these financial statements.

ZR BUILDERS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) as modified by the revaluation of Investment properties.

Compliance with SSAP19 "Accounting for investment properties" requires a departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of this departure is given below.

The balance sheet at the year-end shows that liabilities exceed assets by £253,752. The parent company, Pendleton Investments Limited has confirmed that it will maintain its financial support for the foreseeable future to enable the company to continue normal trading operations.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Investment properties

Interests in investment properties are stated at valuation. No depreciation is provided on investment properties, since the directors consider that annual valuation in place of depreciation is necessary in order to give a true and fair view. The directors are of the opinion that the residual value of investment properties is equal to the valuation at the year-end.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor Vehicles	25% straight line
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1.6 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

2. OPERATING PROFIT/(LOSS)

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

	Period ended 31 December 2003 £	Year ended 31 August 2002 £
Depreciation of tangible fixed assets:		
- owned by the company	1,175	1,175
Auditors' remuneration	333	1,000
	<hr/> <hr/>	<hr/> <hr/>

During the period, no director received any emoluments (2002 - £nil).

ZR BUILDERS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2003

3. TAXATION

	Period ended 31 December 2003 £	Year ended 31 August 2002 £
UK corporation tax charge on profits of the period	45,000	-

There were no factors that affected the tax charge for the period which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

4. TANGIBLE FIXED ASSETS

	Investment property £	Motor vehicles £	Total £
Cost or valuation			
At 1 September 2002	1,716,220	6,995	1,723,215
Additions	4,260	-	4,260
Disposals	-	(6,995)	(6,995)
At 31 December 2003	<u>1,720,480</u>	<u>-</u>	<u>1,720,480</u>
Depreciation			
At 1 September 2002	-	3,470	3,470
Charge for the period	-	1,175	1,175
On disposals	-	(4,645)	(4,645)
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2003	<u>1,720,480</u>	<u>-</u>	<u>1,720,480</u>
At 31 August 2002	<u>1,716,220</u>	<u>3,525</u>	<u>1,719,745</u>

The investment property was acquired during the year ended 31 August 2000 and the directors consider that the net book value of the property at 31 December 2003 is reasonable as the market value at that date.

5. DEBTORS

	31 December 2003 £	31 August 2002 £
Due within one year		
Trade debtors	12,500	7,040
Other debtors	61,256	110,951
	<u>73,756</u>	<u>117,991</u>

ZR BUILDERS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2003

6. CREDITORS:
Amounts falling due within one year

	31 December 2003	31 August 2002
	£	£
Amounts owed to group undertakings	2,300,691	2,441,135
Corporation tax	45,000	-
Other creditors	340	1,004
	<u>2,346,031</u>	<u>2,442,139</u>

7. SHARE CAPITAL

	31 December 2003	31 August 2002
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. RESERVES

Profit and loss account	£
At 1 September 2002	(365,308)
Profit retained for the period	111,456
	<u>(253,852)</u>
At 31 December 2003	<u>(253,852)</u>

9. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in FRS 8 not to report transactions with companies which are at least 90% owned by the group.

During the period the company made sales of £2,239 (2002: £5,151) to Grangecraft (Garden Centre) Limited, a company in which S Brook is a shareholder and director. The amount due from Grangecraft Garden Centre) Limited at the period end was £nil (2002: 4,139).

During the period the company charged rent of £161,702 (2002: £60,638) to Autism (GB) Limited, a company in which Mrs R Brook, wife of S Brook a director of the company, is a 40% shareholder. The balance due from Autism (GB) Limited at the period end was £73,756 (2002: £71,250).

ZR BUILDERS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2003

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Pendleton Investments Limited as the ultimate holding company. According to the register kept by the company, Pendleton Investments Limited has 100% interest in the equity capital of Z R Builders (Derby) Limited at 31 December 2003.

There is not considered to be any individual party controlling Pendleton Investments Limited.

A copy of the accounts of Pendleton Investments Limited can be obtained from the company's registered office.