

LINDEN HOMES CHILTERN LIMITED

Registered Number 3193571

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



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LINDEN HOMES CHILTERN LIMITED  
REPORT AND FINANCIAL STATEMENTS 2002

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**LINDEN HOMES CHILTERN LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2002**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P J Davies  
I Jovic (resigned 8 July 2002)  
G Price (appointed 15 May 2002)  
D Tilman (appointed 8 July 2002)  
C Coates  
H Todd  
I Ralston  
P Golding  
G Taylor  
P Parkhouse  
G Durden (appointed 1 January 2003)

**SECRETARY**

P Golding (resigned 25 September 2002)  
Z Stone (appointed 25 September 2002)

**REGISTERED OFFICE**

6 London Street  
Chertsey  
Surrey  
KT16 8AA

**BANKERS**

Bank of Scotland PLC  
38 St. Andrew Square  
Edinburgh  
EH2 2YR

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
London

**SOLICITORS**

Pitmans  
47 Castle Street  
Reading  
Berkshire  
RG1 7SR

# LINDEN HOMES CHILTERN LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### PRINCIPAL ACTIVITIES

The company's principal activities are the building and selling of residential houses.

### BUSINESS REVIEW

In 2002 the company sold 201 houses (2001: 116).

### FUTURE PROSPECTS

The company has established itself in the market place and has acquired land at Tring, Watford, Chesham and Naphill, in addition to new sites being identified. The directors ensure that the company is well situated to benefit from the market in the Chiltern area.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

The company made a profit on ordinary activities after taxation of £4,190,110 (2001: £2,212,208).

A dividend of £1,800,000 has been proposed (2001: £687,000).

### DIRECTORS AND THEIR INTERESTS

The Directors listed on page 1 held office throughout the year, except where noted.

No director had any interest in the shares or debentures of the company at any time during the year.

The beneficial interests in the ordinary shares of the ultimate parent company, Linden Holdings PLC, were as follows:

	31 December 2002 Number	31 December 2001 Number
C Coates	200,001	100,001
P Golding	50,000	20,000
H Todd	50,000	20,000
I Ralston	50,000	20,000
P Parkhouse	50,000	20,000
G Taylor	50,000	20,000

The interests of P J Davies, G Price and D Tilman in the ultimate parent company, Linden Holdings PLC, are disclosed in the accounts of Linden Holdings PLC.

# LINDEN HOMES CHILTERN LIMITED

## DIRECTORS' REPORT

### DONATIONS

During the year, the company made charitable donations of £2,576 (2001: £335).

### POLICY ON PAYMENT OF CREDITORS

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 December 2002 the number of days credit taken for purchases by the company was 35 days (2001: 33 days).

### DIRECTORS' SHARE OPTIONS

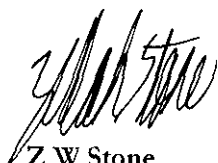
The following director has been granted share options in 'A' Ordinary shares in the ultimate parent company, Linden Holdings PLC.

	Number of options			Exercise Price	Date from which exercisable	Expiry Date
	1 January 2002	Granted	31 December 2002			
C Coates	-	25,000	25,000	145p	20 Sep 2003	20 Sep 2007

### AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually pursuant to section 386 of the Companies Act 1985 (as amended).

Approved by the Board of Directors and signed on behalf of the Board



Z W Stone

Secretary

3 April 2003

## LINDEN HOMES CHILTERN LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- 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 the system of internal control, for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINDEN HOMES CHILTERN LIMITED**

We have audited the financial statements of Linden Homes Chiltern Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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 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 formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements.

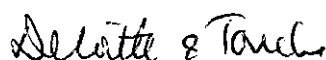
### **Basis of audit opinion**

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 as at 31 December 2002 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors  
London  
3 April 2003

**LINDEN HOMES CHILTERN LIMITED**

**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 2002

	<u>Notes</u>	2002 £'000	2001 £'000
<b>TURNOVER</b>	2	50,179	29,888
Cost of sales		(40,494)	(23,804)
<b>GROSS PROFIT</b>		9,685	6,084
Administrative expenses		(2,841)	(2,126)
<b>OPERATING PROFIT</b>	3	6,844	3,958
Other interest receivable and similar income		2	2
Interest payable and similar charges	4	(832)	(790)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,014	3,170
Tax on profit on ordinary activities	6	(1,824)	(958)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		4,190	2,212
Equity dividends paid and proposed	7	(1,800)	(687)
<b>PROFIT RETAINED AND TRANSFERRED TO RESERVES</b>	14	2,390	1,525

There are no recognised gains and losses for the current and prior years other than those stated above and therefore no statement of total recognised gains and losses is required.

All amounts derive from continuing operations.



**LINDEN HOMES CHILTERN LIMITED**

**BALANCE SHEET**

as at 31 December 2002

	<u>Notes</u>	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	736	739
<b>CURRENT ASSETS</b>			
Stocks	9	32,319	17,389
Debtors	10	1,099	320
Cash at bank and in hand		533	126
		33,951	17,835
<b>CREDITORS: amounts falling due within one year</b>	11	(27,694)	(13,975)
<b>NET CURRENT ASSETS</b>		6,257	3,860
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,993	4,599
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	(17)	(13)
		6,976	4,586
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	10	10
Profit and loss account	14	6,966	4,576
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	6,976	4,586

The financial statements were approved by the Board of Directors on 3 April 2003.

Signed on behalf of the Board of Directors



**D Tilman**  
Director

# LINDEN HOMES CHILTERN LIMITED

## Notes to the accounts for the year ended 31 December 2002

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Turnover**

Turnover relates to the sale of houses (recognised on the financial completion of the sale of the house) and of land (recognised on the unconditional exchange of contracts). The recognition of Housing Association turnover is dependent on the stage of completion based on an external valuation.

Contracting turnover relates to work in progress invoiced to Linden New Homes Limited, a joint venture company owned equally by Linden Holdings PLC (the ultimate parent company) and the Bank of Scotland, the Company's bankers.

#### **Tangible fixed assets**

Depreciation is provided in equal instalments over the estimated useful lives of the assets and is calculated on the cost of the assets. Depreciation is not provided on freehold land.

The following rates are used:

Office equipment, fixtures and fittings	20-25%
Freehold buildings	2%

#### **Stocks**

Stocks of land and work in progress are valued at the lower of invoiced cost and net realisable value. Work in progress comprises direct site costs including materials and labour.

Part exchange properties are included at the lower of cost and net realisable value.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Leases**

Operating lease rentals are charged to the profit and loss account as incurred.

#### **Pension costs**

The company participates in a Group Personal Pension Plan. The pension cost charge represents contributions payable by the company to the Plan for the year.

# LINDEN HOMES CHILTERN LIMITED

## Notes to the accounts for the year ended 31 December 2002

### 2. TURNOVER

A segmental analysis of turnover, between housing developments and land sales is set out below.

All turnover arose within the UK.

	2002 £'000	2001 £'000
Housing developments	44,820	25,538
Land sales	5,359	4,350
	<hr/> 50,179	<hr/> 29,888
	<hr/> <hr/>	<hr/> <hr/>

### 3. OPERATING PROFIT

Operating profit is after charging / (crediting) -

	2002 £'000	2001 £'000
Depreciation		
- owned assets	25	22
Auditors' remuneration		
- audit fees	16	12
- other services	8	-
Rentals under operating leases		
- hire of other assets	93	69
Profit on sale of land	(1,812)	(1,297)
	<hr/> <hr/>	<hr/> <hr/>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Group interest paid on intercompany balance	799	753
Interest on bank loans, overdrafts and other loans	33	37
	<hr/> 832	<hr/> 790
	<hr/> <hr/>	<hr/> <hr/>

# LINDEN HOMES CHILTERN LIMITED

Notes to the accounts for the year ended 31 December 2002

## 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002	2001
	£'000	£'000
<b>Directors' remuneration</b>		
Directors' emoluments (including benefits in kind)	629	503
Company contributions to money purchase schemes	8	13
	<hr/> 637	<hr/> 516
	<hr/> <hr/>	<hr/> <hr/>
Emoluments of highest paid director	200	191
Company contributions to money purchase schemes of highest paid director	5	11
	<hr/> 205	<hr/> 202
	<hr/> <hr/>	<hr/> <hr/>
	<b>Number</b>	<b>Number</b>
<b>Number of directors included in a money purchase scheme</b>	3	1
	<hr/> <hr/>	<hr/> <hr/>
<b>Average number of persons employed (including Directors)</b>	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
Administration and management	32	24
Construction	15	13
Sales and marketing	5	4
	<hr/> 52	<hr/> 41
	<hr/> <hr/>	<hr/> <hr/>
<b>Employee costs during the year (including Directors)</b>	<b>2002</b>	<b>2001</b>
	£'000	£'000
Wages and salaries	2,106	1,519
Social security costs	219	160
Other pension costs	27	22
	<hr/> 2,352	<hr/> 1,701
	<hr/> <hr/>	<hr/> <hr/>

# LINDEN HOMES CHILTERN LIMITED

## Notes to the accounts for the year ended 31 December 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2002 £'000	2001 £'000
United Kingdom corporation tax at 30 %	1,828	965
Adjustment in respect of prior year	(8)	(20)
	<hr/> 1,820	<hr/> 945
Deferred taxation	4	13
	<hr/> 1,824	<hr/> 958

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	6,014	3,170
	<hr/> Tax at 30% thereon:	<hr/> (951)
<i>Factors affecting charge for the period:</i>		
Expenses not deductible for tax purposes	(28)	(19)
Capital allowances in excess of depreciation	4	5
Adjustments to tax charge in respect of prior periods	8	20
	<hr/> (1,820)	<hr/> (945)

FRS19 has been adopted in the year.

7. DIVIDENDS	2002 £'000	2001 £'000
Final proposed –£180.00 per ordinary share (2001 – £68.70)	1,800	687

# LINDEN HOMES CHILTERN LIMITED

Notes to the accounts for the year ended 31 December 2002

8. TANGIBLE FIXED ASSETS	Office equipment, fixtures & fittings £'000	Freehold land and buildings £'000	Total £'000
<b>Cost</b>			
At 1st January 2002	18	750	768
Additions	22	-	22
At 31st December 2002	40	750	790
<b>Depreciation</b>			
At 1st January 2002	11	18	29
Charge for the year	10	15	25
At 31st December 2002	21	33	54
<b>Net Book Value</b>			
At 31st December 2002	19	717	736
At 31st December 2001	7	732	739

9. STOCKS	2002 £'000	2001 £'000
Land and land options	22,597	11,396
Work-in-progress	8,683	5,368
Part exchange properties	1,039	625
	32,319	17,389

10. DEBTORS	2002 £'000	2001 £'000
Other debtors	1,064	316
Prepayments and accrued income	35	4
	1,099	320

All amounts are due within one year.

# LINDEN HOMES CHILTERN LIMITED

## Notes to the accounts for the year ended 31 December 2002

### 11. CREDITORS: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	3,217	2,674
Land creditors	12,504	4,852
Amounts owed to parent undertaking	3,350	4,820
Corporation tax	940	328
Other creditors	1,011	363
Other loans	4,176	-
Accruals and deferred income	696	251
Proposed dividend	1,800	687
	<hr/> 27,694	<hr/> 13,975

### Other creditors include:

	2002 £'000	2001 £'000
Taxation and social security	91	52

### 12. DEFERRED TAX

	2002 £'000
At 1 January 2002	13
Charge to profit and loss account	4
	<hr/>
At 31 December 2002	17

Deferred tax represents capital allowances in excess of depreciation.

### 13. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
<b>Authorised</b>		
10,000 ordinary shares of £1 each	10	10
	<hr/>	<hr/>
<b>Called up, allotted and fully paid</b>		
10,000 ordinary shares of £1 each	10	10

# LINDEN HOMES CHILTERN LIMITED

## Notes to the accounts for the year ended 31 December 2002

### 14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000
At 1 January 2002	4,576
Profit for the year	4,190
Equity dividends proposed	(1,800)
	<hr/>
At 31 December 2002	6,966
	<hr/> <hr/>

### 15. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Retained profit for the year	2,390	1,525
Opening shareholders' funds	4,586	3,061
	<hr/>	<hr/>
Closing shareholders' funds	6,976	4,586
	<hr/> <hr/>	<hr/> <hr/>

### 16. OPERATING LEASE COMMITMENTS

At 31 December 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	2002 Other £'000	2001 Other £'000
Leases which expire:		
Within one year	114	12
Within two to five years	112	92
	<hr/>	<hr/>
	226	104
	<hr/> <hr/>	<hr/> <hr/>



## **LINDEN HOMES CHILTERN LIMITED**

### **Notes to the accounts for the year ended 31 December 2002**

#### **17. RELATED PARTY TRANSACTIONS**

Uberior Investments PLC is a related party by virtue of its 29.1% shareholding in Linden Holdings PLC. On 1st October 2002, Uberior Investments PLC transferred its 29.1% shareholding in Linden Holdings PLC to Uberior Ventures Limited. Both Uberior Investments PLC and Uberior Ventures Limited are owned by the Bank of Scotland, the Company's bankers. All transactions and balances are disclosed in the financial statements above.

During the year one of the directors, Mr Parkhouse, purchased a property from the company at a price of £162,985 which was at fair market value.

#### **18. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party is Linden Holdings PLC a company incorporated in England and Wales. The immediate parent company is Linden Limited, both companies prepare group accounts. Copies of the Group financial statements of Linden Holdings PLC and Linden Limited are available from 6 London Street, Chertsey, Surrey, KT16 8AA.

The smallest group that consolidates this company is Linden Limited and the largest is Linden Holdings PLC.

#### **19. CONTINGENT LIABILITIES**

Within the Linden Holdings PLC Group, all subsidiary companies have a cross guarantee against fellow Group companies overdraft facilities.

The company also acts as a guarantor for the Group funding facility in Linden Holdings PLC.