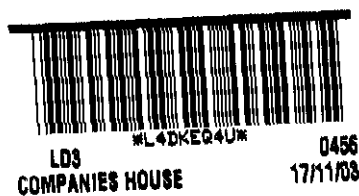


Walker Residential Limited

FINANCIAL STATEMENTS
for the year ended
31 March 2003



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 2003.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The company experienced another difficult year due to the lack of sales, although the results were above budgeted expectations.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £186,631.

The directors are precluded from the payment of a dividend.

DIRECTORS

The following directors have held office since 1 April 2002:

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>	
	2003	2002
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

17 November 2003

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 14.

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

17 November 2003

Walker Residential Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2003

	<i>Notes</i>	2003 £000	2002 £000
TURNOVER	1	3,571	4,741
Other operating expenses (net)	2	(3,716)	(4,876)
OPERATING LOSS		<u>(145)</u>	<u>(135)</u>
Interest receivable	3	10	9
Interest payable	4	(52)	(86)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(187)</u>	<u>(212)</u>
Taxation	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>(187)</u>	<u>(212)</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 2003

	Notes	2003 £000	2002 £000
FIXED ASSETS			
Tangible assets	7	46	43
CURRENT ASSETS			
Property in the course of development		2,820	3,182
Debtors	8	297	36
Cash in hand		579	481
		<u>3,696</u>	<u>3,699</u>
CREDITORS: Amounts falling due within one year	9	(1,641)	(333)
NET CURRENT ASSETS		<u>2,055</u>	<u>3,366</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,101</u>	<u>3,409</u>
CREDITORS: Amounts falling due after more than one year	10	-	(1,121)
		<u>2,101</u>	<u>2,288</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,500	2,500
Profit and loss account	13	(399)	(212)
EQUITY SHAREHOLDERS' FUNDS	14	<u>2,101</u>	<u>2,288</u>

Approved by the board on 13 Nov 2003

PD Norman

Director



Walker Residential Limited

CASH FLOW STATEMENT

for the year ended 31 March 2003

	<i>Notes</i>	2003 £000	2002 £000
Cash flow from operating activities	15a	139	1,648
Returns on investments and servicing of finance	15b	(42)	(77)
Taxation (paid)/recovered		-	(28)
Capital expenditure and financial investment	15b	(27)	55
CASH OUTFLOW BEFORE FINANCING		<u>70</u>	<u>1,598</u>
Financing	15b	28	(912)
INCREASE IN CASH IN THE PERIOD	15c	<u>98</u>	<u>686</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (Note 14c)			<u>£000</u>
Increase in cash in the period			98
Change in net debt resulting from financing			(36)
MOVEMENT IN NET DEBT IN THE PERIOD			<u>62</u>
NET DEBT AT 31 March 2002			(640)
NET DEBT AT 31 March 2003	15c		<u>(578)</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 2003

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.

	2003 £000	2002 £000
2 OTHER OPERATING EXPENSES (NET)		
Decrease in properties in the course of development	362	1,336
Properties purchased for development and dealing	2,835	2,862
Directors and employees (note 4)	264	420
Depreciation	25	52
Other operating charges	230	206
	<u>3,716</u>	<u>4,876</u>
Included in the above is the following:		
Auditors remuneration -		
as auditors	6	6
for other services	1	3
	<u>7</u>	<u>9</u>
3 INTEREST RECEIVABLE	2003 £000	2002 £000
Interest receivable on deposit held by solicitor	-	2
Loan interest receivable	10	7
	<u>10</u>	<u>9</u>
4 INTEREST PAYABLE	2003 £000	2002 £000
Bank loan and overdraft	52	86
	<u>52</u>	<u>86</u>

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2003

5	EMPLOYEES	2003	2002
		No.	No.
	The average weekly number of persons (including directors) employed by the company during the year was:	6	10
		<u>6</u>	<u>10</u>
		£000	£000
	Staff costs for the above persons:		
	Wages and salaries	237	381
	Social security costs	18	26
	Other pension costs	9	13
		<u>264</u>	<u>420</u>
		<u>264</u>	<u>420</u>
		2003	2002
		£000	£000
	DIRECTORS' REMUNERATION		
	Other emoluments (including pension contributions and benefits in kind)	118	117
	Compensation for loss of office	-	81
	Company contributions to money purchase pension scheme	5	14
		<u>123</u>	<u>212</u>
		<u>123</u>	<u>212</u>
	Directors' fees and other emoluments disclosed above include amounts paid to the highest paid director:		
	Emoluments (including benefits in kind)	75	20
	Compensation for loss of office	-	81
	Company contributions to money purchase pension scheme	2	11
		<u>77</u>	<u>112</u>
		<u>77</u>	<u>112</u>
	Pensions:		
	The number of directors in respect of whom retirement benefits are accruing in the company money purchase scheme was as follows:	2	2
		<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>
		2003	2002
		£000	£000
6	TAXATION		
	Based on the loss for the year:		
	UK corporation tax on loss of the year	-	-
	Deferred taxation		
	Origination and reversal of timing differences	-	-
		<u>-</u>	<u>-</u>
	Tax on loss on ordinary activities	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

Walker Residential Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

		2003 £000	2002 £000
6	TAXATION (<i>continued</i>)		
	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	(187)	(212)
		<u> </u>	<u> </u>
	Loss on ordinary activities multiplied by standard rate of corporation tax UK of 19% (2002: 20%)	(36)	(42)
	Effects of:		
	Expenses not deductible for tax purposes	1	2
	Depreciation in excess of capital allowances	-	(6)
	Trading losses carried forward	35	46
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
7	TANGIBLE FIXED ASSETS		<i>Plant and equipment</i>
			£000
	Cost		
	1 April 2002		102
	Additions		37
	Disposals		(23)
	31 March 2003		<u>116</u>
	Depreciation		
	1 April 2002		59
	Charged in the year		25
	Disposals		(14)
	31 March 2003		<u>70</u>
	Net book value		
	31 March 2003		<u>46</u>
			<u> </u>
	31 March 2002		<u>43</u>
			<u> </u>
8	DEBTORS	2003 £000	2002 £000
	Due within one year:		
	Other debtors	34	28
	Prepayments and accrued income	13	8
	Loan to related company	250	-
		<u>297</u>	<u>36</u>
		<u> </u>	<u> </u>

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2003

	2003 £000	2002 £000
9 CREDITORS: Amounts falling due within one year		
Bank loan	1,157	-
Trade creditors	26	11
Other creditors	444	292
Accruals and deferred income	14	30
	<u>1,641</u>	<u>333</u>

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

	2003 £000	2002 £000
10 CREDITORS: Amounts falling due in more than one year		
Bank loans	-	1,121
	<u>-</u>	<u>1,121</u>

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

	Provision		Potential	
	2003 £000 @ 30%	2002 £000 @ 30%	2003 £000 @ 30%	2002 £000 @ 30%
11 PROVISIONS FOR LIABILITIES AND CHARGES				
Accelerated capital allowances	-	-	(7)	(7)
Losses and other deductions	-	-	(162)	(66)
	<u>-</u>	<u>-</u>	<u>(169)</u>	<u>(73)</u>

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

	2003 £000	2002 £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>

	2003 £000	2002 £000
13 PROFIT AND LOSS ACCOUNT		
1 April 2002	(212)	-
Loss for the financial year	(187)	(212)
	<u>(399)</u>	<u>(212)</u>
31 March 2003		

Walker Residential Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2003

14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003 £000	2002 £000
	Loss after taxation	(187)	(212)
	Opening shareholders' funds	2,288	2,500
	Closing shareholders' funds	<u>2,101</u>	<u>2,288</u>
15	CASH FLOWS	2003 £000	2002 £000
a	Reconciliation of operating loss to net cash inflow from operating activities		
	Operating loss	(145)	(135)
	Depreciation	25	52
	Profit on sale of fixed assets	(1)	(25)
	Decrease in properties held for and in the course of development	362	1,336
	(Increase)/decrease in debtors	(261)	513
	Increase/(decrease) in creditors	159	(93)
	Net cash flow from operating activities	<u>139</u>	<u>1,648</u>
b	Analysis of cash flows for headings netted in the cash flow		
	Returns on investments and servicing of finance		
	Interest received	10	9
	Interest paid	(52)	(86)
	Net cash outflow for returns on investment and servicing of income	<u>(42)</u>	<u>(77)</u>
	Taxation paid	-	(28)
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(37)	(2)
	Sale of tangible fixed assets	10	57
	Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(27)</u>	<u>55</u>
	Financing		
	Loans taken out during the year	983	1,121
	Loans repaid	(955)	(2,033)
	Net cash inflow/(outflow) from financing	<u>28</u>	<u>(912)</u>

Walker Residential Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2003

15 CASH FLOWS (*continued*)

c Analysis of net debt

	At 1 April 2002 £000	Cash flow £000	At 31 March 2003 £000
Cash at bank	481	98	579
Debt due within one year	-	(1,157)	(1,157)
Debt due after one year	(1,121)	1,121	-
Total	<u>(640)</u>	<u>62</u>	<u>(578)</u>

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 scheme is now being wound up and actuarial valuations carried out for close-down purposes indicate that there is a deficit to be funded. This deficit is accounted for in the financial statements of EPS Logistics Technology Limited.

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

	2003 £000	2002 £000
<i>Charges</i>		
Management fees	31	31
Accommodation charges	19	16
	<u>50</u>	<u>47</u>

At the year end EPS Logistics Technology Limited owed £250,000, in respect of the loan made in the year.