

REGISTRAR OF COMPANIES

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

Registered Number: 3094756

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST OCTOBER 2003



SPAIN BROTHERS
CHARTERED ACCOUNTANTS

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

Registered Office:

5 St. James's Street,
Dover, Kent CT16 1QD.

Company number:- 3094756

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST OCTOBER 2003

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LITTLE BURTON DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED
31ST OCTOBER 2003

Incorporated in England and Wales on 23rd August 1995.

CHAIRMAN:	J. Wheller, Esq.
OTHER DIRECTOR:	R.J. Tyson, Esq.
SECRETARY:	R.J. Tyson, Esq.
REGISTERED OFFICE:	5 St. James's Street Dover Kent CT16 1QD
BANKERS:	National Westminster Bank plc 18a Curzon Street London W1A 4ND
AUDITORS:	Spain Brothers & Co. Chartered Accountants 5 St. James's Street Dover Kent CT16 1QD
COMPANY NUMBER:	3094756

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST OCTOBER 2003**

The directors present their report to the members, together with the audited financial statements for the year ended 31st October 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company was that of development (by way of provision of infrastructure) and sale of housebuilding land. During the year the Company also provided infrastructure services to other contractors in an effort to further its business activities and increase sales.

DIRECTORS

The Directors who served during the year and their interests in the shares of the Company are set out below.

	31.10.2003	31.10.2002
	£1 Ordinary	£1 Ordinary
	Shares	Shares
	(A & B)	(A & B)
R.J. Tyson, Esq.	-	-
J. Wheller, 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 those 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;
- 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 the keeping of 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

A resolution to re-appoint Spain Brothers & Co., as the Company's auditors will be proposed at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The report has been 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 12th August 2004

Registered Office:
5 St. James's Street,
DOVER, Kent CT16 1QD.

BY ORDER OF THE BOARD

R.J. Tyson, Esq. - Secretary

Dated: 12 August 2004

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF:
LITTLE BURTON DEVELOPMENT COMPANY LIMITED
FOR THE YEAR ENDED 31ST OCTOBER 2003

We have audited the financial statements of Little Burton Development Company Limited for the year ended 31st October 2003 on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the Company 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 members 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 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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.

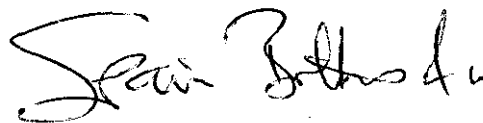
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity 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 31st October 2003 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

5 St. James's Street,
Dover,
Kent CT16 1QD.

Date: 16 August 2004



SPAIN BROTHERS & CO

Chartered Accountants
Registered Auditors

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
31ST OCTOBER 2003

	<u>Note</u>	<u>2003</u>	<u>2002</u>
<u>TURNOVER</u>	2	722,293	1,730,205
Cost of Sales		(365,595)	(1,701,918)
<u>GROSS PROFIT</u>		356,698	28,287
Administrative Expenses		(100,739)	(119,110)
<u>OPERATING PROFIT/ (LOSS)</u>	3	255,959	(90,823)
Interest Receivable		15,445	6,378
		271,404	(84,445)
Interest Payable	4	(51,154)	(6,469)
<u>PROFIT/(LOSS) ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>		220,250	(90,914)
Tax on Profit/(Loss) on Ordinary Activities	5	(42,117)	18,828
<u>PROFIT/(LOSS) ON ORDINARY</u> <u>ACTIVITIES AFTER TAXATION</u>		178,133	(72,086)
Dividends	6	(100,000)	0
<u>RETAINED PROFIT/(SUSTAINED LOSS)</u> <u>FOR THE YEAR</u>		78,133	(72,086)
(Sustained Loss)/Retained Profit Brought Forward		(67,514)	4,572
<u>RETAINED PROFIT/(SUSTAINED LOSS)</u> <u>CARRIED FORWARD</u>		£10,619	(£67,514)

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 6 to 10 form part of these Financial Statements

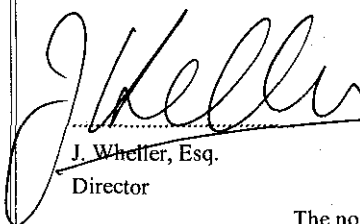
LITTLE BURTON DEVELOPMENT COMPANY LIMITED

**BALANCE SHEET
AS AT
31ST OCTOBER 2003**

	Note	2003	2002
<u>FIXED ASSETS</u>			
Tangible assets	7	12,763	19,557
<u>CURRENT ASSETS</u>			
Stock and Work in Progress	8	1,265,894	1,133,295
Debtors	9	689,091	26,814
Cash at Bank and in Hand		304,000	682,386
		2,258,985	1,842,495
<u>CREDITORS: Amounts falling due within one year</u>	10	<u>(2,256,188)</u>	<u>(1,919,906)</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		2,797	(77,411)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		15,560	(57,854)
<u>CREDITORS: Amounts falling due after more than one year</u>	11	<u>(4,841)</u>	<u>(9,560)</u>
<u>NET ASSETS</u>		<u>£10,719</u>	<u>(£67,414)</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	100	100
Profit and Loss Account		10,619	(67,514)
<u>SHAREHOLDERS' FUNDS</u>	13	<u>£10,719</u>	<u>(£67,414)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Directors on 12th August 2004 and signed on their behalf by


J. Wheller, Esq.
Director

The notes on pages 6 to 10 form part of these Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2003

1 ACCOUNTING POLICIES

The Company's Financial Statements are prepared in accordance with the United Kingdom Statements of Standard Accounting Practice and Financial Reporting 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.

Going Concern

The financial statements are prepared on the basis that the company will continue in operational existence for the foreseeable future. This means, in particular, that the Profit and Loss Account and Balance Sheet assume no intention or necessity to liquidate or curtail significantly the scale of the operation. The financial statements have been prepared on this basis given the continuing financial support of the directors and shareholders.

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 and Work in Progress

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. Work in progress is valued at cost of direct materials and labour plus attributable overheads where applicable.

Net realisable value is based on estimated selling price after allowing for all further costs of completion and disposal.

Long Term Contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. Where payments on account exceed turnover, the excess is shown under creditors due within one year as payments on account. Costs on long term contracts not yet taken to the Profit and Loss Account less related foreseeable losses and payments on account are shown in stocks as long term contract balances.

Leased Assets

Assets acquired under finance leases and hire purchase contracts of a similar nature are included in the Balance Sheet at their equivalent capital value less accumulated depreciation. The corresponding obligations under these leases 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.

Operating lease rentals are charged to the Profit and Loss Account as incurred.

Deferred Taxation

Deferred taxation is provided at the current small company rate of Corporation Tax on the accelerated capital allowances of equipment and vehicles where material. The tax value of accelerated capital allowances at 31st October 2003 was £439 (2002 - £634) and the directors consider this to be immaterial to provide for this year.

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2003

2 TURNOVER

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

3 OPERATING PROFIT/(LOSS)

Operating Profit/(Loss) is stated after charging:-

	<u>2003</u>	<u>2002</u>
Auditors' Remuneration (including Expenses)	£5,000	£5,000
Depreciation of Owned Tangible Fixed Assets	£4,105	£897
Operating Lease Rental	£2,500	£1,875
Directors' Emoluments	£38,353	£47,231

4 INTEREST PAYABLE

	<u>2003</u>	<u>2002</u>
Bank Loans and Overdraft Interest	41,376	6,469
Other Loan Interest	9,133	0
Hire Purchase Interest	645	0
	<u>£51,154</u>	<u>£6,469</u>

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a) Analysis of Charge for the year

	<u>2003</u>	<u>2002</u>
UK Corporation Tax on the results for the year at 19%	42,117	0
Tax repayable on the loss for the year at 20%	0	(18,828)
Deferred Tax (Note 1)	0	0
	<u>£42,117</u>	<u>(18,828)</u>

b) Factors affecting Tax Charge for the year

The tax assessed for the year is higher than the standard small company rate of Corporation Tax of 19%/(20%). The differences are explained as follows:-

	<u>2003</u>	<u>2002</u>
Profit/(Loss) on Ordinary Activities before Tax	£220,250	(£90,914)

Tax on Profit/(Loss) on Ordinary Activities at standard small company rate of Corporation Tax of 19%/(20%)

Effects of:-

	<u>2003</u>	<u>2002</u>
Expenses not deductible for tax purposes	105	62
Depreciation in excess of capital allowances	165	0
Capital allowances in excess of Depreciation	0	(707)

	<u>2003</u>	<u>2002</u>
<u>Current Tax Charge/(Tax Repayable) for Year (a)</u>	<u>£42,117</u>	<u>(£18,828)</u>

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST OCTOBER 2003**

6 DIVIDENDS

Dividend Paid £1,000 per Ordinary Share

<u>2003</u>	<u>2002</u>
100,000	0
£100,000	£0

7 TANGIBLE FIXED ASSETS

Cost

At 1st November 2002

Additions

Disposals

At 31st October 2003

Depreciation:

At 1st November 2002

Charge for Year

At 31st October 2003

Net Book Value:

At 31st October 2003

At 1st November 2002

<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
24,253	2,198	26,451
0	0	0
(8,500)	0	(8,500)
£15,753	£2,198	£17,951
0	1,083	1,083
3,938	167	4,105
£3,938	£1,250	£5,188
£11,815	£948	£12,763
£18,442	£1,115	£19,557

The net book value of tangible fixed assets includes £11,815 in respect of assets held under hire purchase contracts. Depreciation of £3,938 has been charged on those assets in the year.

8 STOCK AND WORK IN PROGRESS

Land for Development and Sale

Work in Progress (long term)

<u>2003</u>	<u>2002</u>
1,121,954	1,121,954
143,940	11,341
£1,265,894	£1,133,295

9 DEBTORS

Trade Debtors

VAT

Corporation Tax Repayment

Other Debtors

Prepayments and Accrued Income

<u>2003</u>	<u>2002</u>
650,499	1,454
18,740	3,781
18,828	18,828
413	100
611	2,651
£689,091	£26,814

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31ST OCTOBER 2003**

10 CREDITORS:

Amounts falling due within one year

	<u>2003</u>	<u>2002</u>
Bank Overdraft	582,649	0
Bank Loan	770,000	770,000
Other Loan	300,000	0
Trade Creditors	530,763	1,111,614
Corporation Tax	42,117	0
Other Taxation and Social Security	9,692	10,066
Other Creditors	16,125	23,446
Obligations under Hire Purchase Contracts	4,842	4,780
	£2,256,188	£1,919,906

The bank loan is secured by a standard mortgage debenture over development sites together with a fixed charge over the company's Treasury Reserve bank account of £304,000. The loan is repayable on demand and interest is payable at 2% above the NatWest Base Rate.

The other loan was repaid on 14th November 2003 (Note 14).

11 CREDITORS:

Amounts falling due after more than one year:

	<u>2003</u>	<u>2002</u>
Obligations under Hire Purchase Contracts	4,841	9,560
	£4,841	£9,560

Obligations under Hire Purchase Contracts which are secured on the assets concerned are repayable as follows:

	<u>2003</u>	<u>2002</u>
Within one year	4,842	4,780
Between two and five years	4,841	9,560
	£9,683	£14,340

12 SHARE CAPITAL

Authorised:

	<u>2003</u>	<u>2002</u>
50 £1 Ordinary "A" Shares	50	50
50 £1 Ordinary "B" Shares	50	50
	£100	£100

Issued and Fully Paid:

	<u>2003</u>	<u>2002</u>
50 £1 Ordinary "A" Shares	50	50
50 £1 Ordinary "B" Shares	50	50
	£100	£100

All shares carry equal rights.

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31ST OCTOBER 2003**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2003</u>	<u>2002</u>
Profit/(Loss) for the Financial Year	178,133	(72,086)
Dividends	(100,000)	0
Net Addition/(Reduction) to Shareholders' Funds	78,133	(72,086)
Opening Shareholders' (Deficit)/Funds	(67,414)	4,672
Closing Shareholders' Funds/(Deficit)	£10,719	(£67,414)

14 DIRECTORS' INTERESTS IN TRANSACTIONS

R.J. Tyson, Esq. was also a director of Walker Construction (UK) Limited until he retired from that company on 31st March 2004.

The Company sold and purchased services with Walker Construction (UK) Limited during the year totalling £144,904 and £135,079 respectively. These transactions were in the ordinary course of business and carried out at arm's length.

At the Balance Sheet date the amounts owed to and due from Walker Construction (UK) Limited were £112,503 and £155,054. In addition, the Walker Brothers Retirement Benefit Scheme lent the company £300,000 which was secured on the site at St. Mary's Bay. The loan was repaid on 14th November 2003. Interest is payable at 3% above the NatWest variable lending rate. Interest charged under this agreement for the year was £9,133.

15 FINANCIAL COMMITMENTS

The Company has given a number of guarantees and performance bonds to Kent County Council, Ashford Borough Council, Water Service companies and various Home Builders totalling £462,542. The guarantees are indemnified by the Company's bank which are secured by fixed charges over all the company's development sites and by guarantees given by the shareholders and by the Development Contractors, Walkers Construction (UK) Limited.

At the Balance Sheet date, the Company's commitments under an operating lease to pay rentals for office space during the next year were as follows:-

	Land and Buildings	
	<u>2003</u>	<u>2002</u>
Operating leases which expire within the year	2,500	7,500
	£2,500	£7,500

16 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party. The shares are held by R.H. Walker and R. Walker equally.