

Saxon Developments Limited
Financial statements
For the year ended 31 December 2005

Grant Thornton 



Company No. 943032

Company information

Company registration number	943032
Registered office	The Clock House Frogmoor HIGH WYCOMBE Buckinghamshire HP13 5DL
Directors	J L Miller A Lakhani M J MacDonald R F Reynolds N H Brunskill A S Cook D C L Miller
Secretary	A Lakhani
Bankers	National Westminster Bank plc 4 Abbey Road READING Berkshire RG1 3BA
Solicitors	Jeffrey Green Russell Apollo House 56 New Bond Street LONDON W1Y 0SX
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1 Westminster Way OXFORD OX2 0PZ

Contents

Report of the directors	4 - 5
Report of the independent auditor	6 - 7
Principal accounting policies	8 - 9
Consolidated profit and loss account	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated cash flow statement	13
Notes to the financial statements	14 - 25

Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2005.

Principal activities and business review

The group continues to be engaged predominantly in urban regeneration projects with traditional house building playing a minor part.

The Group is to a large extent dependant on its holding company and associates for the supply of land. This source is extensive and likely to enable the group to trade at its current or higher levels for the next three years.

The group is expected to complete the sale of some 350 units in 2006 and to end the year with a land bank of 700 units compared with 900 at the end of 2005. The turnover for 2006 is expected to be of the order of £40,000,000 with a commensurate increase in the profit.

Results and dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Financial risk management objectives and policies

The group is exposed to a variety of financial risks which result from its operating activities. The board is responsible for coordinating the group's risk management and focuses on securing the group's short to medium term cash flows.

The group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant financial risks to which the group is exposed are described below:

Cash flow risks

The group seeks to manage risks to ensure sufficient liquidity is available to meet its foreseeable needs. Regular contact is maintained with the group's bankers to ensure that sufficient funding is available for the group's needs.

Interest rate risks

The group's interest rate risk is attributable to its bank borrowings. Interest is paid on borrowings at a fixed rate above the bank's base rate. Funding in place is seen as sufficient to accommodate any changes to the base rate of interest.

Directors

The directors who served the company during the year were as follows:

J L Miller	
A Lakhani	
R L Chalcraft	Resigned 1 February 2006
M J MacDonald	
R F Reynolds	
N H Brunskill	
A S Cook	
D C L Miller	

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

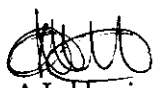
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


A Lakhani

Secretary

12/7/2006 .

Grant Thornton 

Report of the independent auditor to the members of Saxon Developments Limited

We have audited the group and parent company financial statements ("the financial statements") of Saxon Developments Limited for the year ended 31 December 2005 which comprise the principal accounting policies, consolidated profit and loss account, consolidated balance sheet and company balance sheet, consolidated cash flow statement and notes 1 to 26. 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 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Saxon Developments Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs and of the group as at 31 December 2005 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

OXFORD

.....

3 August 2006

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The accounting policies remain unchanged from the prior year and are set out below.

Basis of consolidation

These group financial statements consolidate those of the company and of its subsidiary undertakings (see note 12) drawn up to 31 December 2005. The results of subsidiaries acquired or disposed of during the year have been included from the date of acquisition or to the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities, which exist at the date of acquisition, are recorded at their fair values reflecting their condition at that time.

Related party transactions

The company is ultimately a wholly owned subsidiary of Doverline Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Doverline group.

Turnover

Turnover is the total amount receivable by the group in the ordinary course of the business with outside customers for the sale of houses and land.

Sales of houses are recognised if a legally binding unconditional contract has been exchanged which is completed no more than 8 weeks later.

Goodwill

Goodwill arising from the acquisition of subsidiary undertakings, representing the difference between the purchase consideration and fair value of net assets acquired, has, for acquisitions made after 31 December 1997, been capitalised in accordance with the requirements of Financial Reporting Standard number 10 (FRS 10). Goodwill is amortised on a straight-line basis over its estimated useful economic life. Purchased goodwill accounted for in accounting periods ending before 23 December 1998, the implementation date of FRS 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 3 - 10 years

Stocks

Land and developments held as trading stock are valued at the lower of direct cost plus attributable overheads, including finance charges, and net realisable value. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stocks.

Hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the consolidated profit and loss account.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

Investments are included at cost less amounts written off.

Consolidated profit and loss account

	Note	2005 £'000	2004 £'000
Group turnover	1	29,496	5,596
Cost of sales		26,045	5,097
Gross profit		3,451	499
Other operating charges	2	3,023	3,428
Other operating income	3	(957)	(176)
Operating profit/(loss)	4	1,385	(2,753)
Interest payable and similar charges	7	526	679
Profit/(loss) on ordinary activities before taxation		859	(3,432)
Tax on profit/(loss) on ordinary activities	8	300	–
Profit/(loss) on ordinary activities after taxation		559	(3,432)
Minority interests		–	(45)
Profit/(loss) attributable to members of the parent company	9	559	(3,387)

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

Consolidated balance sheet

	Note	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	10	137	178
Tangible assets	11	2,881	2,374
		<u>3,018</u>	<u>2,552</u>
Current assets			
Stocks	13	41,268	46,260
Debtors	14	12,563	8,952
Cash at bank		120	179
		<u>53,951</u>	<u>55,391</u>
Creditors: amounts falling due within one year	15	54,023	52,468
Net current assets		<u>(72)</u>	<u>2,923</u>
Total assets less current liabilities		<u>2,946</u>	<u>5,475</u>
Creditors: amounts falling due after more than one year	16	565	3,653
		<u>2,381</u>	<u>1,822</u>
Capital and reserves			
Called-up equity share capital	22	100	100
Profit and loss account	23	2,281	1,722
Shareholders' funds	24	<u>2,381</u>	<u>1,822</u>

These financial statements were approved by the directors on 12/1/2006 and are signed on their behalf by:


A Lakhani
Director

Company balance sheet

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	11	183	210
Investments	12	50	50
		<u>233</u>	<u>260</u>
Current assets			
Stocks	13	5,453	13,131
Debtors	14	13,708	12,657
Cash at bank		-	1
		<u>19,161</u>	<u>25,789</u>
Creditors: amounts falling due within one year	15	<u>20,737</u>	<u>26,677</u>
Net current liabilities		<u>(1,576)</u>	<u>(888)</u>
Total assets less current liabilities		<u>(1,343)</u>	<u>(628)</u>
Creditors: amounts falling due after more than one year	16	565	621
		<u>(1,908)</u>	<u>(1,249)</u>
Capital and reserves			
Called-up equity share capital	22	100	100
Profit and loss account	23	(2,008)	(1,349)
Deficit		<u>(1,908)</u>	<u>(1,249)</u>

These financial statements were approved by the directors on 12/3/2006 and are signed on their behalf by:


A Lakhani
Director

Consolidated cash flow statement

	Note	2005 £'000	2004 £'000
Net cash inflow/(outflow) from operating activities	25	189	(27,096)
Returns on investments and servicing of finance			
Interest paid		(541)	(681)
Interest received		15	2
Net cash outflow from returns on investments and servicing of finance		(526)	(679)
Taxation		-	(155)
Capital expenditure			
Payments to acquire tangible fixed assets		(589)	-
Receipts from sale of fixed assets		-	33
Net cash (outflow)/inflow from capital expenditure		(589)	33
Cash inflow/(outflow) before financing		(926)	(27,897)
Financing			
Increase in bank loans		925	27,431
Capital element of finance leases and hire purchase		(58)	-
Net cash (outflow)/inflow from financing		867	27,431
Decrease in cash	25	(59)	(466)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2005 £'000	2004 £'000
United Kingdom	<u>29,496</u>	<u>5,596</u>

2 Other operating charges

	2005 £'000	2004 £'000
Administrative expenses	<u>3,023</u>	<u>3,428</u>

3 Other operating income

	2005 £'000	2004 £'000
Other operating income	407	176
Proceeds from insurance claim	550	-
	<u>957</u>	<u>176</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2005 £'000	2004 £'000
Depreciation of owned fixed assets	24	33
Depreciation of assets held under finance leases and hire purchase agreements	58	37
Profit on disposal of fixed assets	-	(33)
Auditor's remuneration:		
Audit fees	43	35
Accountancy fees	<u>17</u>	<u>13</u>

5 Particulars of employees directors and employees

The average number of persons employed by the group during the financial year, including the directors, amounted to 47 (2004 - 41).

The aggregate payroll costs of the above were:

	2005 £'000	2004 £'000
Wages and salaries	3,685	2,973
Social security costs	451	366
Other pension costs	55	55
	<u>4,191</u>	<u>3,394</u>

6 Directors

Remuneration in respect of directors was as follows:

	2005 £'000	2004 £'000
Emoluments receivable	1,577	1,501
Value of company pension contributions to money purchase schemes	40	38
	<u>1,617</u>	<u>1,539</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>5</u>	<u>5</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2005 £'000	2004 £'000
Emoluments	551	517
Value of company pension contributions to money purchase schemes	-	-
	<u>551</u>	<u>517</u>

7 Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable on bank borrowing	541	665
Finance charges on finance leases	-	16
Interest received	(15)	(2)
	<u>526</u>	<u>679</u>

8 Taxation on ordinary activities

	2005 £'000	2004 £'000
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 30%)	300	-
Total current tax	<u>300</u>	<u>-</u>

The group has tax losses available amounting to £4.9m (2004 - £4.9m) which can be offset against future taxable profits. A deferred tax asset has not been recognised due to the uncertainties surrounding the timing of reversals.

(b) Factors affecting current tax charge

The tax rate assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before taxation	<u>859</u>	<u>(3,432)</u>
Profit/(loss) on ordinary activities by rate of tax	258	(1,030)
Expenses not deductible for tax purposes	30	216
Utilisation of tax losses	(1)	(2)
Group relief surrendered	2	4
Losses carried forward	8	806
Capital allowances in less than/(in excess) of depreciation	3	6
Total current tax (note 8(a))	<u>300</u>	<u>-</u>

9 Loss attributable to members of the parent company

The loss dealt with in the accounts of the parent company was £659,000 (2004 - £3,699,000).

10 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 January 2005 and 31 December 2005	<u>207</u>
Amortisation	
At 1 January 2005	29
Charge for the year	41
At 31 December 2005	<u>70</u>
Net book value	
At 31 December 2005	<u>137</u>
At 31 December 2004	<u>178</u>

11 Tangible fixed assets

Group	Freehold Property £'000	Plant & Machinery £'000	Total £'000
Cost			
At 1 January 2005	2,165	507	2,672
Additions	533	56	589
At 31 December 2005	<u>2,698</u>	<u>563</u>	<u>3,261</u>
Depreciation			
At 1 January 2005	—	298	298
Charge for the year	—	82	82
At 31 December 2005	<u>—</u>	<u>380</u>	<u>380</u>
Net book value			
At 31 December 2005	<u>2,698</u>	<u>183</u>	<u>2,881</u>
At 31 December 2004	<u>2,165</u>	<u>209</u>	<u>2,374</u>

Included within the net book value of £2,881,000 is £87,000 (2004 - £105,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £58,000 (2004 - £37,000).

Company	Plant & Machinery £'000
Cost	
At 1 January 2005	507
Additions	56
At 31 December 2005	<u>563</u>
Depreciation	
At 1 January 2005	297
Charge for the year	82
At 31 December 2005	<u>380</u>
Net book value	
At 31 December 2005	<u>183</u>
At 31 December 2004	<u>210</u>

12 Investments

Company	Group companies £'000
Cost	
At 1 January 2005 and 31 December 2005	<u>50</u>
Net book value	
At 31 December 2005	<u>50</u>
At 31 December 2004	<u>50</u>

At 31 December 2005 the group or the company held 20% or more of the nominal value of any class of share capital, all of which were incorporated in England and Wales, details as follows:

	Class of share capital held	Proportion held	Nature of the business held
Roxylight Midland Limited	Ordinary	100%	Investment company
Roxylight Properties Limited*	Ordinary 'A' and 'B'	100%	Property development
Edmond Properties Limited**	Ordinary	100%	Property development
Saxon Urban Limited	Ordinary	100%	Investment company
Saxon Urban One Limited***	Ordinary	100%	Property development
Saxon Urban Two Limited***	Ordinary	100%	Property development
Saxon Urban Three Limited***	Ordinary	100%	Property development
Saxon Urban Four Limited***	Ordinary	100%	Property development
Saxon Urban Five Limited***	Ordinary	100%	Property development
Edmond Homes Limited**	Ordinary	100%	Property development
Sunguard Homes Limited**	Ordinary	100%	Property development
Sneinton Space Management Limited**	Ordinary 'A' and 'B' and Deferred	100%	Property development
Sneinton Market Developments Limited	Ordinary	100%	Property investment
Tower Gate Homes Limited	Ordinary	100%	Property development

There are further companies all of which are wholly owned, dormant and registered in England and Wales.

* Held by Roxylight Midland Limited and Saxon Developments Limited.

** Held by Roxylight Properties Limited.

*** Held by Saxon Urban Limited.

13 Stocks

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Land and developments held as trading stock	<u>41,268</u>	<u>46,260</u>	<u>5,453</u>	<u>13,131</u>

Included within Group stock is £2,875,000 (2004 - £1,643,000) and within the Company stock is £701,000 (2004 - £438,000) of finance costs which have been capitalised.

14 Debtors

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	5,005	109	4,900	-
Amounts owed by group undertakings	-	-	3,327	7,066
VAT recoverable	42	172	42	172
Amounts owed by related undertakings	6,064	7,779	4,715	4,720
Other debtors	1,279	639	633	568
Prepayments and accrued income	173	253	91	131
	<u>12,563</u>	<u>8,952</u>	<u>13,708</u>	<u>12,657</u>

The debtors above include the following amounts falling due after more than one year:

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts owed to related undertakings	<u>-</u>	<u>349</u>	<u>-</u>	<u>349</u>

15 Creditors: amounts falling due within one year

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts owed to related undertakings	535	256	12	3
Bank loans and overdrafts	46,488	43,531	12,883	20,327
Payments received on account	2,485	3,356	-	-
Trade creditors	457	1,705	421	1,700
Amounts owed to group undertakings	-	-	5,839	3,117
Amounts due under finance leases and hire purchase agreements	91	93	91	93
Corporation tax	303	5	5	5
Other taxation and social security	316	243	361	235
Other creditors	528	988	10	125
Retentions	517	429	517	429
Accruals and deferred income	2,303	1,862	598	643
	<u>54,023</u>	<u>52,468</u>	<u>20,737</u>	<u>26,677</u>

The bank loans and overdrafts are secured by fixed and floating charges over all the groups assets and by first legal mortgages over certain land held in stock by the group.

16 Creditors: amounts falling due after more than one year

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	-	2,032	-	-
Amounts due under finance leases and hire purchase agreements	65	121	65	121
Other creditors including:				
Amounts owed to related undertakings	500	1,500	500	500
	<u>565</u>	<u>3,653</u>	<u>565</u>	<u>621</u>

The bank loans and overdrafts are secured by fixed and floating charges over all the groups assets and by first legal mortgages over certain land held in stock by the group.

17 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	The group		The company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	91	-	-	-
Amounts payable between 1 and 2 years	65	121	-	121
	<u>156</u>	<u>121</u>	<u>-</u>	<u>121</u>

18 Pensions

Defined Contribution Schemes

Saxon Developments Limited operates a defined contribution group personal pension scheme for the benefit of its employees. Sunguard Homes Limited operates two defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those companies.

19 Commitments under operating leases

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as set out below.

The group and the company	2005		2004	
	Land and buildings £'000	Other items £'000	Land and Buildings £'000	Other items £'000
Operating leases which expire:				
Within 1 year	-	-	-	7
Within 2 to 5 years	-	-	-	51
After more than 5 years	-	-	145	-
	<u>-</u>	<u>-</u>	<u>145</u>	<u>58</u>

20 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiary undertakings which at 31 December 2005 amounted to £31,438,516 (2004 - £23,204,000).

The group had no other contingent liabilities at 31 December 2005 and 31 December 2004.

21 Related party transactions

During the year the company and the group entered into the following transactions with related parties:

Nature of transaction	Income/ (expenditure) £'000	2005	2004
		debtors/ (creditors) £'000	debtors/ (creditors) £'000
Roxylight Group Services	Management fee	1,487	276
	Management fee - Linslade	2,500	2,500
	Loan (cash lumps to RGS)	-	-
	Loan (Sneinton Space)	-	-
	Loan (Zaburn)	-	-
	Loan (Linslade)	-	-
Leongreen Limited	Counter indemnity	-	100
Galleondeal Limited	Management Charge	-	-
Roxylight Limited	Loan	-	-
	Costs paid on its behalf	-	-
Roxylight Holdings	Loan	-	-
Law Mining Limited		-	-
Swan Court Property Limited	Loan	-	(250)
	Loan	-	-
R O'Rourke & Son Limited	Loan	-	-
Bond Group plc	Costs paid on its behalf	-	-
	Management charges	50	-
Stonemarket Limited	Loan	-	-
Eastside & City Developments	Loan	-	118
	Management fees	72	-
Southside & City Developments	Loan	-	25
Roxylight Homes Limited	Loan	-	1,446
	Subordinated Loan	-	250
Doverline Limited	Loan and loan waiver	-	-
Hicking Management Company Limited	Service charges	-	(12)
Zaburn Properties Limited		-	-
Shell Bay café Limited		3	-

The above companies are related as a result of common control.

Included with other debtors are amounts owed by directors as follows:

	Balance as at 1 January 2005 £'000	Highest balance during the year £'000	Balance as at 31 December 2005 £'000
D L C Miller	240	252	252
N H Brunskill	93	93	88

21 Related party transactions (continued)

Sales of properties were made to the directors and their families during the year as follows:

	2005 £'000	2004 £'000
A Lakhani	289	265
T Cook	182	179
M MacDonald	-	179
	<u> </u>	<u> </u>

22 Share capital

Authorised share capital:

	2005 £'000	2004 £'000
10,000 Ordinary shares of £1 each	10	10
90,000 Deferred shares of £1 each	90	90
	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£'000	No	£'000
Ordinary shares of £1 each	10,000	10	10,000	10
Deferred shares of £1 each	90,000	90	90,000	90
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

Deferred shares

The deferred shares are non-equity shares which carry an entitlement in priority to any payment of dividend on any other shares, to a fixed non-cumulative dividend at the rate of 1% per annum (gross) for any financial year in which the net profit available for dividend exceeds £50,000,000. Holders of deferred shares are not entitled to receive notice, attend or vote at any general meeting. Deferred shareholders have the right on a winding-up to receive the amount paid up, only after a total sum of £50,000,000 has been distributed in respect of each of the ordinary shares in such a winding up.

23 Reserves

Group	Profit and loss account £'000
At 1 January 2005	1,722
Profit for the year	559
At 31 December 2005	<u>2,281</u>

23 Reserves (continued)

Company	Profit and loss account £'000
At 1 January 2005	(1,349)
Loss for the year	(659)
At 31 December 2005	<u>(2,008)</u>

24 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit/(loss) for the financial year	559	(3,387)
Opening shareholders' funds	<u>1,822</u>	<u>5,209</u>
Closing shareholders' funds	<u>2,381</u>	<u>1,822</u>

25 Notes to the statement of cash flows

**Reconciliation of operating profit/(loss) to net cash
inflow/(outflow) from operating activities**

	2005 £'000	2004 £'000
Operating profit/(loss)	1,385	(2,753)
Amortisation	41	-
Depreciation	82	71
Profit on disposal of fixed assets	-	(33)
Decrease/(increase) in stocks	4,992	(27,055)
Increase in debtors	(3,611)	(1,678)
(Decrease)/increase in creditors	<u>(2,700)</u>	<u>4,352</u>
Net cash inflow/(outflow) from operating activities	<u>189</u>	<u>(27,096)</u>

25 Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 £'000
Decrease in cash in the period	(59)	(466)
Net cash (inflow) from bank loans	(926)	(27,431)
Cash outflow in respect of finance leases and hire purchase	58	-
	<u>(926)</u>	<u>(27,897)</u>
Inception of new finance leases	-	(167)
Change in net debt	(926)	(28,064)
Net debt at 1 January 2005	(45,598)	(17,534)
Net debt at 31 December 2005	<u>(46,524)</u>	<u>(45,598)</u>

Analysis of changes in net debt

	At 1 Jan 2005 £'000	Cash flows £'000	At 31 Dec 2005 £'000
Net cash:			
Cash in hand and at bank	179	(59)	120
Debt:			
Debt due within 1 year	(43,531)	(2,957)	(46,488)
Debt due after 1 year	(2,032)	2,032	-
Finance leases and hire purchase agreements	(214)	58	(156)
	<u>(45,777)</u>	<u>(867)</u>	<u>(46,644)</u>
Net debt	<u>(45,598)</u>	<u>(926)</u>	<u>(46,524)</u>

26 Ultimate parent company

The immediate parent undertaking is Roxylight Homes Limited by virtue of its 100% shareholding. The ultimate parent company and controlling related party of Saxon Developments Limited is Evermale Limited, a company registered in England and Wales.