

**DOVERLINE LIMITED**

CONSOLIDATED FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2003

**DOVERLINE LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

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Company registration number: 3664351

Registered office: The Clockhouse  
Frogmoor  
HIGH WYCOMBE  
Buckinghamshire  
HP13 5DL

Directors: D C L Miller  
R L Chalcraft  
A Lakhani

Secretary: A Lakhani

Bankers: National Westminster Bank Plc  
Abbey Gardens  
4 Abbey Street  
READING  
Berkshire  
RG1 3BA

Solicitors: Jeffrey Green Russell  
Apollo House  
56 New Bond Street  
LONDON  
W1Y 0SZ

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
1 Westminster Way  
OXFORD  
Oxfordshire  
OX2 0PZ

**DOVERLINE LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

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# DOVERLINE LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

### Principal activity

The group is principally engaged in one activity, namely building and estate management.

### Business review

The group's loss for the year was £1,190,000 (2002: profit £1,612,000). Preference dividends amounted to £100,000 (2002: £100,000).

### Directors

The present membership of the Board is set out below:

The interests of the directors and their families in the shares of the company as at 31 December 2003 and 1 January 2002 are set out below:

	Ordinary shares at 31 December 2003	Ordinary shares at 1 January 2002	Preference shares 31 December 2003	Preference shares 1 January 2002
R L Chalcraft	250	250	-	1,000,000
A Lakhani	-	-	-	-
D C Miller	-	-	-	-

### Directors' responsibilities for the financial statements

Company law in the United Kingdom 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 the group and of the profit or loss of the group 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, 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, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DOVERLINE LIMITED**

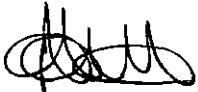
**REPORT OF THE DIRECTORS**

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A Lakhani  
Secretary  
12 May 2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**DOVERLINE LIMITED**

We have audited the financial statements of Doverline Limited for the year ended 31 December 2003 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and notes 1 to 24. 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 we have formed.

**Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

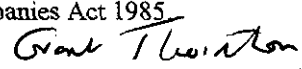
**Basis of opinion**

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 group'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 affairs of the company and the group at 31 December 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**  
**OXFORD**  
**13 May 2004**

## **DOVERLINE LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **BASIS OF PREPARATION**

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

The principal accounting policies of the company have remained unchanged from the previous year.

#### **BASIS OF CONSOLIDATION**

These group financial statements consolidate those of the company and of its subsidiary undertakings (see note 9) drawn up to 31 December 2003. The results of subsidiaries acquired or disposed of during the year have been included from the date of acquisition or to the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities, which exist at the date of acquisition, are recorded at their fair values reflecting their condition at that time.

#### **JOINT VENTURES**

The group financial statements incorporate joint ventures under the equity method of accounting. The company balance sheet shows the investment in the joint venture at cost.

#### **TURNOVER**

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for the sale of houses and land.

Sales of houses are recognised if a legally binding unconditional contract has been exchanged which is completed no more than eight weeks later.

#### **DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives as follows:

The rates generally applicable are:

Freehold buildings	50 years
Short leasehold improvements	period of the lease
Plant and equipment	3 to 5 years

#### **STOCKS AND WORK IN PROGRESS**

Land and developments held as trading stock are valued at the lower of direct cost plus attributable overheads, including finance charges, and net realisable value. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stocks.

#### **DEFINED CONTRIBUTION SCHEME**

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

## **DOVERLINE LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

#### **GOODWILL**

Goodwill arising from the acquisition of subsidiary undertakings, representing the difference between the purchase consideration and fair value of net assets acquired, has, for acquisitions made after 31 December 1997, been capitalized in accordance with the requirements of Financial Reporting Standard number 10 (FRS 10). Goodwill is amortised on a straight-line basis over its estimated useful economic life. Purchased goodwill accounted for in accounting periods ending before 23 December 1998, the implementation date of FRS 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

#### **DEFERRED TAXATION**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.



**DOVERLINE LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Total 2003 £'000	2002 £'000
Turnover	1	6,164	19,360
Cost of sales		<u>(5,160)</u>	<u>(15,791)</u>
<b>Gross profit</b>		<b>1,004</b>	<b>3,569</b>
Administrative expenses		(2,813)	(1,717)
Other operating income		<u>162</u>	<u>166</u>
<b>Operating Profit</b>		<b>(1,647)</b>	<b>2,018</b>
Net interest payable	2	<u>(133)</u>	<u>(385)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	1	<b>(1,780)</b>	<b>1,633</b>
Tax on (loss)/profit on ordinary activities	4	<u>590</u>	<u>(21)</u>
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(1,190)</b>	<b>1,612</b>
Dividend	5	<u>(100)</u>	<u>(100)</u>
<b>(Loss)/profit on ordinary activities</b>		<b>(1,290)</b>	<b>1,512</b>
Equity minority interests		<u>484</u>	<u>(619)</u>
<b>Retained (loss)/profit for the year transferred (from)/to reserves</b>	15	<b><u>(806)</u></b>	<b><u>893</u></b>

There were no recognised gains or losses other than the loss for the financial year.

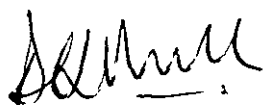
All activities of the group are classed as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

**DOVERLINE LIMITED****CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2003**

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Intangible assets	7	81	-
Tangible assets	8	3,768	1,558
Investments	9	-	10
		<u>3,849</u>	<u>1,568</u>
<b>Current assets</b>			
Stocks	10	19,205	10,761
Debtors	11	5,830	5,783
Cash at bank and in hand		663	435
		<u>25,698</u>	<u>16,979</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(22,552)</u>	<u>(11,625)</u>
<b>Net current assets</b>		<u>3,146</u>	<u>5,354</u>
<b>Total assets less current liabilities</b>		<u>6,995</u>	<u>6,922</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(3,256)</u>	<u>(1,900)</u>
<b>Net assets</b>		<u>3,739</u>	<u>5,022</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,001	1,001
Profit and loss account	15	1,418	2,136
<b>Total Shareholders' funds</b>		<u>2,419</u>	<u>3,137</u>
<b>Minority interests</b>		<u>1,320</u>	<u>1,885</u>
		<u>3,739</u>	<u>5,022</u>
<b>Equity shareholders' funds</b>		<u>1,197</u>	<u>2,003</u>
<b>Non-equity shareholders' funds</b>		<u>1,222</u>	<u>1,134</u>
		<u>2,419</u>	<u>3,137</u>

The financial statements were approved by the Board of Directors on 12 May 2004.



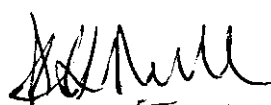
D C L Miller  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**DOVERLINE LIMITED****COMPANY BALANCE SHEET AS AT 31 DECEMBER 2003**

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	9	1,005	1,005
<b>Current assets</b>			
Debtors	11	19	1,077
<b>Creditors: amounts falling due within one year</b>	12	(23)	(1,081)
<b>Net current liabilities</b>		(4)	(4)
		<u>1,001</u>	<u>1,001</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,001	1,001
Profit and loss account	15	-	-
		<u>1,001</u>	<u>1,001</u>

The financial statements were approved by the Board of Directors on 12 May 2004.



D C L Miller  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**DOVERLINE LIMITED****CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 £'000	2002 £'000
Net cash (outflow)/inflow from operating activities	17	(9,454)	982
<b>Returns on investments and servicing of finance</b>			
Interest received		2	1
Interest paid		(135)	(386)
Non-equity dividend paid		(62)	-
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(195)</u>	<u>(385)</u>
<b>Taxation</b>			
Corporation tax		<u>86</u>	<u>321</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	8	(119)	(44)
Sale of tangible fixed assets		<u>10</u>	<u>-</u>
		<u>(109)</u>	<u>(44)</u>
<b>Acquisitions and disposals</b>			
Net cash from purchase of subsidiary		93	-
Sale of investments	9	<u>10</u>	<u>-</u>
<b>Net cash inflow from acquisitions and disposals</b>		<u>103</u>	<u>-</u>
<b>Financing</b>			
Receipts from borrowings		11,400	-
Repayments of borrowings		(1,650)	(467)
Capital element of finance leases		<u>47</u>	<u>-</u>
<b>Net cash outflow from financing</b>		<u>9,797</u>	<u>(467)</u>
<b>Increase in cash in the period</b>	18	<u>228</u>	<u>407</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

# DOVERLINE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

### 1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to one activity namely building and estate management. This is carried on in a single geographical market.

The profit on ordinary activities before taxation is stated after:

	2003 £'000	2002 £'000
Auditors' remuneration:		
Audit services	42	44
Non-audit services	18	15
Depreciation – owned assets	74	82
(Profit)/loss on sale of fixed assets	(10)	3
Hire of plant and machinery	73	98

### 2 NET INTEREST

	2003 £'000	2002 £'000
On bank loans, overdrafts and other loans repayable within five years, otherwise than by instalments	135	386
Interest receivable	(2)	(1)
	133	385

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2003 £'000	2002 £'000
Wages and salaries	1,493	1,183
Social security costs	185	106
Other pension costs	47	40
	1,725	1,329

The average number of employees of the group during the year was 34 (2002: 26).

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2003**

Remuneration in respect of directors was as follows:

	2003 £'000	2002 £'000
Emoluments	188	166
Other pension costs	27	26
	<u>215</u>	<u>192</u>

During the year 2 directors (2002: 2) participated in the defined contribution pension scheme.

**4 TAXATION**

The tax (credit)/charge is based on the (loss)/profit for the year and represents:

	2003 £'000	2002 £'000
UK corporation tax at 30% (2002: 30%)	-	21
Adjustments in respect of prior years	<u>(590)</u>	<u>-</u>
	<u>(590)</u>	<u>21</u>

Factors affecting tax charge for the period:

The tax assessed on the group is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%).

	2003 £'000	2002 £'000
(Loss)/profit on ordinary activities before tax	<u>(1,780)</u>	<u>1,633</u>
(Loss)/profit on ordinary activities by rate of tax	(534)	490
Utilisation of losses	(4)	(558)
Expenses disallowed for taxation purposes	106	133
Depreciation in excess of capital allowances	(10)	6
Other adjustments	-	(50)
Losses carried forward	442	-
Adjustments in respect of prior year	<u>(590)</u>	<u>-</u>
	<u>(590)</u>	<u>21</u>

The group has tax losses available, which can be offset against future taxable profits. A deferred tax asset has not been recognised due to the uncertainties surrounding the timing of reversals.

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2003****5 DIVIDEND**

	2003 £'000	2002 £'000
Preference dividend	<u>100</u>	<u>100</u>

Preference dividends at a rate of 10% are payable in arrears. The preference dividends due from 13 November 2000 payable in arrears remained unpaid at 31 December 2003, 2002, 2001 and 2002 and have been added back to reserves. The total arrears due at 31 December 2003 was £222,000 (2002:£134,000).

**6 LOSS FOR THE FINANCIAL YEAR**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year amounted to £12,000 (2002: loss £69,000).

**7 INTANGIBLE FIXED ASSETS**

The Group	Goodwill £'000
Cost	
At 1 January 2003	-
Additions	81
At 31 December 2003	<u>81</u>
Amortisation	
At 1 January 2003	-
Provided in the year	-
At 31 December 2003	<u>-</u>
Net book amount at 31 December 2003	<u>81</u>
Net book amount at 31 December 2002	<u>-</u>

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

**8 TANGIBLE FIXED ASSETS**

<b>The Group</b>	<b>Land and buildings £'000</b>	<b>Plant and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2003	1,550	419	1,969
Additions	-	119	119
Disposals	-	(152)	(152)
Additions on the acquisition of subsidiary undertaking	2,165	-	2,165
At 31 December 2003	<u>3,715</u>	<u>386</u>	<u>4,101</u>
<b>Depreciation</b>			
At 1 January 2003	75	336	411
Provided in the year	20	54	74
Disposals	-	(152)	(152)
At 31 December 2003	<u>95</u>	<u>238</u>	<u>333</u>
<b>Net book amount at 31 December 2003</b>	<u><b>3,620</b></u>	<u><b>148</b></u>	<u><b>3,768</b></u>
<b>Net book amount at 31 December 2002</b>	<u><b>1,475</b></u>	<u><b>83</b></u>	<u><b>1,558</b></u>

**9 FIXED ASSETS INVESTMENTS**

<b>The Group</b>	<b>Investment in joint venture</b>
<b>Cost</b>	
At 1 January 2003	10
Disposal	<u>(10)</u>
<b>Net book value at 31 December 2003</b>	<u><b>-</b></u>
<b>Net book value at 31 December 2002</b>	<u><b>10</b></u>

The joint venture in which the group had an interest was Saxon VCT Limited, this was disposed of during the year.

<b>Company</b>	<b>Shares in group undertakings £'000</b>
<b>Cost</b>	
At 1 January 2003 and at 31 December 2003	<u>1,005</u>



**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2003**

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At 31 December 2003 the group or the company held 20% or more of the nominal value of any class of share capital, all of which were incorporated in England and Wales, details as follows:

	<b>Class of share capital held</b>	<b>Proportion held</b>	<b>Nature of business held</b>
Roxylight Homes Limited	Ordinary	62.5%	Parent company
Saxon Developments Limited	Ordinary	100%	House building and estate management
Zaburn Properties Limited	Ordinary	100%	Leasing of commercial properties
Roxylight Midland Limited (held by Saxon Development Limited)	Ordinary	100%	Investment company
Towergate Homes Limited (held by Saxon Developments)	Ordinary	100%	Property Development
Sneiton Market Developments (held by Saxon Developments)	Ordinary	50%	Property investment
Roxylight Properties Limited (held by Roxylight Midlands Limited and Saxon Developments Limited)	Ordinary 'A' and 'B'	100%	Property development
Edmond Properties Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development
Saxon Urban Limited (held by Saxon Developments Limited)	Ordinary	100%	Investment company
Saxon Urban (One) Limited (held by Saxon Urban Limited)	Ordinary	50%	Property development
Saxon Urban (Two) Limited (held by Saxon Urban Limited)	Ordinary	100%	Property development
Saxon Urban (Three) Limited (held by Saxon Urban Limited)	Ordinary	100%	Property development
Saxon Urban (Four) Limited (held by Saxon Urban Limited)	Ordinary	100%	Property development
Saxon Urban (Five) Limited (held by Saxon Urban Limited)	Ordinary	100%	Property development
Edmond Homes Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development

## DOVERLINE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	Class of share capital held	Proportion held	Nature of business held
Sunguard Homes Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development
Sneinton Space Management Limited (held by Roxylight Properties Limited)	Ordinary 'A' and 'B' Deferred	100%	Property management

There are further companies all of which are wholly owned, dormant and registered in England and Wales.

On the 12 December 2003 the group acquired a 50% holding in Sneiton Market Developments Limited for a consideration of £Nil. Goodwill arising on the acquisition of Sneiton Market Developments Limited has been capitalised and will be amortised over 5 years. The investment in Sneiton Market Developments Limited has been included in the group's balance sheet at its fair value at the date of acquisition.

Sneinton Market Developments Limited earned a profit before tax of £54,505 for the 6 month period from 30 June 2003 to 31 December 2003, of which £Nil arose in the period from 12 December 2003, the date of acquisition, to 31 December 2003.

The assets and liabilities of Sneinton Market Developments Limited acquired were as follows:

	£'000
Fixed assets	
Tangible	2,165
Current assets	
Stock	11
Debtors	133
Cash at bank	93
Total assets	<u>2,402</u>
Creditors	
Bank loan	1,981
Trade creditors	20
Other creditors	563
Total liabilities	<u>2,564</u>
Net liabilities	(162)
Purchased goodwill capitalised	81
Minority interest	<u>(81)</u>

## 10 STOCKS

The Group	2003 £'000	2002 £'000
Land and developments held as trading stock	<u>19,205</u>	<u>10,761</u>

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

**11 DEBTORS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	94	590	-	-
Other debtors	1,501	1,923	19	1,077
Amounts due from related parties	3,924	3,237	-	-
Taxation recoverable	161	-	-	-
Prepayments and accrued income	150	33	-	-
	<u>5,830</u>	<u>5,783</u>	<u>19</u>	<u>1,077</u>

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>The Group</b>		<b>The Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	17,801	7,401	-	-
Trade creditors	1,829	294	-	-
Retentions	368	466	-	-
Amounts owed to related parties	250	1,250	-	-
Amounts owed to group companies	-	-	7	1,002
Corporation tax	160	664	-	-
Social security and other taxes	194	236	-	-
Accruals and deferred income	1,047	958	4	17
Dividends payable	12	62	12	62
Amounts due under finance lease and hire	22	-	-	-
Other creditors	869	294	-	-
	<u>22,552</u>	<u>11,625</u>	<u>23</u>	<u>1,081</u>

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	1,981	1,650
Amounts due under finance lease and hire	25	-
Amounts owed to related companies	1,250	250
	<u>3,256</u>	<u>1,900</u>

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2003**

Borrowings are repayable as follows:

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Within one year		
Bank and other borrowings	17,801	7,401
Finance leases	22	-
After one and within two years		
Finance leases	25	-
After two and within five years		
Amounts owed to related companies	1,250	250
After five years		
Bank and other borrowings	1,981	1,650
	<u>21,079</u>	<u>9,301</u>

The bank loans are secured by fixed and floating charges over all the group's assets and by first legal mortgages over certain land held in stock by the group.

**14 SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
1,000,000 10% Cumulative Redeemable Preference shares of £1 each	1,000	1,000
	<u>1,001</u>	<u>1,001</u>
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	1	1
1,000,000 10% Cumulative Redeemable Preference shares of £1 each	1,000	1,000
At 31 December 2003	<u>1,001</u>	<u>1,001</u>

**Preference shares**

No dividend is payable in respect of the preference shares in relation to the two years to 13 November 2000. An 8% dividend paid quarterly in arrears is due for the year to 13 November 2001. From that date the cumulative dividend is 10% per annum. The cumulative preference dividend is to be paid in priority to any payment of dividends to ordinary shareholders.

The preference shares may be redeemed any time after 31 December 1998 if any person acquires directly or indirectly legal or beneficial ownership of any shares with an aggregate voting right of 50% of the ordinary share capital.

If not previously redeemed, redemption date is 13 November 2001. If the company is unable to redeem due to the law or other restrictions they should be redeemed as soon thereafter as the law or other such restrictions allow.

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

**15 PROFIT AND LOSS ACCOUNT**

<b>The Group</b>	<b>£'000</b>
At 1 January 2003	2,136
Retained loss for the year	(806)
Unpaid preference dividend	88
<b>At 31 December 2003</b>	<b>1,418</b>

<b>The Company</b>	<b>£'000</b>
At 1 January 2003	-
Loss transferred for the year	(88)
Unpaid preference dividend	88
<b>At 31 December 2003</b>	<b>-</b>

**16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial year	(1,190)	1,612
Preference dividends	(100)	(100)
Minority interest	484	(619)
Unpaid dividend	88	38
Net (decrease)/increase in shareholders' funds	(718)	931
Shareholders funds at 1 January 2003	3,137	2,206
Shareholders' funds at 31 December 2003	2,419	3,137

**17 NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Operating (loss)/profit	(1,647)	2,018
Depreciation	74	82
Increase in stock	(8,432)	(421)
Decrease/ (increase) in debtors	90	(1,474)
Increase in creditors	471	775
(Profit)/loss on sale of fixed assets	(10)	2
Net cash (outflow)/inflow from operating activities	(9,454)	982

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

**18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Increase in cash	228	407
Cash (inflow)/outflow from financing in the year	(9,750)	467
Loan acquired with subsidiary undertaking	(1,981)	-
Cash inflow from finance leases	(47)	-
Movement in net debt in the year	<b>(11,550)</b>	<b>874</b>
Net debt at 1 January 2003	<b>(8,866)</b>	<b>(9,740)</b>
Net debt at 31 December 2003	<b>(20,416)</b>	<b>(8,866)</b>

**19 ANALYSIS OF CHANGES IN NET DEBT**

	<b>At</b>			<b>At</b>
	<b>1 January 2003</b>	<b>Cash flow</b>	<b>Acquisition</b>	<b>31 December 2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	435	135	93	663
	435	135	93	663
Debt	(9,301)	(9,750)	(1,981)	(21,032)
Finance leases	-	(47)	-	(47)
	<b>(8,866)</b>	<b>(9,662)</b>	<b>(1,888)</b>	<b>(20,416)</b>

**20 CAPITAL COMMITMENTS**

Neither the group nor the company had any capital commitments at 31 December 2003 or 31 December 2002.

**21 CONTINGENT LIABILITIES**

The company is party to a multilateral guarantee in respect of its bank borrowings and those of its group undertakings.

The group had no other contingent liabilities at 31 December 2003 and 31 December 2002.

**22 LEASING COMMITMENTS**

The group has operating lease payments amounting to £45,000 (2002: £73,000).

The leases to which these payments relate expire as follows:

	<b>2003</b>	<b>2002</b>
	<b>Other</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	18	10
Between one and five years	27	63
	<b>45</b>	<b>73</b>

**DOVERLINE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2003

**23 PENSIONS**

## Defined Contribution Schemes

Saxon Developments Limited operates a defined contribution pension scheme for the benefit of its employees. Edmond Holdings Limited operates two defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those companies.

**24 RELATED PARTY TRANSACTIONS**

During the year the company and the group entered into the following transactions with related parties:

Related party	Nature of transaction	Income/ (expenditure) £'000	2003 debtor/(creditor) £'000	2002 debtor/(creditor) £'000
Roxylight Group Services Limited	Management fee	-	618	618
	Management fee	(200)	-	-
	Loan	-	(64)	(64)
	Loan	-	110	116
	Loan	-	208	-
	Loan	-	276	-
Leongreen Limited	Counter Indemnity	(250)	100	350
Galleondeal Limited	Loan	190	79	-
Roxylight Limited	Loan	-	1,197	1,197
	Loan	-	171	180
	Loan	-	20	-
	Cost paid on its behalf	-	73	-
Law Mining Limited	Loan	-	469	469
Swan Court Property Limited	Loan	-	(250)	(250)
	Loan	-	180	180
R O'Rourke & Son Limited	Loan	-	(1,000)	(1,000)
Bond Group plc	Costs paid on its behalf	-	-	21
	Management charges	(50)	(50)	-
R Chalcraft	Loan	-	-	(151)
	Rent	(12)	-	-
Sneinton Market Development Limited	Loan	-	-	25
	Loan	-	-	(5)
Bond Homes (Salford) Limited	Costs paid on its behalf	-	-	(11)
Eastside & City Developments	Loan	-	52	-
Stone Market Limited	Loan	-	66	66
Saxon VCT Limited	Developers fee	(5)	-	11
		27	-	-

The above companies are related as a result of common control.