

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 2005



Registered No. 3554954

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

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NORTH SWINDON DEVELOPMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2005.

Principal activity and business review

The principal activity of the company is the execution of infrastructure works for the central phase of development of the Haydon Sector at Swindon.

There has been no material change in the company's affairs since the balance sheet date.

Results and dividend

The profit for the financial year was £3,378 (2004: £3,486). The directors do not recommend the payment of a dividend (2004: £nil).

Creditor payment policy

The Company's policy concerning the payment of its trade creditors is as follows:

- to agree the terms of payment at the start of business with that supplier;
- to ensure that suppliers are aware of the terms of payment; and
- to pay in accordance with its contractual and other legal obligations.

Directors and directors' interests

The directors who held office during the year were as follows:

Mr D H Thompson
Mr E O'Keeffe
Mr R K Dodson
Mr D R Woodward
Mr N C Beckett (resigned 30th March 2006)
Mr B Smith

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Forum Secretarial Services
Secretary

Crest House
39 Thames Street
Weybridge
Surrey KT13 8JL

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the financial statements comply with the Companies Act 1985.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of North Swindon Development Company Limited

We have audited the financial statements of North Swindon Development Company Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 auditor's 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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the 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.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

[Date]

3/11/06

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
Turnover	1(b)	5,531,814	3,777,586
Cost of sales		(5,512,331)	(3,743,446)
		<hr/>	<hr/>
Gross profit		19,483	34,140
Administrative expenses		(25,368)	(52,586)
		<hr/>	<hr/>
Operating loss		(5,885)	(18,446)
Other interest receivable and similar income	5	14,236	24,456
Interest payable and similar charges	6	(4,973)	(424)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	3,378	5,586
Tax on profit on ordinary activities	7	-	(2,100)
		<hr/>	<hr/>
Profit for the financial year		3,378	3,486
Retained profit brought forward		19,651	16,165
		<hr/>	<hr/>
Retained profit carried forward		<u>23,029</u>	<u>19,651</u>

The company had no recognised gains or losses other than the profit for the year stated above, all of which was derived from continuing operations.

The notes on pages 8 to 12 form part of the financial statements

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
Fixed assets			
Tangible assets	8	15,463	20,618
Current assets			
Debtors	9	2,563,075	99,379
Cash at bank and in hand		421,039	1,132,605
		<u>2,984,114</u>	<u>1,231,984</u>
Creditors: amounts falling due within one year	10	(2,876,548)	(1,132,951)
Net current assets		<u>107,566</u>	<u>99,033</u>
Net assets		<u>123,029</u>	<u>119,651</u>
Capital and reserves			
Called up share capital	11	100,000	100,000
Profit and loss account		23,029	19,651
Equity shareholders' funds	12	<u>123,029</u>	<u>119,651</u>

These financial statements were approved by the board of directors on 3/11/ 2006 and were signed on its behalf by:

Director 

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Note</u>	<u>2005</u> £	<u>2004</u> £
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(5,885)	(18,446)
Depreciation		5,155	6,873
(Increase)/decrease in debtors		(2,463,696)	161,846
Increase/(decrease) in creditors		1,743,597	(458,056)
Net cash flow from operating activities		<u>(720,829)</u>	<u>(307,783)</u>
Cash flow statement			
Cash flow from operating activities		(720,829)	(307,783)
Returns on investments and servicing of finance	13	9,263	24,032
Taxation		-	(263)
Cash inflow before financing		<u>(711,566)</u>	<u>(284,014)</u>
Decrease in cash in the period		<u>(711,566)</u>	<u>(284,014)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(711,566)	(284,014)
Movement in net debt in the period		(711,566)	(284,014)
Net debt at the start of the period		1,132,605	1,416,619
Net debt at the end of the period		<u>421,039</u>	<u>1,132,605</u>

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

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

(b) Turnover

Turnover represents amounts received and receivable in respect of work carried out during the year and is recognised as the work is incurred.

(c) Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by reducing instalments over their estimated useful economic lives as follows:

Plant and vehicles	-	25% per annum
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(d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	<u>2005</u>	<u>2004</u>
	£	£
Auditors' remuneration:		
Audit	6,300	6,100
Other services	1,656	1,756
Depreciation and amounts written off tangible fixed assets owned	5,155	6,873
	<u> </u>	<u> </u>

3 Remuneration of directors

No directors' remuneration was paid during the year (2004: £nil).

4 Staff numbers and costs

No staff were employed by the company during the year (2004: nil).

5 Other interest receivable and similar income

	<u>2005</u>	<u>2004</u>
	£	£
Bank interest receivable	14,236	24,456
	<u> </u>	<u> </u>

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

6 Interest payable and similar charges

	<u>2005</u> £	<u>2004</u> £
On bank loans and overdrafts	4,973	424
	<u>4,973</u>	<u>424</u>

7 Taxation

There is no corporation tax charge for the current or prior year.

The current tax charge for the period is equal to (2004: equal to) the standard rate of corporation tax in the UK (0%, 2004: 0%). The differences are explained below:

	<u>2005</u> £	<u>2004</u> £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,378	5,586
	<u>-</u>	<u>-</u>
Current tax at 0% (2004: 0%)	<u>-</u>	<u>-</u>

Deferred tax note

The elements of deferred taxation are as follows:

	<u>2005</u> £	<u>2004</u> £
Difference between accumulated depreciation and amortisation and capital allowances	2,703	3,604
Carry forward losses	5,838	5,838
	<u>8,541</u>	<u>9,442</u>
Deferred tax asset at current effective rate	<u>-</u>	<u>-</u>

The potential deferred tax asset arising has no longer been recognised as the effective tax rate is considered to be nil as the Company has been established to break even and therefore it should have no tax to pay and no taxable profits against which the asset could be offset.

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS
(continued)

8 Tangible fixed assets

	Plant & vehicles £
<i>Cost</i>	
At 1 January & 31 December 2005	65,164
<i>Depreciation</i>	
At 1 January 2005	44,546
Charged in year	5,155
At 31 December 2005	49,701
<i>Net Book Value</i>	
At 31 December 2005	15,463
At 31 December 2004	20,618

9 Debtors

	<u>2005</u> £	<u>2004</u> £
Amounts owed by shareholders	2,563,075	31,364
Other debtors	-	68,015
	<u>2,563,075</u>	<u>99,379</u>

10 Creditors: amounts falling due within one year

	<u>2005</u> £	<u>2004</u> £
Trade creditors	585,327	327,791
Amounts owed to shareholders	1,650,925	759,960
Other taxes and social security	578,140	-
Accruals and deferred income	62,156	45,200
	<u>2,876,548</u>	<u>1,132,951</u>

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

11 Called up share capital

	<u>2005</u> £	<u>2004</u> £
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12 Reconciliation of movements in shareholders' funds

	<u>2005</u> £	<u>2004</u> £
Profit for the financial year	3,378	3,486
Net addition to shareholders' funds	3,378	3,486
Opening shareholders' funds	119,651	116,165
Closing shareholders' funds	<u>123,029</u>	<u>119,651</u>

13 Analysis of cash flows

	<u>2005</u> £	<u>2004</u> £
Returns on investment and servicing of finance		
Interest received	14,236	24,456
Interest paid	(4,973)	(424)
	<u>9,263</u>	<u>24,032</u>

14 Analysis of net debt

	<u>At beginning of year</u> £	<u>Cash flow</u> £	<u>At end of year</u> £
Cash in hand and at bank	1,132,691	(711,652)	421,039
Overdraft	(86)	86	-
	<u>1,132,605</u>	<u>(711,566)</u>	<u>421,039</u>

NORTH SWINDON DEVELOPMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

15 Related Party Transactions

During the year the services provided to the shareholders were as follows:

	<u>Turnover</u>	<u>Amounts outstanding at end of year</u>
	£	£
Crest Estates Limited	2,293,440	1,438,668
McLagan Investments Limited	-	-
Bryant Homes South West Limited	732,746	(341,313)
George Wimpey Strategic Land Management Limited	569,176	(631,850)
JS Bloors (Swindon) Homes Limited	1,348,837	1,018,472
Westbury Homes Holdings Limited	587,615	(677,762)

The Company is jointly owned by the above companies which are all registered in England and Wales.