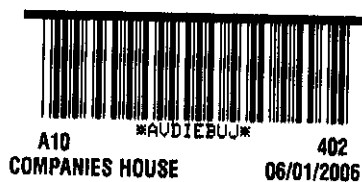


Company Registration No. 3751909 (England and Wales)

BUXTON HOMES (SOUTHWARK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005



BUXTON HOMES (SOUTHWARK) LIMITED

COMPANY INFORMATION

Directors	D.W. Buxton S.W. Buxton
Secretary	S.W. Buxton
Company number	3751909
Registered office	Cedar House, 91 High Street Caterham Surrey CR3 5UH
Auditors	Lawrence Wong & Co 2 Parkfield Gardens Harrow Middlesex HA2 6JR
Business address	Cedar House, 91 High Street Caterham Surrey CR3 5UH

BUXTON HOMES (SOUTHWARK) LIMITED

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BUXTON HOMES (SOUTHWARK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2005

The directors present their report and financial statements for the year ended 31 July 2005.

Principal activities

The principal activity of the company continued to be that of renting out investment properties.

Directors

The following directors have held office since 1 August 2004:

D.W. Buxton
S.W. Buxton

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 July 2005	1 August 2004
D.W. Buxton	-	-
S.W. Buxton	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Messrs. Lawrence Wong & Co., be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

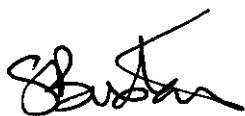
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



S.W. Buxton
Director

12 October 2005

BUXTON HOMES (SOUTHWARK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BUXTON HOMES (SOUTHWARK) LIMITED

We have audited the financial statements of BUXTON HOMES (SOUTHWARK) LIMITED on pages 4 to 10 for the year ended 31 July 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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.

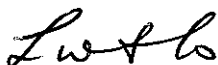
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BUXTON HOMES (SOUTHWARK) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF BUXTON HOMES (SOUTHWARK) LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Lawrence Wong & Co

12 October 2005

Chartered Accountants
Registered Auditor

2 Parkfield Gardens
Harrow
Middlesex
HA2 6JR

BUXTON HOMES (SOUTHWARK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2005

	Notes	2005 £	2004 £
Turnover		196,037	188,657
Property costs		(54,868)	(64,530)
Administrative expenses		(2,893)	(8,265)
Operating profit	2	138,276	115,862
Other interest receivable and similar income		237	43
Interest payable and similar charges		(96,180)	(83,555)
Profit on ordinary activities before taxation		42,333	32,350
Tax on profit on ordinary activities	3	(15,784)	(7,023)
Profit on ordinary activities after taxation	10	26,549	25,327

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

BUXTON HOMES (SOUTHWARK) LIMITED

BALANCE SHEET AS AT 31 JULY 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	4 and 5		4,034,539		3,331,808
Current assets					
Debtors	6	1,178		4,170	
Cash at bank and in hand		32,829		44,170	
		<u>34,007</u>		<u>48,340</u>	
Creditors: amounts falling due within one year	7	<u>(1,015,045)</u>		<u>(1,033,770)</u>	
Net current liabilities			<u>(981,038)</u>		<u>(985,430)</u>
Total assets less current liabilities			3,053,501		2,346,378
Creditors: amounts falling due after more than one year	8		<u>(1,535,415)</u>		<u>(1,559,841)</u>
			<u>1,518,086</u>		<u>786,537</u>
Capital and reserves					
Called up share capital	9		2		2
Revaluation reserve	10		1,422,404		717,404
Profit and loss account	10		95,680		69,131
Shareholders' funds - equity interests	11		<u>1,518,086</u>		<u>786,537</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 12 October 2005



S.W. Buxton
Director

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents rents receivable and excludes value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% on written down value
--------------------------------	---------------------------

Investment properties

Investment properties are included in the balance sheet at their open market value as valued by the directors. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, 'Accounting for Investment Properties', it is a departure from the general requirement of the Companies Act 1985 for all tangible fixed assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the accounts to give a true and fair view.

Depreciation and amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the incremental liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	2,269	2,269
Auditors' remuneration	2,468	2,115
	<u> </u>	<u> </u>

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

3	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	12,993	7,023
	Adjustment for prior years	2,791	-
	Current tax charge	<u>15,784</u>	<u>7,023</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>42,333</u>	<u>32,350</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 21.35%)	<u>12,700</u>	<u>6,907</u>
	Effects of:		
	Depreciation add back	681	484
	Capital allowances	(388)	(368)
	Adjustments to previous periods	2,791	-
		<u>3,084</u>	<u>116</u>
	Current tax charge	<u>15,784</u>	<u>7,023</u>
4	Tangible fixed assets		Fixtures, fittings & equipment £
	Cost or valuation		
	At 1 August 2004 & at 31 July 2005		<u>16,035</u>
	Depreciation		
	At 1 August 2004		9,227
	Charge for the year		<u>2,269</u>
	At 31 July 2005		<u>11,496</u>
	Net book value		
	At 31 July 2005		<u>4,539</u>
	At 31 July 2004		<u>6,808</u>

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

5 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 August 2004	3,325,000
Revaluation	705,000
	<u> </u>
At 31 July 2005	<u>4,030,000</u>

The investment properties were revalued in August 2005 by Cluttons, on an open market basis. The directors believe that the valuation represents the current open market value of the properties. No depreciation is provided in respect of these properties.

On an historical cost basis these would have been included at an original cost of £2,607,596.

6 Debtors	2005 £	2004 £
Amounts owed by joint venture and associated companies	-	770
Other debtors and prepayments	1,178	3,400
	<u> </u>	<u> </u>

7 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	31,256	34,068
Taxation and social security	12,993	7,023
Payments received on account	2,209	-
Amounts owed to joint venture and associated companies	933,658	959,028
Other creditors and accruals	34,929	33,651
	<u> </u>	<u> </u>
	<u>1,015,045</u>	<u>1,033,770</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

8 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	1,535,415	1,559,841
Analysis of loans		
Wholly repayable within five years	177,048	188,776
Included in current liabilities	(31,256)	(34,068)
	145,793	154,708
Loan maturity analysis		
In more than one year but not more than two years	33,207	35,819
In more than two years but not more than five years	112,586	118,889
In more than five years	1,389,622	1,405,133
	1,535,415	1,559,841

The bank loan is secured by a fixed and floating charge over the assets of the company. The loan facility was renewed 17.11.03 and is repayable over 25 years and interest is calculated at 1.25% over the bank base rate. At the year end, the rate was 5.75%. The interest is covered by a Base rate swap taken by a connected company to cover interest fluctuation.

9 Share capital	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

10 Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
Balance at 1 August 2004	717,404	69,131
Retained profit for the year	-	26,549
Revaluation during the year	705,000	-
Balance at 31 July 2005	1,422,404	95,680

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2005

11 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	26,549	25,327
Other recognised gains and losses	705,000	525,000
	<hr/>	<hr/>
Net addition to shareholders' funds	731,549	550,327
Opening shareholders' funds	786,537	236,210
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,518,086</u>	<u>786,537</u>