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**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**ACCOUNTS FOR THE YEAR ENDED 30TH APRIL 1997**

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Registered office : Old Stone Farm  
Sandling Road Hythe Kent CT21 4HG

Company No: 1690598



55 Gildredge Road, Eastbourne  
East Sussex, BN21 4SF

# FOLKESTONE DEVELOPMENT COMPANY LIMITED

## DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 April 1997.

### Directors

The directors who served during the year and their beneficial interests in the issued share capital of the company were as follows:

	Ordinary shares of £1 each	
	30 April 1997	1 May 1996
R A Kingston	76	76
Mrs B A Kingston	6	6
D R Kingston	6	6
Miss E J Kingston	6	6

No rights to subscribe for any shares or debentures of the company were granted or exercised during the year.

### Directors' responsibilities

Company law requires the directors to prepare, for each financial year, accounts 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 accounts, the directors are required to

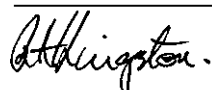
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and which enable them to ensure that the accounts 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.

### Principal activity

The company's principal activity was that of property development.

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FOLKESTONE DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT

**Auditors**

A resolution to re-appoint Honey Barrett as auditors will be put to the members at the Annual General Meeting.

**Small company exemptions**

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

Signed on behalf of the board



R A Kingston

Director

This report was approved by the board on 14 November 1997

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**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**AUDITORS' REPORT  
TO THE MEMBERS OF FOLKESTONE DEVELOPMENT COMPANY LIMITED**

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention, and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 April 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Dated: 17 November 1997



**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH APRIL 1997**

Notes	1997	1996
1 Turnover	1,064,265	1,201,850
Cost of sales	787,647	884,379
<b>Gross profit</b>	<b>276,618</b>	<b>317,471</b>
Administrative expenses	94,374	79,165
	<b>182,244</b>	<b>238,306</b>
Other operating income	-	3,200
2 <b>Operating profit</b>	<b>182,244</b>	<b>241,506</b>
Profit on sale of fixed assets	1,566	163
	<b>183,810</b>	<b>241,669</b>
Interest receivable and similar income	2,238	35
	<b>186,048</b>	<b>241,704</b>
Interest payable and similar charges	51,556	36,404
<b>Profit on ordinary activities before taxation</b>	<b>134,492</b>	<b>205,300</b>
Tax on profit on ordinary activities	36,094	56,764
<b>Retained profit for the financial year</b>	<b>98,398</b>	<b>148,536</b>
<b>Retained profit brought forward</b>	<b>178,395</b>	<b>29,859</b>
<b>Retained profit carried forward</b>	<b>£ 276,793</b>	<b>£ 178,395</b>

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding year and the profit retained in these years represents the only movement in shareholders' funds.

All disclosures in the profit and loss account relate only to continuing operations.

The notes on pages 6 to 9 form part of these accounts.

**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**BALANCE SHEET AT 30 APRIL 1997**

Notes		1997	1996
	<b>Fixed assets</b>		
3	Tangible assets	40,839	31,930
4	Investments	1,245	-
		<u>42,084</u>	<u>31,930</u>
	<b>Current assets</b>		
5	Stocks	796,016	1,090,938
6	Debtors	11,967	2,735
	Cash at bank and in hand	306,384	3,499
		<u>1,114,367</u>	<u>1,097,172</u>
7	<b>Creditors:</b> amounts falling due within one year	537,668	598,717
	<b>Net current assets</b>	<u>576,699</u>	<u>498,455</u>
	<b>Total assets less current liabilities</b>	618,783	530,385
9	<b>Creditors:</b> amounts falling due after more than one year	341,890	351,890
		<u>£ 276,893</u>	<u>£ 178,495</u>
	<b>Capital and reserves</b>		
10	Called up share capital	100	100
	Profit and loss account	276,793	178,395
11	<b>Shareholders' funds</b>	<u>£ 276,893</u>	<u>£ 178,495</u>

The notes on pages 6 to 9 form part of these accounts.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Signed on behalf of the board



R A Kingston

Director

These accounts were approved by the board on 14 November 1997

**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30TH APRIL 1997**

**1 Accounting policies**

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Compliance with accounting standards**

The accounts have been prepared in accordance with applicable accounting standards.

**Tangible fixed assets**

Depreciation is provided to write off the cost less estimated residual value of all tangible fixed assets, over their expected useful lives as follows:

Office equipment	- 15 per cent - reducing balance method
Plant and machinery	- 25 per cent - reducing balance method
Motor vehicles	- 25 per cent - reducing balance method

A full years depreciation is charged in the year of acquisition and none in the year of disposal.

**Valuation of stocks and work in progress**

Stocks and work in progress are valued at the lower of cost, including relevant construction overheads, and net realisable value. Cost is calculated on a first in first out basis.

**Deferred taxation**

Deferred taxation is provided on all timing differences which are expected to crystallise in the future without being replaced.

**Turnover**

Turnover represents the invoiced amount of goods and services supplied to customers in the normal course of business. It is stated exclusive of valued added tax and sales of fixed assets.

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<b>2 Operating profit</b>	<b>1997</b>	<b>1996</b>
<b>Operating profit is stated after accounting for the following:</b>		
Directors' emoluments including pension contributions paid and estimated benefits in kind	<b>42,428</b>	30,806
Depreciation (note 3)	<b>11,857</b>	5,308
Auditors' remuneration	<b>800</b>	800
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**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30TH APRIL 1997**

**3 Tangible fixed assets**

	<b>Fixtures and fittings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>				
Brought forward	13,933	9,555	18,426	<b>41,914</b>
Additions	2,882	518	19,000	<b>22,400</b>
Disposals	(549)	(2,200)	-	<b>(2,749)</b>
	<u>£ 16,266</u>	<u>£ 7,873</u>	<u>£ 37,426</u>	<u>£ 61,565</u>
<b>Depreciation</b>				
Brought forward	3,250	4,135	2,599	<b>9,984</b>
Charge for year	1,975	1,175	8,707	<b>11,857</b>
Disposals	(152)	(963)	-	<b>(1,115)</b>
	<u>£ 5,073</u>	<u>£ 4,347</u>	<u>£ 11,306</u>	<u>£ 20,726</u>
<b>Net book value at 30 April 1997</b>	<u>£ 11,193</u>	<u>£ 3,526</u>	<u>£ 26,120</u>	<u>£ 40,839</u>
<b>Net book value at 30 April 1996</b>	<u>£ 10,683</u>	<u>£ 5,420</u>	<u>£ 15,827</u>	<u>£ 31,930</u>

**4 Fixed asset investments**

Additions	<u>1,245</u>
Carried forward	<u>£ 1,245</u>



**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30TH APRIL 1997**

<b>5</b>	<b>Stocks</b>	<b>1997</b>	<b>1996</b>
	Raw materials and consumables	600	-
	Work in progress	795,416	1,090,938
		<u>£ 796,016</u>	<u>£1,090,938</u>

<b>6</b>	<b>Debtors</b>	<b>1997</b>	<b>1996</b>
	Other debtors	6,580	-
	Prepayments and accrued income	5,387	2,735
		<u>£ 11,967</u>	<u>£ 2,735</u>

<b>7</b>	<b>Creditors: amounts falling due within one year</b>	<b>1997</b>	<b>1996</b>
	Trade creditors	8,134	23,406
	Corporation tax (note 8)	35,651	56,764
	Other taxes and social security costs	10,318	12,757
	Directors' accounts	2,979	11,031
	Other creditors	400,000	467,906
	Accruals and deferred income	80,586	26,853
		<u>£ 537,668</u>	<u>£ 598,717</u>

Included in Other Creditors is a loan of £400,000 from Kingston Friendly Society, of which Mr. R.A. and Mrs. B.A. Kingston are members.

<b>8</b>	<b>Corporation tax</b>	<b>1997</b>	<b>1996</b>
	U.K. corporation tax payable 1 February 1998	<u>£ 35,651</u>	<u>£ 56,764</u>

**FOLKESTONE DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30TH APRIL 1997**

<b>9</b>	<b>Creditors:</b> amounts falling due after more than one year	<b>1997</b>	<b>1996</b>
	Directors' loan accounts	<u>£ 341,890</u>	<u>£ 351,890</u>

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<b>10</b>	<b>Share capital</b>	<b>1997</b>	<b>1996</b>
	<b>Authorised</b>		
	100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
	<b>Allotted, called up and fully paid</b>		
	100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

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<b>11</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>1997</b>	<b>1996</b>
	Profit for the financial year	<b>98,398</b>	148,536
	Shareholders' funds brought forward	<b>178,495</b>	29,959
	Shareholders' funds carried forward	<u>£ 276,893</u>	<u>£ 178,495</u>

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**12 Related party transactions and controlling parties**

**Controlling parties**

The company is under the ultimate control of R A Kingston.

**Related party transactions**

During the year an investment was transferred for £1,245 from Kingston Homes Limited of which R A Kingston and Mrs B Kingston were directors. Also at the 30 April 1997 £35,108 interest on current accounts was owing to directors.

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