

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

Registered Number: 3094756

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST OCTOBER 2001



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 2001

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LITTLE BURTON DEVELOPMENT COMPANY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED
31ST OCTOBER 2001

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

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST OCTOBER 2001

The directors present their report to the members, together with the audited financial statements for the year ended 31st October 2001.

PRINCIPAL ACTIVITY

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 year and their interests in the shares of the Company are set out below.

	31.10.2001	31.10.2000
	£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 30th April 2002

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

BY ORDER OF THE BOARD

R.J. Tyson, Esq. - Secretary

Dated: 30th April 2002

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF:
LITTLE BURTON DEVELOPMENT COMPANY LIMITED
FOR THE YEAR ENDED 31ST OCTOBER 2001**

We have audited the financial statements of Little Burton Development Company Limited for the year ended 31st October 2001 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.

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 2001 and of its profit 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.

SPAIN BROTHERS & CO

Chartered Accountants
Registered Auditors

Date: 9 May 2002

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
31ST OCTOBER 2001

	Note	2001	2000
<u>TURNOVER</u>	2	315,000	3,376,608
Cost of Sales		(107,931)	(3,134,942)
<u>GROSS PROFIT</u>		207,069	241,666
Administrative Expenses		(95,475)	(147,197)
<u>OPERATING PROFIT</u>	3	111,594	94,469
Interest Receivable		12,058	30,454
		123,652	124,923
Interest Payable	4	(51)	(2,385)
<u>PROFIT ON ORDINARY</u>			
<u>ACTIVITIES BEFORE TAXATION</u>		123,601	122,538
Tax on Profit on Ordinary Activities	5	(25,331)	(25,167)
<u>PROFIT ON ORDINARY</u>			
<u>ACTIVITIES AFTER TAXATION</u>		98,270	97,371
Dividends	6	(100,000)	(100,000)
<u>SUSTAINED LOSS FOR THE YEAR</u>		(1,730)	(2,629)
Retained Profit Brought Forward		6,302	8,931
<u>RETAINED PROFIT ON ORDINARY</u>			
<u>ACTIVITIES CARRIED FORWARD</u>		£4,572	£6,302

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 2001

	Note	2001	2000
<u>FIXED ASSETS</u>			
Tangible assets	7	3,586	5,142
<u>CURRENT ASSETS</u>			
Stock and Work in Progress	8	469,256	317,670
Debtors	9	22,411	20,973
Cash at Bank and in Hand		11,886	481,985
		503,553	820,628
<u>CREDITORS:</u> Amounts falling due within one year	10	(502,467)	(819,368)
<u>NET CURRENT ASSETS</u>		1,086	1,260
<u>NET ASSETS</u>		£4,672	£6,402
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	11	100	100
Profit and Loss Account		4,572	6,302
<u>SHAREHOLDERS' FUNDS</u>	12	£4,672	£6,402

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 30th April 2002 and signed by


J. Wheller, Esq.
Director

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

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2001

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.

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.

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.

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. There are no accelerated capital allowances at 31st October 2001 (2000 - £127).

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2001

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:-

	<u>2001</u>	<u>2000</u>
Auditors' Remuneration (including Expenses)	5,000	5,000
Depreciation of Owned Tangible Fixed Assets	1,556	1,955
Directors' Emoluments	42,936	38,635

4 INTEREST PAYABLE

	<u>2001</u>	<u>2000</u>
Bank Loans and Overdraft	51	634
Other Interest	0	1,751
	<u>£51</u>	<u>£2,385</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of Charge for the year

	<u>2001</u>	<u>2000</u>
UK Corporation Tax on the results for the year (20%)	<u>£25,331</u>	<u>£25,167</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 20%. The differences are explained as follows:-

	<u>2001</u>	<u>2000</u>
Profit on Ordinary Activities before Tax	<u>£123,601</u>	<u>£122,538</u>

Tax on Profit on Ordinary Activities at standard company rate of Corporation Tax of 20%

Effects of:-

	<u>2001</u>	<u>2000</u>
Expenses not deductible for tax purposes - entertaining/donations	563	620
Depreciation in excess of capital allowances	48	39

	<u>2001</u>	<u>2000</u>
Current Tax Charge for Year (a)	<u>£25,331</u>	<u>£25,167</u>

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2001

6 DIVIDENDS

Paid Dividend £1,000 per Ordinary Share
Proposed Dividend £1,000 per Ordinary Share

2001	2000
100,000	0
0	100,000
£100,000	£100,000

7 TANGIBLE FIXED ASSETS

Cost

At 1st November 2000 and at
31st October 2001

<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
£8,500	£1,083	£9,583

Depreciation:

At 1st November 2000
Charge for Year

3,719	722	4,441
1,195	361	1,556

At 31st October 2001

£4,914	£1,083	£5,997
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Net Book Value:

At 31st October 2001

£3,586	£0	£3,586
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At 1st November 2000

£4,781	£361	£5,142
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8 STOCK AND WORK IN PROGRESS

Land for Development and Sale
Work in Progress

2001	2000
214,692	317,670
254,564	0
£469,256	£317,670

9 DEBTORS

Amounts falling due within one year

Trade Debtors
VAT
Other Debtors
Prepayments and Accrued Income

2001	2000
9,562	8,135
6,996	0
100	1,143
5,753	11,695
£22,411	£20,973

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST OCTOBER 2001

10 CREDITORS:

Amounts falling due within one year

	<u>2001</u>	<u>2000</u>
Bank Loan	112,000	0
Trade Creditors	289,512	593,834
Payments on Account	63,450	63,450
Corporation Tax	25,331	25,167
Other Taxation and Social Security	6,872	30,729
Other Creditors	5,302	6,188
Proposed Dividends	0	100,000
	<u>£502,467</u>	<u>£819,368</u>

The bank loan is secured by fixed charge over a development site in Broadstairs. The loan is repayable on demand and interest is payable at 2% above the NatWest Base Rate.

11 SHARE CAPITAL

Authorised:

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

Issued and Fully Paid:

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

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
Profit for the Financial Year	98,270	97,371
Dividends	(100,000)	(100,000)
Net Reduction to Shareholders' Funds	(1,730)	(2,629)
Opening Shareholders' Funds	6,402	9,031
Closing Shareholders' Funds	<u>£4,672</u>	<u>£6,402</u>

LITTLE BURTON DEVELOPMENT COMPANY LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31ST OCTOBER 2000**

13 DIRECTORS' INTERESTS IN TRANSACTIONS

R.J. Tyson, Esq. is also a director of Walker Construction (UK) Limited. Walker Construction (UK) Limited provided the Company with services during the year totalling £67,733 (2000 £1,499,725).

At the Balance Sheet date the Company owed Walker Construction (UK) Limited £51,352 (2000 £37,352)

14 FINANCIAL COMMITMENTS

The Company has given a number of guarantees and performance bonds to Kent County Council, Water Service companies and various Home Builders totalling £1,213,817. The guarantees are indemnified by the Company's bank which are secured by fixed charges over the land at Little Burton Farm and Broadstairs and by guarantees given by the shareholders and by the Development Contractors, Walkers Construction (UK) Limited.