

Wards Construction (Investments) Limited

Directors' Report and Financial Statements

31st December 2005

Registered Number: 1132078



Directors' Report and Financial Statements

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Wards Construction (Investments) Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31st December 2005.

Principal activities

The principal activity of the Company is property investment. The Directors do not anticipate any change in the activity of the Company for the foreseeable future.

Review of developments

The results for the period are set out in the profit and loss account on page 4. The Directors do not recommend a dividend payment (2004: £nil).

The loss for the year to be transferred to reserves is £23,645 (2004: £265,750 (profit)).

Directors and Directors' interests

The Directors who held office during the year were as follows:

R.J.R. Brooke
G.M. Brown
I Robertson
M.J. Stansfield (resigned 14th January 2005)
N.J. Townsend

None of the Directors who held office at the end of the financial period had any disclosable interest in the shares of the Company.

G. M. Brown, I. Robertson, and 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 financial statements.

M. J. Stansfield was also a Director of Wilson Bowden plc and his interests in the share capital of the holding company are disclosed in that Company's financial statements. M. J. Stansfield resigned as a Director of the Company on 14th January 2005.

R J Brooke is also a Director of David Wilson Homes Limited and his interests in the share capital of the holding company are disclosed in that company's financial statements.

Financial risk management

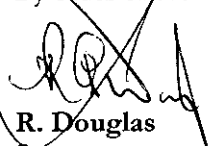
Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. Financial instrument counterparties are subject to pre-approval by the Board of Directors. The amount of exposure to any individual counterparty is subject to a limit set by the Directors and is regularly reassessed.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board


R. Douglas
Secretary
29 March 2006

Wards Construction (Investments) 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 and of the profit or loss 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; 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.

Wards Construction (Investments) Limited

Independent Auditors' Report to the Members of Wards Construction (Investments) Limited

We have audited the financial statements of Wards Construction (Investments) Limited for the year ended 31st December 2005 which comprise the profit and loss account, the note of historical cost profits 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 United Kingdom Generally Accepted Accounting Principles. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 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 the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2005 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

30 March 2006

Wards Construction (Investments) Limited

Profit and loss account

Year ended 31st December 2005

	Note	Year ended 31st December 2005 £	Year ended 31st December 2004 £
Turnover	1	1,198	68,218
Cost of sales		<u>(20,407)</u>	<u>(49,494)</u>
Gross (loss)/profit		(19,209)	18,724
Profit on sale of investment properties		<u>-</u>	<u>240,975</u>
(Loss)/profit on ordinary activities before taxation	2	(19,209)	259,699
Tax (charge)/credit on (loss)/profit on ordinary activities	3	<u>(4,436)</u>	<u>6,051</u>
Retained (loss)/profit on ordinary activities after taxation	10,11	<u>(23,645)</u>	<u>265,750</u>

The accompanying notes are an integral part of this profit and loss account.

All operations are continuing.

The Company has no recognised gains or losses in either 2005 or 2004 other than those reported in the profit and loss account above. Accordingly, no statement of total recognised gains and losses is presented.

Note of historical cost profits and losses

Year ended 31st December 2005

	Year ended 31st December 2005 £	Year ended 31st December 2004 £
(Loss)/profit on ordinary activities before taxation	(19,209)	259,699
Realisation of property revaluation gains of previous periods	-	55,000
Historical cost (loss)/profit on ordinary activities before taxation	<u>(19,209)</u>	<u>314,699</u>
Historical cost (loss)/profit for the period retained after taxation	<u>(23,645)</u>	<u>320,750</u>

Wards Construction (Investments) Limited

Balance Sheet

as at 31st December 2005

	Note	31st December 2005	31st December 2004
		£	£
Fixed assets			
Tangible assets	4	464,541	487,035
Investments	5	227,897	227,897
		<u>692,438</u>	<u>714,932</u>
Current assets			
Debtors	6	1,063,884	1,065,035
Creditors: amount falling due within one year	7	<u>(15,173)</u>	<u>(15,173)</u>
Net current assets		1,048,711	1,049,862
Net Assets		<u>1,741,149</u>	<u>1,764,794</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	1,741,049	1,764,694
Equity shareholder's funds	11	<u>1,741,149</u>	<u>1,764,794</u>

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 29 March 2006 and were signed on its behalf by:



R.J.R. Brooke
Director

29 March 2006

Wards Construction (Investments) Limited

Notes to the financial statements

Year ended 31st December 2005

1. Accounting policies

The following accounting policies have been applied consistently, with the exception of changes in accounting policy caused by the adoption of new accounting policies, in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The Company has taken exemption from preparing Group financial statements as permitted by section 228 of the Companies Act 1985. These financial statements present information about the Company as an individual and not as a Group undertaking.

Shares in subsidiary companies are shown at cost. In the Director's opinion, the aggregate value of the assets of subsidiary undertakings is not less than the value at which the investment is shown in the Balance Sheet.

Changes in Accounting Policy

Where relevant, the requirements of all new Accounting Standards and pronouncements, whose implementation dates were during the year, have been adopted.

The adoption of the following Financial Reporting Standards ('FRSs') had no significant impact upon these financial statements; FRS21 'Events after the Balance Sheet Date', FRS25 'Financial Instruments: Disclosure and Presentation' and FRS28 'Corresponding Amounts'.

The company has adopted FRS20 'Share-based Payment' in the year. Although this standard is not compulsory for unlisted entities until periods commencing after 1st January 2006, the Company has chosen to adopt the standard early so that the treatment in the subsidiary entities of Wilson Bowden plc is consistent with that adopted by the Group. The adoption of this standard has no impact upon these financial statements.

Fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	50 years
Plant & machinery	4-10 years

Fixed asset investments

Fixed asset investments are stated at cost net of any provision for impairment.

Taxation

UK Corporation tax is provided on taxable profits at the current rate.

Deferred tax 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 that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Wards Construction (Investments) Limited

Notes to the financial statements *(continued)*

Year ended 31st December 2005

1. Accounting policies *(continued)*

Cash flow statement

As the company is a wholly owned subsidiary and the ultimate parent company (Wilson Bowden Plc) prepares a group cash flow statement, the Company is exempt under the terms of FRS1 (Revised 1996) from the requirement to publish a cash flow statement.

Turnover

Turnover represents the amounts receivable in respect of gross rents, insurance and service charges. All turnover arose within the United Kingdom.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2. (Loss)/profit on ordinary activities before taxation

	Year ended 31st December 2005	Year ended 31st December 2004
	£	£
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets.	22,494	22,782

Directors' and auditors' remuneration has been borne by other Group companies in both the current and preceding periods. The company has no direct employees.

3. Tax (charge)/credit on (loss)/profit on ordinary activities

	Year ended 31st December 2005	Year ended 31st December 2004
	£	£
UK Corporation Tax at 30% (2004: 30%)	393	2,935
Prior year tax adjustment	3,823	(6,029)
Deferred taxation	220	(676)
Prior year deferred taxation adjustment	-	(2,281)
	4,436	(6,051)

Wards Construction (Investments) Limited

Notes to the financial statements (continued)

Year ended 31st December 2005

3. Tax (charge)/credit on (loss)/profit on ordinary activities (continued)

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK at 30% (2004: 30%). The differences are explained below.

	Year ended 31st December 2005 £	Year ended 31st December 2004 £
Profit on ordinary activities before taxation	(19,209)	259,699
Tax at 30% thereon	(5,763)	77,910
Effects of:		
Expenses not deductible for tax purposes	1	605
Utilisation of tax losses	-	(9,332)
Depreciation on ineligible fixed assets	6,375	5,369
Depreciation in excess of capital allowances	(220)	676
Utilisation of capital losses	-	(72,293)
Prior year adjustments	3,823	(6,029)
Total actual amount of current tax	<u>4,216</u>	<u>(3,094)</u>

4. Tangible fixed assets

	Freehold Buildings £	Plant & Machinery £	Total £
Cost			
At beginning of period	500,000	78,501	578,501
At end of period	<u>500,000</u>	<u>78,501</u>	<u>578,501</u>
Depreciation			
At beginning of period	62,000	29,466	91,466
Charge for period	12,000	10,494	22,494
At end of period	<u>74,000</u>	<u>39,960</u>	<u>113,960</u>
Net book value			
At 31st December 2005	<u>426,000</u>	<u>38,541</u>	<u>464,541</u>
At 31st December 2004	<u>438,000</u>	<u>49,035</u>	<u>487,035</u>

Freehold buildings are occupied by group companies.

5. Fixed asset investments

The Company owns 100% of the issued share capital of Wards Construction (Industrial) Limited, a company registered in England and Wales. The principal activity of Wards Construction (Industrial) Limited is the development of industrial property for resale.

Cost and net book value at 1st January 2005 and 31st December 2005 £
227,897

Wards Construction (Investments) Limited

Notes to the financial statements *(continued)*

Year ended 31st December 2005

6. Debtors

	31st December 2005	31st December 2004
	£	£
Trade debtors	-	384
Amounts owed by group undertakings	1,058,700	1,059,026
Other debtors	410	679
Corporation Tax recoverable	4,774	4,946
	<u>1,063,884</u>	<u>1,065,035</u>

Amounts due from Group undertakings are interest free and repayable on demand.

Other debtors includes an amount for deferred taxation of £410 (2004: £630) (see note 8).

7. Creditors: amounts falling due within one year

	31st December 2005	31st December 2004
	£	£
Accruals and deferred income	15,173	15,173
	<u>15,173</u>	<u>15,173</u>

8. Deferred tax asset

	£
1st January 2005	630
Provided for in period	(220)
31st December 2005	<u>410</u>

The deferred taxation is in respect of accelerated capital allowances and is included within other debtors.

9. Share Capital

	31st December 2005	31st December 2004
	£	£
<i>Authorised, Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. Reserves

	Profit and loss account	Total
	£	£
At 1st January 2005	1,764,694	1,764,694
Retained loss for the year	(23,645)	(23,425)
At 31st December 2005	<u>1,741,049</u>	<u>1,741,269</u>

Wards Construction (Investments) Limited

Notes to the financial statements *(continued)*

Year ended 31st December 2005

11. Reconciliation of movements in shareholder's funds

	31st December 2005 £	31st December 2004 £
Retained (loss)/profit for the financial period	(23,645)	265,750
Opening shareholder's funds	1,764,794	1,499,044
Closing shareholder's funds	<u>1,741,149</u>	<u>1,764,794</u>

12. Ultimate parent company

The Company is a subsidiary undertaking of Ward Holdings Ltd. The Directors regard Wilson Bowden plc, a company incorporated in Great Britain, as the ultimate parent company and ultimate controlling party.

Wilson Bowden plc is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from the Company Secretary at Wilson Bowden House, Leicester Road, Ibstock, Leicester LE67 6WB.

13. Statement on Related Party Transactions

The Company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow Group companies, as it is a wholly owned subsidiary within the Wilson Bowden plc Group.

14. Financial instruments

As the Company is a wholly owned subsidiary, it has taken advantage of the exemption in paragraph 3c of FRS25 "Financial Instruments: Disclosure and Presentation" from providing financial instruments disclosures as these are included within the consolidated financial statements of the ultimate parent company, Wilson Bowden plc.