

St Mark Homes Capital Plc

Report and Financial Statements

Year Ended

31 December 2006

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St Mark Homes Capital Plc

Annual report and financial statements year ended 31 December 2006

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Directors

Bernard J Tansey
Sean Ryan
Michael Chicken
William Gair

Secretary and registered office

Barry B Tansey, 109 Wembley Hill Road, Wembley, Middlesex, HA9 8DA

Company number

3515570

Auditors

BDO Stoy Hayward LLP, Prospect Place, 85 Great North Road, Hatfield, Herts AL9 5BS

St Mark Homes Capital Plc

Report of the directors for the ended 31 December 2006

The directors have pleasure in submitting their report, together with the audited financial statements for the year ended 31 December 2006

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the period

An interim dividend of £800,000 was declared and paid during the year (2005 £NIL) The directors do not propose an final dividend for the year (2005 £NIL)

Principal activities, review of business and future developments

The company is a wholly owned subsidiary of St Mark Homes II PLC and carries on the same trades of residential contracting and property development The company did not commence any new building contracts during the period but carried out works arising during the defects liability period on earlier building contracts and continued to evaluate construction opportunities

The turnover for the year was £NIL (2005 £31,380) and the loss for the year amounted to £13,274 (2005 £212,802 profit)

The Directors believe that the results are satisfactory

The Directors believe the future outlook for the company is satisfactory

Principal risks and uncertainties

The company's building contracts are undertaken on a cost plus basis with a guaranteed maximum price Property development activity seeks a fixed return on capital plus a share of development profits The company is exposed to the usual risks of companies constructing and developing residential property, including construction budget overruns, delays in program, insolvency of clients, general economic conditions, uninsured calamities and other factors

Investments are made in sterling therefore the company is not subject to foreign exchange risks The company's credit risk is primarily attributable to its trade debtors Credit risk is managed by monitoring payment against contractual agreements

Policy and practice on the payment of creditors

It is the company's policy to fix terms of payment with its suppliers when agreeing the terms of each business transaction, to ensure the supplier is aware of those and to abide by the agreed terms of payment

The average trade creditors payment at 31 December 2006 was 13 days (2005 43 days)

St Mark Homes Capital Plc

Report of the directors for the ended 31 December 2006 (*Continued*)

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were Bernard J Tansey, Sean Ryan, Michael Chicken and William Gair. None of the directors held any beneficial interest in the company during the year.

The interests of Bernard J Tansey, Sean Ryan and Michael Chicken in the ordinary share capital of the parent company, St Mark Homes II Plc, are shown in that company's Annual Report and Accounts.

Treasury policy

Operations have been financed by the issue of shares, the cash from which has been invested in short term cash deposits and, when required, by bank borrowings. In addition, various financial instruments such as trade debtors and creditors arise directly from the company's operations.

Further information on financial instruments is contained in note 21 to the financial statements.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and of the profit or loss of the company for that year. 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, subject to any material departures disclosed and explained in the financial statements, 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

St Mark Homes Capital Plc

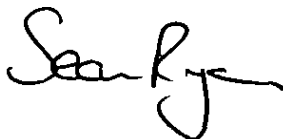
Report of the directors for the ended 31 December 2006 (*Continued*)

Auditors

All of the directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the board



Director

19 JULY 2007

St Mark Homes Capital Plc

Report of the independent auditors

To the shareholders of St Mark Homes Capital Plc

We have audited the financial statements of St Mark Homes Capital Plc for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

St Mark Homes Capital Plc

Report of the independent auditors

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its result for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

for BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants and Registered Auditors
Hatfield*

Date *19th July 2007*

St Mark Homes Capital Plc

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	2	-	31,380
Cost of sales		<u>3,383</u>	<u>60,147</u>
Gross profit		(3,383)	(28,767)
Administrative expenses		<u>3,450</u>	<u>12,631</u>
Operating (loss)/profit	3	(6,833)	(41,398)
Other interest receivable and similar income		4,489	331,736
Interest payable and similar charges	6	(851)	(663)
(Loss)/profit on ordinary activities before taxation		(3,195)	289,675
Taxation on (loss)/profit on ordinary activities	7	(10,079)	(76,873)
(Loss)/profit on ordinary activities after taxation		(13,274)	212,802

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

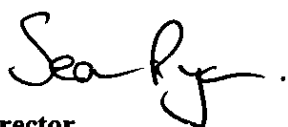
The notes on pages 8 to 13 form part of these financial statements

St Mark Homes Capital Plc

Balance sheet at 31 December 2006

	Note	2006 £	2006 £	2004 £	2004 £
Fixed assets					
Tangible assets	9		1,349		1,799
Current assets					
Debtors	10	2,744,695		3,626,056	
Cash at Bank		90,244		48,050	
		<u>2,834,939</u>		<u>3,674,106</u>	
Creditors: amounts falling due within one year	11	<u>8,447</u>		<u>34,790</u>	
Net current assets			<u>2,826,492</u>		<u>3,639,316</u>
Total assets less current liabilities			<u>2,827,841</u>		<u>3,641,115</u>
Capital and reserves					
Called up share capital	12		1,536,640		1,536,640
Share premium account	13		1,298,426		1,298,426
Profit and loss account	13		(7,225)		806,049
Equity shareholders' funds	19		<u>2,827,841</u>		<u>3,641,115</u>

The financial statements were approved and authorised for issue by the board on ● 19 JULY 2007



Director

The notes on pages 8 to 13 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Turnover

Turnover represents the amounts recoverable on contracts with developers

The company contracts with developers on a cost plus basis with a guaranteed maximum price. Profit is taken on these contracts while the contract is in progress having regard to

- the proportion of the total projected contract costs which has been incurred at the balance sheet date
- the anticipated final costs of the development and
- the evidence of the commercial success of the development

Provision is made for all foreseeable losses

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets on a reducing balance basis over their expected useful lives. It is calculated at the following rates

Office equipment - 25% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets

Rentals paid under operating leases are charged against income as incurred

2 Turnover, profit and net assets

Turnover, profit and net assets are wholly attributable to the principal activity of the company and arise solely within the United Kingdom

St Mark Homes Capital Plc

Notes forming part of the financial statements for the period ended 31 December 2006

3	Operating (loss)/profit	2006	2005
		£	£
	This is arrived at after charging:		
	Depreciation of tangible fixed assets	450	600
	Hire of plant and machinery	(1,116)	2,213
		<u></u>	<u></u>
	St Mark Homes Capital Plc audit fee is settled by its parent company St Mark Homes II Plc		
4	Employees	2006	2005
		£	£
	Staff costs (including directors) consist of		
	Wages and salaries	-	3,300
	Social security costs	-	320
		<u></u>	<u></u>
		-	3,620
		<u></u>	<u></u>
	The average number of employees (including directors) during the year was nil (2005 - 1)		
5	Directors' remuneration	2006	2005
		£	£
	Directors' emoluments	-	1,782
		<u></u>	<u></u>
6	Interest payable and similar charges	2006	2005
		£	£
	Bank loans and overdrafts	851	663
		<u></u>	<u></u>
7	Taxation on (loss)/profit on ordinary activities	2006	2005
		£	£
	<i>UK Corporation tax</i>		
	Current tax on (loss)/profit for the current period	10,079	76,873
		<u></u>	<u></u>

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 31 December 2006

7 Taxation on (loss)/profit on ordinary activities (*Continued*)

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
Profit /(loss)/profit on ordinary activities before tax	(13,274)	289,675
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	(3,982)	86,903
Effect of		
Expenses not deductible for tax purposes	3,035	-
Capital allowances for period less than/(in excess) of depreciation	37	49
Utilisation of tax losses	-	(86,952)
Group relief surrendered before payment	-	86,952
Losses carried forward	910	-
Marginal relief	-	-
Under provision in respect of previous year	-	(10,079)
Current tax charge/(credit) for period	-	76,873

8 Dividends

	2006 £	2005 £
<i>Equity shares</i>		
Ordinary shares		
Interim declared	800,000	-

St Mark Homes Capital Plc

Notes forming part of the financial statements for the period ended 31 December 2006

9 Tangible fixed assets

**Office
equipment
£**

Cost

At 1 January 2006 and 31 December 2006

11,328

Depreciation

At 31 December 2006

9,529

Provided for the year

450

At 31 December 2006

9,979

Net book value

At 31 December 2006

1,349

At 31 December 2005

1,799

10 Debtors

**2006
£**

**2005
£**

Trade debtors

90,383

460,118

Corporation tax recoverable

-

10,079

Other debtors

5,499

7,046

Amount owed to group Company

2,648,813

3,148,813

2,744,695

3,626,056

All amounts shown under debtors fall due for payment within one year

11 Creditors: amounts falling due within one year

**2006
£**

**2005
£**

Trade creditors

6,447

29,897

Accruals and deferred income

2,000

4,893

8,447

34,790

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 31 December 2006

12 Share capital	2006 £	2005 £
<i>Authorised</i>		
<i>Equity share capital</i>		
11,000,000 ordinary shares of 50p each	5,500,000	5,500,000
81 'A' ordinary shares of 50p each	40	40
	<u>5,500,040</u>	<u>5,500,040</u>
 <i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
3,073,200 Ordinary shares of 50p each	1,536,600	1,536,600
81 'A' ordinary shares of 50p each	40	40
	<u>1,536,640</u>	<u>1,536,640</u>
 13 Reserves	 Share premium account £	 Profit and loss account £
At 1 January 2006	1,298,426	806,049
Loss for the period	-	(13,274)
Dividend		(800,000)
	<u>1,298,426</u>	<u>(7,225)</u>
At 31 December 2006		

14 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 "Related party disclosures" not to disclose transactions with members of the Group headed by St Mark Homes II Plc on the grounds that at least 90% of the voting rights in the company are controlled within that Group and the company is included in consolidated financial statements

Related party transactions and balances

(a) Mizen Properties Limited

Office rental, rates and service charges of nil (2005 £5,632) were paid to Mizen Properties Limited

Bernard J Tansey is a director of the above company

All transactions above were conducted on normal commercial terms

St Mark Homes Capital Plc

Notes forming part of the financial statements for the period ended 31 December 2006

18 Reconciliation of movements in shareholder's funds	2006	2005
	£	£
(Loss)/profit for the period	(13,274)	212,802
Dividends	(800,000)	-
	<hr/>	<hr/>
	(813,274)	212,802
Opening shareholder's funds	3,641,115	3,428,313
	<hr/>	<hr/>
Closing shareholder's funds	2,827,841	3,641,115
	<hr/>	<hr/>

19 Ultimate parent company

At 31 December 2006 the company's ultimate parent company was St Mark Homes II Plc. Copies of the consolidated financial statements of St Mark Homes II Plc are available from Companies House.

20 Cash flow statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1, "Cash Flow Statements (Revised)", not to produce a cashflow statement on the grounds that a consolidated cashflow is produced by its parent company.

21 Financial Instruments

The treasury policy of the company is referred to in the directors report.

Short term debtors and creditors are not treated as financial assets and liabilities for disclosure purposes. Amounts for financial assets are stated at fair values. The fair values of financial assets and liabilities are the same as book values.

The pages which follow do not
form part of the statutory
financial statements of the company

St Mark Homes Capital Plc**Detailed profit and loss account for the period ended 31 December 2006**

	Page	2006 £	2005 £
Turnover		-	31,380
Cost of sales	16	<u>3,383</u>	<u>60,147</u>
Gross profit		(3,383)	(28,767)
Administrative expenses	16	<u>3,450</u>	<u>12,631</u>
Operating (loss)/profit		(6,833)	(41,398)
Other interest receivable and similar income	16	4,489	331,736
Interest payable and similar charges	16	<u>851</u>	<u>663</u>
(Loss)/profit on ordinary activities		<u>(3,195)</u>	<u>289,675</u>

St Mark Homes Capital Plc**Detailed profit and loss account for the year ended 31 December 2006**

	2006	2005
	£	£
Cost of sales		
Plant hire	(1,116)	2,214
Materials & consumables	2,859	4,969
Subcontractors	(174)	40,847
Contract and site management	-	10,353
Consultant and LA fees	-	-
Infrastructure charges & temporary services	3,019	1,764
Site security	(1,205)	
	<u>3,383</u>	<u>60,147</u>
Administrative expenses		
Directors fees	-	1,782
Audit and Accountancy	2,274	-
Office salaries	-	3,620
Depreciation- office fixtures	450	600
Rent, rates and service charges	-	5,632
Company secretarial	-	405
Telephone & fax	-	592
Postage, stationery & advertising	31	-
Sundry expenses	695	-
	<u>3,450</u>	<u>12,631</u>
Other interest receivable and similar income		
Bank and other deposits	<u>4,489</u>	<u>331,736</u>
Interest payable and similar charges		
Bank interest	<u>851</u>	<u>663</u>