

Walker Residential Limited

FINANCIAL STATEMENTS
for the year ended
31 March 2004



Company Number 2646033

Walker Residential Limited

DIRECTORS AND OFFICERS

DIRECTORS

HC Boucher
JRC Boucher
PD Norman
NC Camp

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

DIRECTORS' REPORT

The directors submit their report and the financial statements of Walker Residential Limited for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

Delays in the completion of a major project resulted in another disappointing year for the company. The current year has seen a profitable start, and the directors continue to search for land suitable for profitable development.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £206,000.

The directors are precluded from the payment of a dividend.

DIRECTORS

The following directors have held office since 1 April 2003:

HC Boucher	Chairman
JRC Boucher	
PD Norman	
NC Camp	

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>	
	2004	2003
HC Boucher	2,500,000	2,500,000
JRC Boucher	-	-
PD Norman	-	-
NC Camp	-	-


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


6 January 2005
Baker Tilly

Walker Residential 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WALKER RESIDENTIAL LIMITED

We have audited the financial statements on pages 5 to 17.

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 auditor's 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 director 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 2004 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

6th January 2005

Walker Residential Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2004

	<i>Notes</i>	2004 £000	2003 £000
TURNOVER	1	3,666	3,571
Other operating expenses (net)	2	(3,835)	(3,716)
OPERATING LOSS		<u>(169)</u>	<u>(145)</u>
Interest receivable	3	17	10
Interest payable	4	(54)	(52)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(206)</u>	<u>(187)</u>
Taxation	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>(206)</u>	<u>(187)</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

BALANCE SHEET

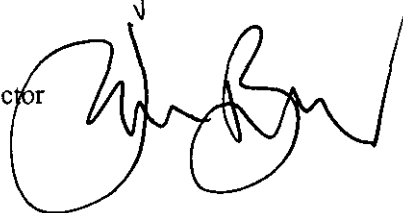
31 March 2004

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	7	33	46
CURRENT ASSETS			
Property in the course of development		1,958	2,820
Debtors	8	468	297
Cash in hand		919	579
		<u>3,345</u>	<u>3,696</u>
CREDITORS: Amounts falling due within one year	9	(1,303)	(1,641)
NET CURRENT ASSETS		<u>2,042</u>	<u>2,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,075</u>	<u>2,101</u>
CREDITORS: Amounts falling due after more than one year	10	(180)	-
		<u>1,895</u>	<u>2,101</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,500	2,500
Profit and loss account	13	(605)	(399)
EQUITY SHAREHOLDERS' FUNDS	14	<u>1,895</u>	<u>2,101</u>

Approved by the board on 6 January 2005

JRC BOUCHER

Director



Walker Residential Limited

CASH FLOW STATEMENT

for the year ended 31 March 2004

	<i>Notes</i>	2004 £000	2003 £000
Cash flow from operating activities	15a	611	139
Returns on investments and servicing of finance	15b	(37)	(42)
Capital expenditure and financial investment	15b	(8)	(27)
CASH OUTFLOW BEFORE FINANCING		<u>566</u>	<u>70</u>
Financing	15b	(226)	28
INCREASE IN CASH IN THE PERIOD	15c	<u>340</u>	<u>98</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note 14c)			£000
Increase in cash in the period			340
Change in net debt resulting from financing			226
MOVEMENT IN NET DEBT IN THE PERIOD			<u>566</u>
NET DEBT AT 31 March 2003			(578)
NET DEBT AT 31 March 2004	15c		<u>(12)</u>

Walker Residential 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 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. 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

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

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.

	2004 £000	2003 £000
2 OTHER OPERATING EXPENSES (NET)		
Decrease in properties in the course of development	862	362
Properties purchased for development and dealing	2,552	2,835
Directors and employees (note 4)	234	264
Depreciation	21	25
Other operating charges	166	230
	<u>3,835</u>	<u>3,716</u>
Included in the above is the following:		
Auditors remuneration -		
as auditors	6	6
for other services	1	1
	<u>7</u>	<u>7</u>
3 INTEREST RECEIVABLE	2004 £000	2003 £000
Loan interest receivable	17	10
	<u>17</u>	<u>10</u>
4 INTEREST PAYABLE	2004 £000	2003 £000
Bank loan and overdraft	54	52
	<u>54</u>	<u>52</u>

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2004

5	EMPLOYEES	2004	2003
		No.	No.
	The average weekly number of persons (including directors) employed by the company during the year was:	5	6
		<u>5</u>	<u>6</u>
		£000	£000
	Staff costs for the above persons:		
	Wages and salaries	212	237
	Social security costs	18	18
	Other pension costs	6	9
		<u>236</u>	<u>264</u>
		<u>236</u>	<u>264</u>
		2004	2003
		£000	£000
	DIRECTORS' REMUNERATION		
	Other emoluments (including pension contributions and benefits in kind)	140	118
	Company contributions to money purchase pension scheme	5	5
		<u>145</u>	<u>123</u>
		<u>145</u>	<u>123</u>
	Directors' fees and other emoluments disclosed above include amounts paid to the highest paid director:		
	Emoluments (including benefits in kind)	75	75
	Company contributions to money purchase pension scheme	2	2
		<u>77</u>	<u>77</u>
		<u>77</u>	<u>77</u>
	Pensions:		
	The number of directors in respect of whom retirement benefits are accruing in the company money purchase pension scheme was as follows:	2	2
		<u>2</u>	<u>2</u>

6 **TAXATION**

The company has no corporation tax liability in respect of the year (2003 £Nil). Subject to agreement with the Inland Revenue, the company has losses of approximately £425,000 available for carry forward against future profits.

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2004

	2004 £000	2003 £000
6 TAXATION (continued)		
Factors affecting tax charge for the year:		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK for small companies of 19%. The differences are explained below:		
Loss on ordinary activities before tax	(206)	(187)
Loss on ordinary activities multiplied by standard rate of corporation tax UK of 19%	(39)	(36)
Effects of:		
Expenses not deductible for tax purposes	-	1
Trading losses carried forward	39	35
	-	-
7 TANGIBLE FIXED ASSETS		<i>Plant and equipment</i> £000
Cost		
1 April 2003		116
Additions		8
Disposals		(27)
31 March 2004		97
Depreciation		
1 April 2003		70
Charged in the year		21
Disposals		(27)
31 March 2004		64
Net book value		
31 March 2004		33
31 March 2003		46
8 DEBTORS	2004 £000	2003 £000
Due within one year:		
Other debtors	53	34
Prepayments and accrued income	15	13
Loan to related company	400	250
	468	297

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2004

	2004 £000	2003 £000
9 CREDITORS: Amounts falling due within one year		
Bank loan	751	1,157
Trade creditors	15	26
Other creditors	522	444
Accruals and deferred income	15	14
	<u>1,303</u>	<u>1,641</u>

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

	2004 £000	2003 £000
10 CREDITORS: Amounts falling due in more than one year		
Bank loans	180	-
	<u>180</u>	<u>-</u>

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

	Provision		Potential	
	2004 £000 @ 30%	2003 £000 @ 30%	2004 £000 @ 30%	2003 £000 @ 30%
11 PROVISIONS FOR LIABILITIES AND CHARGES				
Accelerated capital allowances	-	-	(2)	(7)
Losses and other deductions	-	-	(214)	(162)
	<u>-</u>	<u>-</u>	<u>(216)</u>	<u>(169)</u>

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

	2004 £000	2003 £000
12 SHARE CAPITAL		
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>

	2004 £000	2003 £000
13 PROFIT AND LOSS ACCOUNT		
1 April 2003	(399)	(212)
Loss for the financial year	(206)	(187)
	<u>(605)</u>	<u>(399)</u>
31 March 2004		

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2004

14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2004 £000	2003 £000
	Loss after taxation	(206)	(187)
	Opening shareholders' funds	2,101	2,288
	Closing shareholders' funds	<u>1,895</u>	<u>2,101</u>
15	CASH FLOWS	2004 £000	2003 £000
a	Reconciliation of operating loss to net cash inflow from operating activities		
	Operating loss	(169)	(145)
	Depreciation	21	25
	Profit on sale of fixed assets	-	(1)
	Decrease in properties held for and in the course of development	862	362
	(Increase) in debtors	(171)	(261)
	Increase in creditors	68	159
	Net cash flow from operating activities	<u>611</u>	<u>139</u>
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest received	17	10
	Interest paid	(54)	(52)
	Net cash outflow for returns on investment and servicing of income	<u>(37)</u>	<u>(42)</u>
	Taxation paid	-	-
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(8)	(37)
	Sale of tangible fixed assets	-	10
	Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(8)</u>	<u>(27)</u>
	Financing		
	Loans taken out during the year	180	983
	Loans repaid	(406)	(955)
	Net cash inflow/(outflow) from financing	<u>(226)</u>	<u>28</u>

Walker Residential Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

15 CASH FLOWS (*continued*)

c Analysis of net debt

	<i>At 1 April 2003 £000</i>	<i>Cash flow £000</i>	<i>At 31 March 2004 £000</i>
Cash at bank	579	340	919
Debt due within one year	(1,157)	406	(751)
Debt due after one year	-	(180)	(180)
Total	<u>(578)</u>	<u>566</u>	<u>(12)</u>

16 PENSION COMMITMENTS

During the year the company was a participating employer in the EPS 1990 Pension and Assurance Scheme ("the Scheme"), formerly the E.P.S. Logistics Technology Limited Pension and Assurance Scheme. The company operated a defined contribution pension scheme for the benefit of employees. There is also a funded defined benefit section of the Scheme, which ceased to accrue benefits for members from 6 April 1991. For the requirement of Financial Reporting Standard 17 (FRS17) the Scheme was last valued by a qualified independent actuary as at 31 March 2004. The principal assumptions used by the actuary are:

	2004 % pa	2003 % pa	2002 % pa
Discount rate	5.75	5.75	6.00
Future inflation rate	2.90	2.60	3.00
Deferred pension increases before retirement	2.90	2.60	3.00
Rate of increase in pensions in payment -			
Pre 1988 GMP	Nil	Nil	Nil
Post 1988 GMP	2.60	2.60	3.00
Pensions in excess of GMP	5.00	5.00	5.00
Pre and post retirement mortality	PA(90)-4	PA(90)-4	PA(90)-4

The assets in the defined benefit section of the Scheme and their expected rate of return at 31 March 2004 were:

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2004

16 PENSION COMMITMENTS *(continued)*

	Long term expected rate of return 2004 % pa	Value 2004 £000s	Long term expected rate of return 2003 % pa	Value 2003 £000s	Long term expected rate of return 2002 % pa	Value 2002 £000s
Equities	7.25	1,655	7.5	1,725	7.5	1,935
Bonds	4.75	473	5.0	576	5.0	1,042
Total market value of assets		2,128		2,301		2,977
Present value of Scheme liabilities		3,986		3,279		3,282
Deficit in Scheme		(1,858)		(978)		(305)
Related deferred tax liability		557		293		92
		(1,301)		(685)		(213)

Under FRS17 transitional provisions, additional disclosure is required for this accounting period. The income and expenditure and other analysis set out below relate to the Scheme as a whole, are for disclosure purposes only and do not affect the primary statements.

	2004 £ 000
(a) Charged to operating profit	
Current service cost	-
Past service cost	-
Total operating charge	-
(b) Credited to other financial income	
Expected return on the Scheme's assets	159
Interest on the Scheme's liabilities	(186)
Net return	(27)
(c) Recognised in the statement of total recognised gains and losses	
Actual return less expected return on the Scheme's assets	(358)
Experience gains and losses arising on the Scheme's liabilities	(535)
Changes in assumptions underlying the present value of the Scheme's liabilities	(60)
Actuarial loss recognised in the statement of total recognised gains and losses	(953)

Walker Residential Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

16 PENSION COMMITMENTS *(continued)*

The movement in deficit during the year was as follows:

Deficit in Scheme at beginning of year	(978)
Movements during the year:	
Contributions	100
Other finance income	(27)
Actuarial loss	(953)
Deficit in Scheme at end of year	<u>(1,858)</u>

The Scheme's experience gains and losses over the period 31 March 2003 to 31 March 2004 were as follows:

Difference between the expected and actual return on the Scheme's assets -	
Amount (£000s)	(358)
Percentage of Scheme's assets	(17%)
Experience gains and losses on the Scheme's liabilities -	
Amount (£000s)	(535)
Percentage of the present value of the Scheme's liabilities	(13%)
Total amount recognised in statement of total recognised gains and losses -	
Amount (£000s)	(953)
Percentage of the present value of the Scheme's liabilities	(24%)

Statement of Standard Accounting Practice 24 Disclosure

On 31 January 2002 all participating employers of the Scheme ceased contributions to the Scheme. In accordance with the Scheme's Trust Deed, the Trustees of the Scheme commenced the winding up of the Scheme. The directors have committed to fully fund the Scheme prior to the completion of the winding up process in accordance with Section 75 of the Pension Act 1995.

The responsibility for funding the Scheme lies with other member companies.

From 1 February 2002 the company has implemented a stakeholder pension scheme for the benefit of its employees.

Walker Residential Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2004

16 PENSION COMMITMENTS *(continued)*

The company makes contributions to the Scheme in accordance with the Scheme's regulations. The cost of pension contributions in these financial statements is £5,839 (2003 £8,492).

17 RELATED PARTY TRANSACTIONS

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

	2004	2003
	£000	£000
<i>Charges</i>		
Management fees	32	31
Accommodation charges	17	19
	<u>49</u>	<u>50</u>

At the year end EPS Logistics Technology Limited owed £400,000, in respect of loans made during the last two years.