

WARD HOMES (NORTH THAMES) LTD

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



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WARD HOMES (NORTH THAMES) LTD

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2004

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DIRECTORS AND ADVISERS

Directors

G.M. Brown
N.J. Townsend
R.J.R. Brooke
I. Robertson

Company Secretary

R.G. Douglas

Registered Office

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

REPORT OF THE DIRECTORS

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

Principal activities and Business review

The Company's main activity during 2004 was, and will continue to be, residential development.

The Directors consider the year's results to be satisfactory and that the Company's financial resources are sufficient for its future plans.

Result and Dividend

The profit before taxation for the year amounted to £1,621,000 (fourteen months ended 31st December 2003 - £3,564,000). On 31st December 2004 the Directors paid an interim dividend of £7,486,000 (fourteen months ended 31st December 2003 - £nil). The Directors do not recommend the payment of a final dividend (2003 - £nil).

REPORT OF THE DIRECTORS (CONTINUED)

Directors

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

G.M. Brown
M.J. Stansfield (resigned 14th January 2005)
N.J. Townsend
R.J.R. Brooke
I. Robertson
M.R. Lethaby (resigned 15th January 2004)

Mr G.M.Brown, Mr M.J. Stansfield 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.

Mr R.J.R.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 accounts.

REPORT OF THE DIRECTORS (CONTINUED)

Employees

Due consideration is given to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned.

It is the Company's policy that training, career development and promotion should be available to disabled persons as to any other member of staff. Any employee who develops disability during employment is given the opportunity of retraining for alternative employment where practicable, given the nature of the Company's operations.

There are specific arrangements to keep all employees informed on matters of concern to them and to encourage their involvement in the Company's performance.

REPORT OF THE DIRECTORS (CONTINUED)

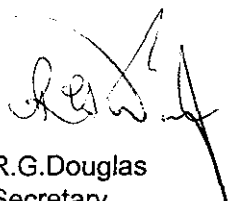
Donations

Donations during the year for educational purposes, to charity and to local causes amounted to nil (2003 - nil). No donations were made for political purposes (2003 - nil).

Auditors

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provision of section 386(2) of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'R.G. Douglas', is written over a horizontal line.

R.G. Douglas
Secretary
15th March 2005

DIRECTORS' RESPONSIBILITY STATEMENT

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 year 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 period.

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 Ward Homes (North Thames) Limited

We have audited the financial statements of Ward Homes (North Thames) Limited for the year ended 31st December 2004 which comprise the profit and loss account, the balance sheet, the related notes 1 to 17 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 the profit for the year 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

YEAR ENDED 31st DECEMBER 2004

		Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Turnover	1	11,646	22,792
Cost of sales		(9,337)	(17,169)
Gross profit		2,309	5,623
Administration expenses		(690)	(1,241)
Operating profit		1,619	4,382
Net interest receivable / (payable)	2	2	(818)
Profit on ordinary activities before taxation	3	1,621	3,564
Taxation on profit on ordinary activities	4	(602)	(1,061)
Profit for the financial year		1,019	2,503
Ordinary dividend	5	(7,486)	-
Retained (loss)/ profit for the year	12	(6,467)	2,503

All amounts relate to continuing operations

There are no recognised gains or losses for the current and proceeding financial period other than the results show above. Accordingly, no statement of Total Recognised gains and losses has been presented.

YEAR ENDED 31st DECEMBER 2004

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year	1,019	2,503
Ordinary dividends	<u>(7,486)</u>	<u>-</u>
Net (reductions) / additions to shareholders' funds	(6,467)	2,503
Equity shareholders' funds at start of period	8,550	6,047
Equity shareholders' funds at 31 December	<u><u>2,083</u></u>	<u><u>8,550</u></u>

BALANCE SHEET

AS AT 31st DECEMBER 2004

		2004		2003	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		3		22
			3		22
CURRENT ASSETS					
Stocks and work in progress	7	19,063		15,793	
Debtors due in less than one year	8	137		6,259	
Cash at bank and in hand		1		-	
		19,201		22,052	
CREDITORS: Amounts falling due within one year	9	(17,121)		(13,524)	
NET CURRENT ASSETS			2,080		8,528
TOTAL ASSETS LESS CURRENT LIABILITIES			2,083		8,550
CAPITAL AND RESERVES					
Called up share capital	11		842		842
Profit and loss account	12		1,241		7,708
EQUITY SHAREHOLDERS' FUNDS			2,083		8,550

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



R. BROOKE - Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 2004

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 which are consistent with the prior year.

Basis of Accounting

The accounts are prepared under the historical cost convention.

Turnover

The Company's business is conducted through a single class of business, being that of residential development in the UK.

Turnover comprises the amount receivable for goods and services supplied to customers during the year, and excludes intra-group transactions and value added tax. Proceeds from the sale of part exchange houses and undeveloped land are excluded from turnover.

Proceeds from the sale of newly constructed houses are included in turnover on legal completion.

Turnover arising from joint arrangements, where the company undertakes housing development within a partnership agreement, is recognised in proportion to the stage of completion reached.

Stocks and Work in Progress

Stocks, including land held for development and completed and part exchange houses, and residential work in progress are valued at the lower of cost, including attributable overheads, and net realisable value. Where the Company undertakes housing development within a partnership agreement, work in progress includes the attributable costs after deducting amounts taken to cost of sales, less progress payments received and receivable.

Depreciation

Depreciation is provided on the original cost of assets in equal annual instalments at the following rates :

Plant, equipment and vehicles - Rates between 20% and 33%

NOTES TO THE ACCOUNTS

1. Accounting Policies (continued)

Taxation

United Kingdom corporation tax is provided on taxable profits at the current rate. 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 the 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 is measured on a non-discounted basis.

Cash Flow Statement

The Company is a wholly owned subsidiary of Castle Village Ltd which is a wholly owned subsidiary of Wilson Bowden plc and the cashflows 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.

Pensions

The Group operates a number of defined contribution pension schemes for certain employees. The Company's contributions to the schemes are charged against profits in the year in which the contributions are made.

NOTES TO THE ACCOUNTS

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
<u>2. Net interest receivable / (payable)</u>		
Interest payable on loans from Group undertakings	-	(818)
Other interest receivable	2	-
	<u>2</u>	<u>(818)</u>

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
<u>3. Profit on ordinary activities before taxation</u>		
Is stated after charging		
Depreciation	1	8
Loss on disposal of fixed assets	<u>4</u>	<u>-</u>

Auditors remuneration was borne by another group company in both the current and prior periods.

NOTES TO THE ACCOUNTS

4. Taxation

	Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	£'000	£'000
Current Tax		
UK Corporation Tax on Profits for the period	494	1,088
Adjustments in respect of previous periods	93	(27)
Total current tax	587	1,061
Deferred Tax		
Origination and reversal of timing differences	(2)	-
Adjustments in respect of previous periods	17	-
Total Deferred tax	15	-
Tax on profit on ordinary activities	602	1,061
Factors affecting the tax charge for the period		
Profit on Ordinary activities before tax	1,621	3,563
UK corporation tax at 30% (2003 - 30%) based on the profit for the period	487	1,069
Effects of		
Expenses not deductible for tax purposes	6	20
Capital allowances for period in excess of depreciation	1	-
Prior year adjustment	93	(28)
Current tax charge for the year	587	1,061

NOTES TO THE ACCOUNTS

5. Dividend on equity shares

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
Ordinary - Interim paid £8.89 per share (2003 - £nil)	7,486	-

6. Fixed Assets

	Plant, equipment, & vehicles £'000
Cost	
At 1st January 2004	31
Disposals	(27)
At 31st December 2004	4
Depreciation	
At 1st January 2004	9
Eliminated on disposals	(9)
Provision for the year	1
At 31st December 2004	1
Net book value	
At 31st December 2004	3
At 31st December 2003	22

NOTES TO THE ACCOUNTS

7. Stocks and Work in progress

	Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	<u>£'000</u>	<u>£'000</u>
Land holdings	15,750	9,428
Housebuilding and development	3,313	6,365
	<hr/> 19,063 <hr/>	<hr/> 15,793 <hr/>

8. Debtors falling due in less than one year

	Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	<u>£'000</u>	<u>£'000</u>
Trade debtors	135	-
Amounts owed by group undertakings	-	6,200
Other debtors	2	59
	<hr/> 137 <hr/>	<hr/> 6,259 <hr/>

NOTES TO THE ACCOUNTS

9. Creditors : Amounts falling due within one year

	Twelve months ended 31 December 2004	Fourteen months ended 31 December 2003
	<u>£'000</u>	<u>£'000</u>
Bank overdrafts	-	28
Payments received on account	7	-
Trade creditors	316	491
Amounts owed to group undertakings	14,924	11,709
Corporation tax	1,406	819
Land creditor	216	-
Other creditors	58	-
Accruals and deferred income	194	477
	<u>17,121</u>	<u>13,524</u>

Other creditors includes a deferred tax liability of £15,000 (2003:£nil) (see note 10)

NOTES TO THE ACCOUNTS

10. Deferred taxation

Provision at 30% (2003 - 30%) :

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
Accelerated capital allowances	(2)	-
Other timing differences	17	-
	<u>15</u>	<u>-</u>
Provision at start of period	-	-
Deferred tax charge in profit and loss account for year (note 4)	15	-
	<u>15</u>	<u>-</u>

The deferred tax liability has been recognised within Other Creditors (note 9).

11. Called up share capital

There were no changes in share capital during the year.

	Authorised Number	Authorised £'000	Allotted Called up & Fully Paid Number	Allotted Called up & Fully Paid £
Ordinary shares of £1 each	<u>842,258</u>	<u>842,258</u>	<u>842,257</u>	<u>842,257</u>

12. Reserves

	Profit and Loss Account £'000
At 1st January 2004	7,708
Retained loss for the year	<u>(6,467)</u>
At 31st December 2004	<u>1,241</u>

NOTES TO THE ACCOUNTS

13. Staff costs

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
Employee costs (including directors) :		
Wages and salaries	548	929
Social security costs	54	102
Other pension costs	31	-
	<u>633</u>	<u>1,031</u>

The average number of employees during the year was 19 (2003:19)

Persons employed by the company have contracts of service with David Wilson Homes Limited. The elements of the recharge made by David Wilson Homes Limited to the Company in respect of staff costs are disclosed above.

The Company is part of a deferred bonus plan known as "The Wilson Bowden Bonus Share Matching Plan" which involves the purchase of shares in the market for distribution to senior management (including executive directors) at a later date. Shares are held in trust until such time as they may be transferred to employees in accordance with the terms of the scheme. Details of which are shown in the Group accounts of Wilson Bowden Plc.

14. Directors Emoluments

	Twelve months ended 31 December 2004 £'000	Fourteen months ended 31 December 2003 £'000
Aggregate emoluments	-	252

The above emoluments do not include amounts paid to Mr G.M. Brown, Mr M.J. Stansfield, Mr N.J. Townsend, Mr I. Robertson, and Mr R.J.R. Brooke. The emoluments of Mr G.M. Brown, Mr M.J. Stansfield, Mr I. Robertson, and Mr N.J. Townsend are disclosed in the financial statements of Wilson Bowden plc and those of Mr R.J.R. Brooke are disclosed in the financial statements of David Wilson Homes Ltd.

NOTES TO THE ACCOUNTS

15. Pensions

The Group operates a number of defined contribution pension schemes for certain employees, under which the Company has no obligation, other than to make regular contributions to independent investment managers at a predetermined proportion of each participating employee's salary. The Company's contribution to these defined contribution pension schemes amounted to £30,773 (2003 - £nil) and are charged against the profits of the year in which the contributions are made.

16. 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 companies in the group.

17. Ultimate Parent Company

The ultimate parent undertaking 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 *Castle Village Limited*.

The largest and smallest group, for which consolidated financial statements are prepared in Willson Bowden plc.