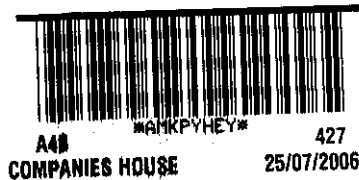


REGISTRAR OF COMPANIES

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

Registered Number: 3094756

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST OCTOBER 2005



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 2005

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This page does not form part of the statutory Financial Statements

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LITTLE BURTON DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED
31ST OCTOBER 2005

Incorporated in England and Wales on 23rd August 1995.

CHAIRMAN:	J. Wheller, Esq.
OTHER DIRECTOR:	R.J. Tyson, Esq. (Resigned 31/03/05)
SECRETARY:	G. P. Miller, Esq. (Appointed 01/04/05)
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

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST OCTOBER 2005**

The directors present their report to the members, together with the audited financial statements for the year ended 31st October 2005.

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.

	31.10.2005	31.10.2004
	£1 Ordinary	£1 Ordinary
	Shares	Shares
	(A & B)	(A & B)
R.J. Tyson, Esq. (Resigned 31/03/05)	-	-
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 17th July 2006

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

BY ORDER OF THE BOARD



G. P. Miller, Esq. - Secretary

Dated: 17th July 2006

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF: LITTLE BURTON DEVELOPMENT COMPANY LIMITED FOR THE YEAR ENDED 31ST OCTOBER 2005

We have audited the financial statements of Little Burton Development Company Limited for the year ended 31st October 2005 on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

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, on page 2.

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

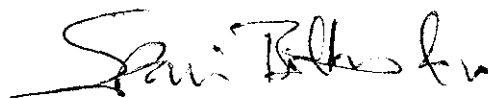
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2005 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.



SPAIN BROTHERS & CO

Chartered Accountants
Registered Auditors

Date: 18th July 2006

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
31ST OCTOBER 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
<u>TURNOVER</u>	2	1,662,901	713,909
Cost of Sales		(1,474,232)	(653,268)
<u>GROSS PROFIT</u>		188,669	60,641
Administrative Expenses		(130,425)	(138,904)
<u>OPERATING PROFIT/(LOSS)</u>	3	58,244	(78,263)
Interest Receivable		1,443	5,983
		59,687	(72,280)
Interest Payable	4	(163,643)	(97,467)
<u>LOSS ON ORDINARY</u>			
<u>ACTIVITIES BEFORE TAXATION</u>		(103,956)	(169,747)
Tax on Loss on Ordinary Activities	5	19,691	32,355
<u>LOSS ON ORDINARY</u>			
<u>ACTIVITIES AFTER TAXATION</u>	13	(£84,265)	(£137,392)

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 loss for the above two financial years.

The notes on pages 6 to 11 form part of these Financial Statements


LITTLE BURTON DEVELOPMENT COMPANY LIMITED

BALANCE SHEET
AS AT
31ST OCTOBER 2005

	<u>Note</u>	<u>2005</u>	<u>2004</u>
<u>FIXED ASSETS</u>			
Tangible assets	6	5,074	8,683
<u>CURRENT ASSETS</u>			
Stock and Work in Progress	7	2,681,448	2,873,476
Debtors	8	152,487	164,765
Deferred Taxation	9	19,691	0
Cash at Bank and in Hand		2,905	2,468
		2,856,531	3,040,709
<u>CREDITORS: Amounts falling due within one year</u>	10	<u>(2,912,543)</u>	<u>(3,176,065)</u>
<u>NET CURRENT LIABILITIES</u>		<u>(56,012)</u>	<u>(135,356)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>(50,938)</u>	<u>(126,673)</u>
<u>CREDITORS: Amounts falling due after more than one year</u>	11	<u>(160,000)</u>	<u>0</u>
<u>NET LIABILITIES</u>		<u>(£210,938)</u>	<u>(£126,673)</u>
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	100	100
Profit and Loss Account	13	<u>(211,038)</u>	<u>(126,773)</u>
<u>SHAREHOLDERS' DEFICIT</u>	14	<u>(£210,938)</u>	<u>(£126,673)</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 17th July 2006 and signed on their behalf by


J. Wheller, Esq.
Director

The notes on pages 6 to 11 form part of these Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2005

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 sale of land and houses and provision of services in the normal course of business net of discounts and Value Added Tax

Tangible Fixed Assets

The cost of tangible fixed assets includes only expenditure incurred in bringing the assets into working condition for their intended use. Depreciation is provided at the following annual rates in order to allocate the depreciable amount over its estimated useful life:-

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.

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2005

1 ACCOUNTING POLICIES (CONTINUED)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences between profits as computed for tax purposes and profits computed for these financial statements, except that a deferred tax asset is only recognised to the extent that it is recoverable. Deferred tax is calculated using the current small company rate of UK Corporation Tax.

Provisions

Provisions are set up only where it is probable that a present obligation exists as a result of an event prior to the Balance Sheet date and that a payment will be required in settlement that can be reliably estimated.

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>2005</u>	<u>2004</u>
Auditors' Remuneration (including Expenses)	£5,000	£5,000
Depreciation of Tangible Fixed Assets - Owned Assets	£721	£142
- Asset under Hire Purchase Contract	£3,938	£3,938
Operating Lease Rental	£4,894	£5,833
Directors' Emoluments	£67,242	£59,469

4 INTEREST PAYABLE

	<u>2005</u>	<u>2004</u>
Bank Loans and Overdraft Interest	103,424	75,275
Other Loan Interest	60,000	21,679
Hire Purchase Interest	219	513
	<u>£163,643</u>	<u>£97,467</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of Credit for the year

	<u>2005</u>	<u>2004</u>
UK Corporation Tax on the results for the year (b)	0	31,918
Overprovision on last year	0	437
Deferred Tax (Note 9)	19,691	0
	<u>£19,691</u>	<u>£32,355</u>

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2005

5 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

b) Factors affecting Tax Credit for the year

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

Loss on Ordinary Activities before Tax

<u>2005</u>	<u>2004</u>
(£103,956)	(£169,747)

Tax on Loss on Ordinary Activities at standard small UK company rate of Corporation Tax of 19%

<u>2005</u>	<u>2004</u>
19,752	32,252
Effects of:-	
Expenses not deductible for tax purposes	(61)
Depreciation in excess of capital allowances	(278)
Losses carried forward	0
Current Tax Credit for Year (a)	£0
	£31,918

6 TANGIBLE FIXED ASSETS

Cost:

At 1st November 2004
Additions

<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
15,753	2,198	17,951
0	1,050	1,050
At 31st October 2005	£15,753	£3,248
		£19,001

Depreciation:

At 1st November 2004
Charge for Year

7,876	1,392	9,268
3,938	721	4,659
At 31st October 2005	£11,814	£2,113
		£13,927

Net Book Value:

At 31st October 2005

£3,939	£1,135	£5,074
At 1st November 2004	£7,877	£806
		£8,683

The net book value of tangible fixed assets includes £3,939 in respect of assets held under hire purchase contracts. Depreciation of £3,938 has been charged on those assets in the year.

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2005

7 STOCK AND WORK IN PROGRESS

	<u>2005</u>	<u>2004</u>
Land for Development and Sale	1,888,792	1,701,353
Work in Progress (long term)	792,656	1,172,123
	<u>£2,681,448</u>	<u>£2,873,476</u>

Included within work in progress is capitalised interest amounting to £90,984.

8 DEBTORS

	<u>2005</u>	<u>2004</u>
Trade Debtors	152,487	129,481
Corporation Tax Repayment	0	31,918
Other Debtors	0	1,832
Prepayments and Accrued Income	0	1,534
	<u>£152,487</u>	<u>£164,765</u>

9 DEFERRED TAXATION

	<u>2005</u>	<u>2004</u>
Balance at 1st November 2004	0	0
Transfer to Profit and Loss Account (Note 5)	19,691	0
Balance at 31st October 2005	<u>£19,691</u>	<u>£0</u>

This balance arises as follows:-

	<u>2005</u>	<u>2004</u>
Excess depreciation over capital allowances	413	0
Losses carried forward	19,278	0
	<u>£19,691</u>	<u>£0</u>

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2005

10 CREDITORS:

Amounts falling due within one year

	<u>2005</u>	<u>2004</u>
Bank Loans	1,337,625	1,489,750
Other Loans	350,000	525,000
Trade Creditors	990,956	768,514
Corporation Tax	0	0
Other Taxation and Social Security	7,431	12,154
Other Creditors	68,718	20,128
Payments on Account	157,813	355,625
Obligations under Hire Purchase Contracts	0	4,894
	£2,912,543	£3,176,065

The bank loans are secured by standard mortgage debentures over development sites together with a fixed and floating charge over the company's assets. The loans are repayable on demand and interest is payable at 2% above the NatWest Base Rate.

11 CREDITORS:

Amounts falling due after more than one year:

	<u>2005</u>	<u>2004</u>
Other loans	160,000	0
	£160,000	£0

Other loans which are secured on the assets concerned are repayable as follows:

	<u>2005</u>	<u>2004</u>
Within one year	350,000	525,000
Between two and five years	160,000	0
	£510,000	£525,000

12 SHARE CAPITAL

Authorised:

50 £1 Ordinary "A" Shares	50	50
50 £1 Ordinary "B" Shares	50	50
	£100	£100

Issued and Fully Paid:

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 2005

13 PROFIT AND LOSS ACCOUNT

	<u>2005</u>	<u>2004</u>
Profit and Loss Account at 1st November 2004	(126,773)	10,619
Loss for the Financial Year	(84,265)	(137,392)
Profit and Loss Account at 31st October 2005	(£211,038)	(£126,773)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2005</u>	<u>2004</u>
Loss for the Financial Year and Net Reduction to Shareholders' Funds	(84,265)	(137,392)
Opening Shareholders' Deficit	(126,673)	10,719
Closing Shareholders' Deficit	(£126,673)	£10,719

15 FINANCIAL COMMITMENTS

The Company has given guarantees and performance bonds to Kent County Council and Southern Water Services totalling £212,409. 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:-

	<u>Equipment</u>		<u>Land and Buildings</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Operating leases which expire:				
within one year	0	0	583	7,000
between two and five years	798	893	0	0
	£798	£893	£583	£7,000

16 ULTIMATE CONTROLLING PARTY

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