

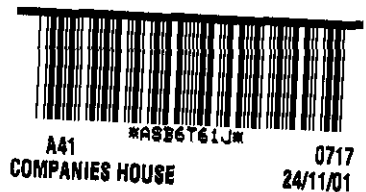
Walker Residential Limited
(formerly John Walker Developments Limited)

FINANCIAL STATEMENTS

for the year ended

31 March 2001

REGISTER OF COMPANIES



Company Number 2646033

Walker Residential Limited
(formerly John Walker Developments Limited)
DIRECTORS AND OFFICERS

DIRECTORS

HC Boucher
JRC Boucher
PD Norman
AR Martin

Chairman

SECRETARY

PD Norman

COMPANY NUMBER

2646033 (England and Wales)

REGISTERED OFFICE

152 Staplehurst Road
Sittingbourne
Kent ME10 1XS

AUDITORS

Baker Tilly
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Walker Residential Limited

(formerly John Walker Developments Limited)

DIRECTORS' REPORT

The directors submit their report and the financial statements of Walker Residential Limited for the year ended 31 March 2001. The company changed its name from John Walker Developments Limited on 24 April 2001.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The company had an unsatisfactory trading year, but the directors are pleased to report that changes put in place should result in improved results in the current year.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £153,000.

During the year the company paid an interim dividend of £11,000. The directors do not recommend the payment of a final dividend.

DIRECTORS

The following directors have held office since 1 April 2000:

HC Boucher	Chairman
JRC Boucher	
JV Walker	- terminated 1 May 2001
PD Norman	
AR Martin	- appointed 1 June 2000

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of £1 each</i>	
	2001	2000
HC Boucher	2,500,000	2,500,000
JRC Boucher	-	-
PD Norman	-	-
AR Martin	-	-

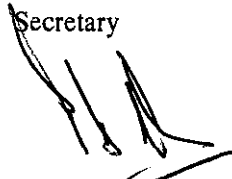
AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly be reappointed for the ensuing year will be put to the Annual General Meeting.

By order of the board

PD Norman

Secretary



15 November 2001
Baker Tilly

Walker Residential Limited
(formerly John Walker Developments Limited)
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION
OF FINANCIAL STATEMENTS

Company law requires 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 of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

AUDITORS' REPORT TO THE MEMBERS OF WALKER RESIDENTIAL LIMITED
(FORMERLY JOHN WALKER DEVELOPMENTS LIMITED)

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
BAKER TILLY
Registered Auditor
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

15th November 2001

Walker Residential Limited
(formerly John Walker Developments Limited)
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	<i>Notes</i>	2001 £000	2000 £000
TURNOVER	1	5,719	4,145
Other operating expenses (net)	2	(5,683)	(4,258)
OPERATING PROFIT/(LOSS)		<u>36</u>	<u>(113)</u>
Interest payable	3	(189)	(83)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(153)</u>	<u>(196)</u>
Taxation	5	-	58
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(153)</u>	<u>(138)</u>
Dividends	6	(11)	-
RETAINED LOSS FOR THE YEAR	13	<u>(164)</u>	<u>(138)</u>

The operating loss for the year arises from the company's continuing operations.


No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Walker Residential Limited
(formerly John Walker Developments Limited)
BALANCE SHEET
31 March 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	7	125	134
CURRENT ASSETS			
Property in the course of development		4,518	5,060
Debtors	8	549	228
		<u>5,067</u>	<u>5,288</u>
CREDITORS: Amounts falling due within one year	9	(652)	(1,802)
NET CURRENT ASSETS		<u>4,415</u>	<u>3,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,540</u>	<u>3,620</u>
CREDITORS: Amounts falling due after more than one year	10	(2,040)	(956)
		<u>2,500</u>	<u>2,664</u>
CAPITAL AND RESERVES			
Called up share capital	11	2,500	2,500
Profit and loss account	13	-	164
EQUITY SHAREHOLDERS' FUNDS	14	<u>2,500</u>	<u>2,664</u>

Approved by the board on 15th November 2001

HC Boucher Director



Walker Residential Limited
(formerly John Walker Developments Limited)

CASH FLOW STATEMENT

for the year ended 31 March 2001

	<i>Notes</i>	2001 £000	2000 £000
Cash flow from operating activities	15a	44	(1,305)
Returns on investments and servicing of finance	15b	(189)	(83)
Taxation recovered/(paid)		57	(92)
Capital expenditure and financial investment	15b	(54)	(75)
Dividends paid		(11)	-
CASH OUTFLOW BEFORE FINANCING		(153)	(1,555)
Financing	15b	1,084	956
INCREASE/(DECREASE) IN CASH IN THE PERIOD		931	(599)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note 13c)			£
Increase in cash in the period			931
Change in net debt resulting from financing			(1,084)
MOVEMENT IN NET DEBT IN THE PERIOD			(153)
NET DEBT AT 31 March 2000			(2,092)
NET DEBT AT 31 March 2001			(2,245)

Walker Residential Limited

(formerly John Walker Developments Limited)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

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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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.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

PENSIONS CONTRIBUTIONS

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.

TURNOVER

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

Walker Residential Limited

(formerly John Walker Developments Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2001 £000	2000 £000
2 OTHER OPERATING EXPENSES (NET)		
Decrease/(increase) in properties in the course of development	542	(765)
Properties purchased for development and dealing	4,305	4,294
Directors and employees (note 4)	463	399
Depreciation	71	66
Other operating charges	302	264
	<u>5,683</u>	<u>£4,258</u>
Included in the above is the following:		
Auditors remuneration -		
as auditors	6	12
for other services	3	5
	<u></u>	<u></u>
3 INTEREST PAYABLE	2001 £000	2000 £000
Bank loan and overdraft	193	83
Interest receivable on deposit held by solicitor	(4)	-
	<u>189</u>	<u>83</u>

Walker Residential Limited
(formerly John Walker Developments Limited)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2001

		2001 No.	2000 No.
4	EMPLOYEES		
	The average weekly number of persons (including directors) employed by the company during the year was:	14	14
		<u>14</u>	<u>14</u>
		£000	£000
	Staff costs for the above persons:		
	Wages and salaries	411	353
	Social security costs	33	27
	Other pension costs	19	19
		<u>463</u>	<u>399</u>
		<u>463</u>	<u>399</u>
		2001 £000	2000 £000
	DIRECTORS' REMUNERATION		
	Other emoluments (including pension contributions and benefits in kind)	199	147
	Company contributions to money purchase pension scheme	7	3
		<u>206</u>	<u>150</u>
		<u>206</u>	<u>150</u>
	Pensions:		
	The number of directors in respect of whom retirement benefits are accruing in the company money purchase scheme was as follows:	2	1
		<u>2</u>	<u>1</u>
		2001 £000	2000 £000
5	TAXATION		
	Based on the loss of the year:		
	UK corporation tax charge/(credit)	28	(58)
		<u>28</u>	<u>(58)</u>
		<u>28</u>	<u>(58)</u>
		2001 £000	2000 £000
6	DIVIDENDS		
	Paid in year	11	-
		<u>11</u>	<u>-</u>
		<u>11</u>	<u>-</u>

Walker Residential Limited

(formerly John Walker Developments Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

7	TANGIBLE FIXED ASSETS		<i>Plant and equipment £000</i>
	Cost		
	1 April 2000		213
	Additions		77
	Disposals		(56)
	31 March 2001		<u>234</u>
	Depreciation		
	1 April 2000		79
	Charged in the year		71
	Disposals		(39)
	31 March 2001		<u>109</u>
	Net book value		
	31 March 2001		<u>125</u>
	31 March 2000		<u>134</u>

8	DEBTORS	2001 £000	2000 £000
	Due within one year:		
	Other debtors	421	156
	Loans to director (Note 17)	114	-
	Prepayments and accrued income	14	14
	Corporation tax recoverable	-	58
		<u>549</u>	<u>228</u>

9	CREDITORS: Amounts falling due within one year	2001 £000	2000 £000
	Bank overdraft	205	1,136
	Trade creditors	55	91
	Corporation tax payable	28	-
	Other creditors	302	346
	Accruals and deferred income	62	229
		<u>652</u>	<u>1,802</u>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the company.

10	CREDITORS: Amounts falling due in more than one year	2001 £000	2000 £000
	Bank loans	2,040	956

The bank loans are secured on the development properties at Wittersham and Coles Dane.

Walker Residential Limited

(formerly John Walker Developments Limited)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2001

11	PROVISIONS FOR LIABILITIES AND CHARGES	Provision		Potential	
		2001	2000	2001	2000
		£000	£000	£000	£000
		@ 30%	@ 30%	@ 30%	@ 30%
	Accelerated capital allowances	-	-	(16)	(8)
	Losses and other deductions	-	-	(36)	-
		<u>-</u>	<u>-</u>	<u>(52)</u>	<u>(8)</u>

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

12	SHARE CAPITAL	2001	2000
		£000	£000
	Authorised:		
	5,000,000 ordinary shares of £1 each	5,000	5,000
		<u>5,000</u>	<u>5,000</u>
	Allotted, issued and fully paid:		
	2,500,000 ordinary shares of £1 each	2,500	2,500
		<u>2,500</u>	<u>2,500</u>
13	PROFIT AND LOSS ACCOUNT	2001	2000
		£000	£000
	1 April 2000	164	302
	(Loss)/profit for the financial year	(164)	(138)
		<u>-</u>	<u>164</u>
	31 March 2001	-	164
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001	2000
		£000	£000
	Loss after taxation	(153)	(138)
	Dividends paid	(11)	-
		<u>(164)</u>	<u>(138)</u>
	Opening shareholders' funds	2,664	2,802
		<u>2,664</u>	<u>2,802</u>
	Closing shareholders' funds	2,500	2,664
		<u>2,500</u>	<u>2,664</u>

Walker Residential Limited

(formerly John Walker Developments Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2001

		2001 £000	2000 £000
15	CASH FLOWS		
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit/(loss)	36	(113)
	Depreciation	71	66
	(Profit)/loss on sale of fixed assets	(6)	1
	Decrease/(increase) in properties held for and in the course of development	542	(765)
	(Increase)/decrease in debtors	(351)	(137)
	(Decrease)/increase in creditors	(248)	(357)
	Net cash flow from operating activities	44	(1,305)
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest received	4	-
	Interest paid	(193)	(83)
	Net cash outflow for returns on investment and servicing of income	(189)	(83)
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(77)	(102)
	Sale of tangible fixed assets	23	27
	Net cash outflow for capital expenditure and financial investment	(54)	(75)
	Financing		
	Loans taken out during the year	1,084	956
	Loans repaid	-	-
	Net cash outflow from financing	1,084	956
c	Analysis of net debt		
		At 1 April 2000 £000	Cash flow 2001 £000
	Bank overdraft	(1,136)	931
	Debt due after one year	(956)	(1,084)
	Total	(2,092)	(2,245)

Walker Residential Limited
(formerly John Walker Developments Limited)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2001

16 PENSION COMMITMENTS

The company is a participating employer in the EPS 1990 Pension and Assurance Scheme, formerly the EPS Logistics Technology Limited Pension and Assurance Scheme. The company operates a defined contribution pension scheme for the benefit of employees. There is also a defined benefit section of the scheme. The scheme was last valued by a qualified actuary as at 6 April 1999, using the Current Unit Valuation method with principal assumptions of 8.0% per annum investment return, including 4.6% per annum equity dividend increases, the salary increases limited under the scheme to 5% per annum.

At that date, the scheme's assets had a market value of £12.7 million. The actuarial value of the assets of the scheme represented 98% of the value of liabilities, allowing for post-valuation changes in benefits.

The company makes contributions to the scheme in accordance with the scheme's regulations. The cost of pension contributions in these financial statements is £19,000.

17 TRANSACTIONS WITH DIRECTORS

During the year Mr HC Boucher was given a loan of £114,000 by the company. This loan is included in debtors (Note 8), attracted interest at the rate of 6.25% per annum, and was repaid in full after the year end.

18 RELATED PARTY TRANSACTIONS

During the year the following charges and loan repayments were made to EPS Logistics Technology Limited, a company under common control:

	2001 £000	2000 £000
<i>Charges</i>		
Management fees	31	39
Accommodation charges	16	16
	<u>47</u>	<u>55</u>