

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997

Registered Number : 3094756



SPAIN BROTHERS
CHARTERED ACCOUNTANTS

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

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LITTLE BURTON DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

Incorporated in England and Wales on 23rd August 1995.

CHAIRMAN

C.J. Taylor, Esq.

OTHER DIRECTORS

A.G. Fisher, Esq.
A.S.G. Fisher, Esq.
S.D. Walker, Esq.

SECRETARY

R.J. Tyson, Esq.

REGISTERED OFFICE

Edmonton House
Park Farm Road
Folkestone
Kent
CT19 5DY

BANKERS

National Westminster Bank plc
18a Curzon Street
London
W1A 4ND

AUDITORS

Spain Brothers & Co.
Chartered Accountants
29 Manor Road
Folkestone
Kent. CT20 2SE.

COMPANY NUMBER

3094756

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

REPORT OF THE DIRECTORS **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

The directors present their report together with the audited financial statements for the fourteen months ended 31st October 1997.

PRINCIPAL ACTIVITY

The Company began trading on 1st September 1996.

The principal activity of the Company was that of development (by way of provision of infrastructure) and sale of housebuilding land.

DIRECTORS

The directors who served during the fourteen months and their interests in shares of the Company were:-

| | <u>£1 Ordinary Shares (A & B)</u> | |
|---------------------|--|----------------------------------|
| | <u>31st October 1997</u> | <u>1st September 1996</u> |
| S. Walker, Esq. | - | - |
| A.G. Fisher, Esq. | - | - |
| C.J. Taylor, Esq. | - | - |
| A.S.G. Fisher, Esq. | - | - |

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 these financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 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.

AUDITORS

On 23rd October 1996 Spain Brothers & Co. were engaged as auditors for the fourteen months ended 31st October 1997. A resolution to re-appoint Spain Brothers & Co., as the Company's Auditors, will be proposed at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

In preparing this report, the directors have taken advantage of the special exemptions available to small companies.

This report was approved by the Board on 3rd April 1998.

Edmonton House
Park Farm Road
Folkestone
Kent CT19 5DY

By Order of the Board

R.J. Tyson, Esq.

Secretary

3rd April 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

We have audited the financial statements set out on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, 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 financial 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 as at 31st October 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



SPAIN BROTHERS & CO.
Chartered Accountants
Registered Auditors

29 Manor Road,
Folkestone,
Kent.
CT20 2SE

6th April 1998

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

| <u>Note</u> | <u>1997</u> | <u>23 August 1995 to 31 August 1996</u> |
|---|--------------------|--|
| 2. <u>TURNOVER</u> | 5,185,041 | - |
| Cost of Sales | (5,003,412) | - |
| <u>GROSS PROFIT</u> | 181,629 | - |
| Administrative Expenses | (161,674) | - |
| 3. <u>OPERATING PROFIT</u> | 19,955 | - |
| Interest Receivable | 7,314 | - |
| | 27,269 | - |
| 4. Interest Payable | (26,235) | - |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> | 1,034 | - |
| 5. Tax on Profit on Ordinary Activities | (490) | - |
| <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u> | 544 | - |
| <u>RETAINED PROFIT CARRIED FORWARD</u> | £544 | - |

CONTINUING OPERATIONS

The Company began trading on 1st September 1996. None of the Company's activities have been acquired or discontinued during the period.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit or loss for the above two periods.

The notes on pages 6 to 9 form part of these financial statements.

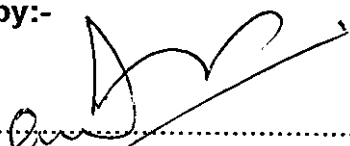
LITTLE BURTON DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31ST OCTOBER 1997

| Note | 31st October 1997 | 31st August 1996 |
|--|-------------------|------------------|
| <u>FIXED ASSETS</u> | | |
| 6. Tangible Assets | 14,864 | - |
| <u>CURRENT ASSETS</u> | | |
| 7. Stocks | 155,000 | - |
| 8. Debtors | 272,055 | 100 |
| Cash at Bank and in Hand | 156,494 | - |
| | 583,549 | 100 |
| 9. <u>CREDITORS</u> Amounts falling due within one year | (596,457) | - |
| <u>NET CURRENT (LIABILITIES)/ ASSETS</u> | (12,908) | 100 |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | 1,956 | 100 |
| 10. <u>CREDITORS</u> Amounts falling due after more than one year | (1,312) | - |
| <u>NET ASSETS</u> | £644 | £100 |
| <u>CAPITAL AND RESERVES</u> | | |
| 11. Called Up Share Capital | 100 | 100 |
| Profit and Loss Account | 544 | - |
| 12. <u>SHAREHOLDERS' FUNDS</u> | £644 | £100 |

The directors have taken advantage in preparing these financial statements of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985. In the opinion of the directors the Company qualifies as a small company and is entitled to make use of the exemptions.

Approved by the Board of Directors on 3rd April 1998 and signed on their behalf by:-


 - Director
 A. G. Fisher Esq.

The notes on pages 6 to 9 form part of these financial statements.

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997

1. ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with applicable accounting standards. The principal accounting policies adopted are as follows :-

Cash Flow Statement

The Company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a Cash Flow Statement.

Turnover

Turnover comprises amounts derived from the provision of services in the normal course of business net of discounts and value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:-

| | |
|------------------|-----------------|
| Motor Vehicles | 25% on cost |
| Office Equipment | 33 1/3% on cost |

Stock

Stock is stated at the lower of cost and net realisable value and represents the cost of land held for resale at the Balance Sheet Date.

Deferred Taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability will crystallize in the foreseeable future.

Hire Purchase

Assets acquired under hire purchase agreements are included in the Balance Sheet at cost less accumulated depreciation. The corresponding obligations under these contracts are included as creditors. The interest element of these obligations is charged to the Profit and Loss Account on a straight line basis over the life of each agreement.

2. TURNOVER

The Company's operations are considered to fall into one class of business and derive from one geographical market.

3. OPERATING PROFIT

Operating Profit is stated after charging:

| | |
|---|--|
| Auditors' Remuneration (including expenses) | |
| Depreciation of Tangible Fixed Assets | |
| - Owned Fixed Assets | |
| - Assets held under Hire Purchase Contracts | |
| Directors' Emoluments | |

| 1997 | 23.8.95 to 31.8.96 |
|--------|-----------------------|
| 5,000 | - |
| 550 | - |
| 3,993 | - |
| 43,359 | - |

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

4. **INTEREST PAYABLE**

Bank Loans and Overdraft
Hire Purchase Agreements
Other Interest

| <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--------------------|---|
| 25,032 | - |
| 813 | - |
| 390 | - |
| £26,235 | - |

5. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

UK Corporation Tax due at 21% on the results for the period

| <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--------------------|---|
| 490 | - |

6. **FIXED ASSETS**

Cost

At 1st September 1996
Additions

At 31st October 1997

Depreciation

At 1st September 1996
Charge for the Period

At 31st October 1997

Net Book Value

At 31st October 1997

At 1st September 1996

| <u>Motor</u> <u>Vehicles</u> | <u>Office</u> <u>Equipment</u> | <u>TOTAL</u> |
|---|---|---------------------|
| - | - | - |
| 17,425 | 1,982 | 19,407 |
| £17,425 | £1,982 | £19,407 |
| - | - | - |
| 3,993 | 550 | 4,543 |
| £3,993 | £550 | £4,543 |
| £13,432 | £1,432 | £14,864 |
| - | - | - |

The net book value of tangible fixed assets includes £13,432 in respect of assets held under hire purchase contracts. Depreciation of £3,993 (1996: £Nil) has been charged on those assets in the period.

7. **STOCK**

Land for Development and Sale

| <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--------------------|---|
| £155,000 | - |

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997**

8. **DEBTORS**

| | <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--------------------------------|--------------------|---|
| Trade Debtors | 152,441 | - |
| V.A.T. | 27,295 | - |
| Other Debtors | 11,280 | - |
| Prepayments and Accrued Income | 81,039 | - |
| | £272,055 | - |

9. **CREDITORS** - Amounts falling due within one year

| | <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--|--------------------|---|
| Trade Creditors | 543,395 | - |
| Corporation Tax | 490 | - |
| Other Taxation and Social Security | 15,516 | - |
| Other Creditors | 29,181 | - |
| Obligations under Hire Purchase Agreements | 7,875 | - |
| | £596,457 | - |

10. **CREDITORS** - Amounts falling due after more than one year

| | <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|--|--------------------|---|
| Obligations under Hire Purchase Agreements | £1,312 | - |

(a) The Company has given a number of guarantees and performance bonds to Kent County Council and Water Service companies totalling £600,000. The guarantees are indemnified by the Company's bank which are secured by fixed charges over the land at Little Burton Farm and by guarantees given by the shareholders, RSR Developments Limited and by the Development Contractors, Walkers Construction (UK) Limited.

(b) Obligations under hire purchase agreements, which are secured on the assets concerned, are repayable as follows:-

| | <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|----------------------------|--------------------|---|
| Within one year | 8,745 | - |
| Between two and five years | 1,457 | - |
| | 10,202 | - |
| Interest thereon | (1,015) | - |
| | £9,187 | - |

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FOURTEEN MONTHS ENDED 31ST OCTOBER 1997

11. SHARE CAPITAL

Authorised

50 £1 Ordinary "A" Shares

50 £1 Ordinary "B" Shares

Issued and Fully Paid

50 £1 Ordinary "A" Shares

50 £1 Ordinary "B" Shares

| <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|-------------|-------------------------------------|
| 50 | 50 |
| 50 | 50 |
| £100 | £100 |
| | |
| 50 | 50 |
| 50 | 50 |
| £100 | £100 |

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the Period and Net Addition
to Shareholders' Funds

New Shares Issued

Opening Shareholders' Funds

Closing Shareholders' Funds

| <u>1997</u> | <u>23.8.95 to</u> <u>31.8.96</u> |
|-------------|-------------------------------------|
| 544 | - |
| - | 100 |
| 100 | - |
| 644 | 100 |

13. DIRECTOR'S INTEREST IN TRANSACTIONS

The Company purchased the development land from A. G. Fisher Esq. on 30th September 1996 for the sum of £1,500,000.