

**FRENCHAY DEVELOPMENTS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31st DECEMBER 2004**



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**Directors**

I. Robertson  
N.J. Townsend

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**Company Secretary**

R.G. Douglas

**Registered Office**

Wilson Bowden House  
Leicester Road, Ibstock,  
Leicestershire, LE67 6WB

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**REPORT OF THE DIRECTORS**

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The Directors present their Annual Report together with the accounts of the Company for the year ended 31st December 2004.

**Principal activities**

The principal activity of the company is property development.

**Result and Dividend**

There was £8,198,284 profit before tax for the year ended 31st December 2004 (9 months ending 31st December 2003 : £600,000). The Directors do not recommend the payment of a dividend (9 months ending 31 December 2003 : £nil).

The Directors are satisfied with the current results and future prospects of the Company.

**Directors**

The Directors of the Company who have served during the period, are as follows:

I. Robertson  
N.J. Townsend

Mr I Robertson and Mr N.J Townsend are also directors of Wilson Bowden plc, and their interests in the share capital of the holding company are disclosed in that Company's accounts.

**Donations**

Donations during the period for educational purposes, to charity and to local causes amounted to £nil (9 months ended 31st December 2003: £nil). No donations were made for political purposes.

REPORT OF THE DIRECTORS

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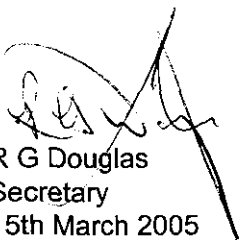
**Supplier Payment Policy**

The Company has no trade creditors and accordingly no disclosures are required under the provisions of Statutory Instrument 1997 no. 571.

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing the reappointment of Deloitte & Touche LLP as auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



R G Douglas  
Secretary  
15th March 2005

**Statement of Directors' Responsibilities in Relation to the Financial Statements**

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period 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 for the financial year.

The Directors consider that in preparing the financial statements the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed and that the statements have been prepared on the going concern basis.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditors' Report to the Members of Frenchay Developments Limited**

We have audited the financial statements of Frenchay Developments Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the related notes 1 to 9 and the reconciliation of movements in shareholders funds. 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 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 profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham

*21 March 2005*

## PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31st DECEMBER 2004

		12 months to 31st December 2004	9 months to 31st December 2003
	<u>Note</u>	<u>£</u>	<u>£</u>
Turnover	1	10,910,000	600,000
Cost of sales		(2,711,716)	-
<b>Gross profit</b>		<b>8,198,284</b>	<b>600,000</b>
Operating expenses		-	-
<b>Operating profit</b>		<b>8,198,284</b>	<b>600,000</b>
Interest payable (net)		-	-
<b>Profit on ordinary activities before taxation</b>		<b>8,198,284</b>	<b>600,000</b>
Taxation on profit on ordinary activities	2	(2,459,485)	(180,000)
<b>Profit on ordinary activities after taxation</b>		<b>5,738,799</b>	<b>420,000</b>
Dividends		-	-
<b>Retained Profit for the period</b>	6	<b>5,738,799</b>	<b>420,000</b>

All amounts relate to continuing operations.

There were no recognised gains or losses in the current or prior period other than the profit for the relevant period. Accordingly, no statement of total recognised gains and losses has been prepared.



PERIOD ENDED 31st DECEMBER 2004

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## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	12 months to 31st December 2004 £	9 months to 31st December 2003 £
Retained profit for the financial period	5,738,799	420,000
Opening shareholders' funds	<u>478,712</u>	<u>58,712</u>
Closing shareholders' funds	<u><u>6,217,511</u></u>	<u><u>478,712</u></u>

## BALANCE SHEET

AS AT 31st DECEMBER 2004

	<u>Note</u>	31 December 2004 £	31 December 2003 £
CURRENT ASSETS			
Stocks and work in progress	3	5,157,414	5,898,790
Trade Debtors		1,909,250	-
Inter-co Debtors		2,618,750	712,000
		<u>9,685,414</u>	<u>6,610,790</u>
CREDITORS: Amounts falling due within one year			
	4	<u>(3,467,903)</u>	<u>(6,132,078)</u>
NET CURRENT ASSETS		<u>6,217,511</u>	<u>478,712</u>
CAPITAL AND RESERVES			
Called up share capital	5	6,000	6,000
Profit and loss account	6	6,211,511	472,712
		<u>6,217,511</u>	<u>478,712</u>
Equity Shareholders' Funds		<u>6,217,511</u>	<u>478,712</u>

The Financial Statements were approved by the board on 15th March 2005 and signed on its behalf by:



I Robertson

## NOTES TO THE ACCOUNTS

AS AT 31st DECEMBER 2004

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**1. Accounting Policies**

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies of the Company are set out below.

**Basis of Accounting**

The accounts are prepared under the historical cost convention.

**Turnover**

Turnover comprises the amount receivable for goods and services supplied to customers during the year, excluding value added tax, from the company's principal activity in the U.K.

**Work in Progress**

Work in progress is valued at the lower of cost, plus attributable overhead, and net realisable value.

**Deferred Taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered.

Deferred Tax is measured on a non-discounted basis.

**Cash Flow Statement**

The Company is a wholly owned subsidiary of David Wilson Homes Ltd which is a wholly owned subsidiary of Wilson Bowden plc and the cash flows of the Company are included in the consolidated group cash flow statement of Wilson Bowden plc.

Consequently the Company is exempt under the terms of Financial Reporting Standard No. 1 from the requirement to publish a cash flow statement.

## NOTES TO THE ACCOUNTS

**2. Taxation**

	12 months ending 31st December 2004 £	9 months ending 31st December 2003 £
<b>Current Tax</b>		
UK Corporation Tax on Profits for the period	2,459,485	180,000
Adjustments in respect of previous periods	-	-
Total current tax	2,459,485	180,000
<b>Tax on profit on ordinary activities</b>	2,459,485	180,000
<b>Factors affecting the tax charge for the period</b>		
Profit on Ordinary activities before tax	8,198,284	600,000
UK corporation tax at 30% (9 months to 31December 2003: 30%) based on the profit for the period, being current tax charge for the period	2,459,485	180,000

## NOTES TO THE ACCOUNTS

**3. Stocks and Work in progress**

	12 months ending 31st December 2004 £	9 months ending 31st December 2003 £
Land holdings	4,036,964	5,898,790
Housebuilding and development	1,120,450	-
	<hr/> 5,157,414	<hr/> 5,898,790

**4. Creditors : Amounts falling due within one year**

	12 months ending 31st December 2004 £	9 months ending 31st December 2003 £
Amounts due to group undertakings	-	5,952,000
Corporation tax	1,308,685	180,000
Land purchase	249,890	-
Other creditors	1,909,328	78
	<hr/> 3,467,903	<hr/> 6,132,078

**5. Called up share capital**

There were no changes in share capital during the period.

	Authorised Number	Authorised £	Allotted Called up & Fully Paid Number	Allotted Called up & Fully Paid £
Ordinary shares of £1 each	<hr/> 6,000	<hr/> 6,000	<hr/> 6,000	<hr/> 6,000

**6. Profit and loss account**

	£
At 1st January 2004	472,712
Retained profit for the period	<hr/> 5,738,799
At 31 December 2004	<hr/> 6,211,511

**7 Related Party Transactions**

As the company is wholly owned by the group, it has taken advantage of the exemption under FRS 8 Related Party Disclosure' not to disclose transactions with other investee companies in the group.

NOTES TO THE ACCOUNTS

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**8. Ultimate Parent Undertaking**

The ultimate parent undertaking and ultimate controlling party is Wilson Bowden plc, a company incorporated in Great Britain and registered in England.

Copies of the parent's consolidated financial statements are available from the Company Secretary at Wilson Bowden House, Leicester Road, Ibstock, Leicester LE67 6WB.

The intermediate parent company is David Wilson Homes Limited.

**9. Directors, Employees & Auditors**

The current Directors are employed and remunerated by other Group companies. They do not receive any remuneration specifically for these services as directors of the company.

Other than the directors disclosed in the directors report, there were no other employees of the company in the period (9 months ended 31 December 2003 : £nil).

The auditors remuneration was borne by another group company in the current and prior periods.