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Registration number 2646033

Walker Residential Limited
Directors' report and financial statements
for the year ended 31 March 2006



Walker Residential Limited

Company information

Directors	H C Boucher J R C Boucher P D Norman N C Camp
Secretary	P D Norman
Company number	2646033
Registered office	152 Staplehurst Road Sittingbourne Kent ME10 1XS
Auditors	West Wake Price & Company 4 Chiswell Street London EC1Y 4UP
Bankers	National Westminster Bank PLC 3 High Street Maidstone Kent ME14 1XU
Solicitors	Brachers Sommerfield House 59 London Road Maidstone Kent ME16 8JH

Walker Residential Limited

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Walker Residential Limited

Directors' report for the year ended 31 March 2006

The directors present their report and the financial statements for the year ended 31 March 2006.

Principal activity

The principal activity of the company during the year was house building.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Class of share	31/03/06	01/04/05
H C Boucher	Ordinary shares	1,225,000	2,500,000
J R C Boucher	Ordinary shares	1,275,000	-
P D Norman	Ordinary shares	-	-
N C Camp	Ordinary shares	-	-

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Walker Residential Limited

**Directors' report
for the year ended 31 March 2006**

..... continued

Auditors

West Wake Price & Company were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 19 March 2007 and signed on its behalf by

P D Norman
Secretary

A handwritten signature in black ink, appearing to be 'P D Norman', with a horizontal line underneath.

**Independent auditors' report to the shareholders of
Walker Residential Limited**

We have audited the financial statements of Walker Residential Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2006.

West Wake Price & Co.

West Wake Price & Company
Chartered Accountants and
Registered Auditors
19 March 2007

Walker Residential Limited

**Profit and loss account
for the year ended 31 March 2006**

		2006	2005
	Notes	£	£
Turnover	2	179,950	2,019,082
Cost of sales		(151,016)	(1,711,116)
Gross profit		<u>28,934</u>	<u>307,966</u>
Administrative expenses		(381,809)	(373,861)
Other operating income		<u>10,120</u>	<u>12,146</u>
Operating loss	3	(342,755)	(53,749)
Income from investments	4	336,282	-
Other interest receivable and similar income		28,501	63,565
Interest payable and similar charges		<u>(4,672)</u>	<u>(37,979)</u>
Profit/(loss) on ordinary activities before taxation		17,356	(28,163)
Tax on profit/(loss) on ordinary activities		<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		<u>17,356</u>	<u>(28,163)</u>
Retained profit/(loss) for the year		17,356	(28,163)
Accumulated loss brought forward		(632,385)	(604,222)
Accumulated loss carried forward		<u>(615,029)</u>	<u>(632,385)</u>

The notes on pages 6 to 12 form an integral part of these financial statements.

Walker Residential Limited

Balance sheet as at 31 March 2006

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		56,870		39,302
Investments	8		2		1
			<u>56,872</u>		<u>39,303</u>
Current assets					
Properties held in the course of development		505,266		358,515	
Debtors	9	1,014,083		1,256,214	
Cash at bank and in hand		581,500		790,830	
		<u>2,100,849</u>		<u>2,405,559</u>	
Creditors: amounts falling due within one year	10	<u>(92,750)</u>		<u>(397,247)</u>	
Net current assets			<u>2,008,099</u>		<u>2,008,312</u>
Total assets less current liabilities			2,064,971		2,047,615
Creditors: amounts falling due after more than one year	11		<u>(180,000)</u>		<u>(180,000)</u>
Net assets			<u>1,884,971</u>		<u>1,867,615</u>
Capital and reserves					
Called up share capital	13		2,500,000		2,500,000
Profit and loss account			<u>(615,029)</u>		<u>(632,385)</u>
Shareholders' funds			<u>1,884,971</u>		<u>1,867,615</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005) relating to small companies.

The financial statements were approved by the Board on 19 March 2007 and signed on its behalf by


J R C Boucher
Director

The notes on pages 6 to 12 form an integral part of these financial statements.

Walker Residential Limited

Notes to the financial statements for the year ended 31 March 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2. Changes in accounting policy

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- Financial Reporting Standard for Smaller Entities (effective January 2005);

- FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation

The ordinary shares have been classified as equity shares. This represents a change in accounting policy and the comparative figures (where applicable) have been restated accordingly.

1.3. Turnover and profits

Turnover represents the value of residential units developed, sales of which have been legally completed.

1.4. Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant and equipment	15% - 50%
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1.5. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.6. Properties in the course of development

Properties held in the course of development have been valued at the lower of cost and net realisable value. Properties held in the course of development represent the direct cost of land, materials and professional charges applicable to unsold units. These costs have been carried as the total projected realisable value of each asset site exceeds the total expected direct cost. Estimates have been made by the directors for these projections of realisable value based upon information currently available and market conditions currently prevailing.

1.7. Pensions

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries.

Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

Walker Residential Limited

Notes to the financial statements for the year ended 31 March 2006

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1.8. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

1.9. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

1.10. Financial instruments

Financial instruments are classified and accounted for, according to the substance of contractual arrangement, as either financial assets, financial liabilities or equity instruments, as defined in FRS 25, Financial Instruments: Disclosure and Presentation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The company's turnover and loss before taxation were all derived from its principal activity. Sales were made wholly in the United Kingdom.

3. Operating loss

Operating loss is stated after charging:

Depreciation and other amounts written off tangible assets

Auditors' remuneration

and after crediting:

Profit on disposal of tangible fixed assets

2006	2005
£	£
23,854	14,718
10,000	5,500
<u>5,237</u>	<u>3,000</u>

Walker Residential Limited

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

4. Income from investments	2006	2005
	£	£
Profit on disposal of investments	<u>336,282</u>	<u>-</u>

5. Directors' emoluments

	2006	2005
	£	£
Remuneration and other benefits	<u>129,442</u>	<u>123,724</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2

6. Pension costs

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions due from the company and amounted to £7,987 (2005 - £5,348).

Walker Residential Limited

Notes to the financial statements for the year ended 31 March 2006

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7. Tangible fixed assets	Plant and machinery	Total
	£	£
Cost		
At 1 April 2005	96,033	96,033
Additions	44,725	44,725
Disposals	(19,820)	(19,820)
At 31 March 2006	120,938	120,938
Depreciation		
At 1 April 2005	56,731	56,731
On disposals	(16,517)	(16,517)
Charge for the year	23,854	23,854
At 31 March 2006	64,068	64,068
Net book values		
At 31 March 2006	56,870	56,870
At 31 March 2005	39,302	39,302

8. Fixed asset investments	Subsidiary undertakings shares	Total
	£	£
Cost		
At 1 April 2005	1	1
Additions	2	2
Disposals	(1)	(1)
At 31 March 2006	2	2
Net book values		
At 31 March 2006	2	2
At 31 March 2005	1	1

Walker Residential Limited

Notes to the financial statements for the year ended 31 March 2006

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8.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Subsidiary undertaking	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Walker Commercial Limited	England	Trading	Ordinary	100%
Walker Residential (Goodnestone) Limited	England	Trading	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Walker Commercial Limited	1	-
Walker Residential (Goodnestone) Limited	1	-

9. Debtors

	2006	2005
	£	£
Amounts owed by group undertakings	918,820	476,865
Amount owed by connected companies	-	500,000
Other debtors	84,870	24,187
Prepayments and accrued income	10,393	255,162
	<u>1,014,083</u>	<u>1,256,214</u>

10. Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	10,441	12,664
Other taxes and social security costs	5,603	4,767
Other creditors	56,057	357,771
Accruals and deferred income	20,649	22,045
	<u>92,750</u>	<u>397,247</u>

Walker Residential Limited

**Notes to the financial statements
for the year ended 31 March 2006**

..... continued

11. Creditors: amounts falling due after more than one year	2006 £	2005 £
Bank loan	<u>180,000</u>	<u>180,000</u>

The bank loans were secured by first legal mortgages over the property of the company.

12. Potential provision for deferred taxation	2006 £	2005 £
Accelerated capital allowances	(11,915)	(16,694)
Disallowable provisions - Remedial work	(16,710)	(79,111)
Tax losses carried forward	<u>(203,379)</u>	<u>(142,241)</u>
	<u>(232,004)</u>	<u>(238,046)</u>

The directors consider it prudent not to recognise the potential deferred tax asset in the balance sheet.

13. Share capital	2006 £	2005 £
Authorised		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>
Equity Shares		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

Walker Residential Limited

Notes to the financial statements for the year ended 31 March 2006

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14. Related party transactions

Transactions during the year, with related parties were as follows :-

Related Party

	2006	2005
	Loan balance at year end due from	
	£	£
EPS Logistics Technology Limited - Under common control	-	500,000
Walker Commercial Limited - 100% subsidiary	808,820	-
Walker Residential (Goodnestone) Limited - 100% subsidiary	109,999	-
Walker Residential (Sutton at Hone) Limited - 100% subsidiary sold during the year	-	476,885
	<u>918,819</u>	<u>976,885</u>

During the year the following charges were paid to EPS Logistics Technology Limited, a company under common control :

Charges	2006	2005
	£	£
Management expenses	34,580	32,991
Rent payable	20,524	20,166
	<u>55,104</u>	<u>53,157</u>

15. Controlling interest

At the beginning of the year the company was under the control of H C Boucher who was personally interested in 100% of the company's issued share capital. On 30 September 2005 51% of this shareholding was transferred to his son J R C Boucher who then assumed control.