

Company Registration No. 3751909 (England and Wales)

BUXTON HOMES (SOUTHWARK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004



BUXTON HOMES (SOUTHWARK) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | D.W. Buxton S.W. Buxton |
| Secretary | G. J. Blackford |
| 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 2004

The directors present their report and financial statements for the year ended 31 July 2004.

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 2003:

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 2004 | 1 August 2003 |
| D.W. Buxton | - | - |
| S.W. Buxton | - | - |

D. W Buxton and S. W. Buxton are also directors of the ultimate parent company, W & R Buxton Holdings Limited, and their interests in the share capital of that company are shown in its financial statements.

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.

BUXTON HOMES (SOUTHWARK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

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 2004

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 5 to 11 for the year ended 31 July 2004. 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 2 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.

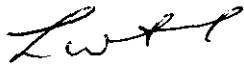
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 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 2004

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 2004

| | Notes | 2004 £ | 2003 £ |
|--|-----------|-----------|-----------|
| Turnover | | 188,657 | 193,875 |
| Property costs | | (64,530) | (51,971) |
| Administrative expenses | | (8,265) | (1,567) |
| Operating profit | 2 | 115,862 | 140,337 |
| Other interest receivable and similar income | | 43 | 40 |
| Interest payable and similar charges | | (83,555) | (91,302) |
| Profit on ordinary activities before taxation | | 32,350 | 49,075 |
| Tax on profit on ordinary activities | 3 | (7,023) | (13,953) |
| Profit on ordinary activities after taxation | 10 | 25,327 | 35,122 |

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.

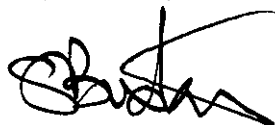
BUXTON HOMES (SOUTHWARK) LIMITED

BALANCE SHEET AS AT 31 JULY 2004

| | Notes | 2004 £ | £ | 2003 £ | £ |
|--|---------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 4 and 5 | 3,331,808 | | 2,809,077 | |
| Current assets | | | | | |
| Debtors | 6 | 4,170 | | - | |
| Cash at bank and in hand | | 44,170 | | 12,456 | |
| | | <u>48,340</u> | | <u>12,456</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(1,033,770)</u> | | <u>(1,046,037)</u> | |
| Net current liabilities | | <u>(985,430)</u> | | <u>(1,033,581)</u> | |
| Total assets less current liabilities | | 2,346,378 | | 1,775,496 | |
| Creditors: amounts falling due after more than one year | 8 | <u>(1,559,841)</u> | | <u>(1,539,286)</u> | |
| | | <u>786,537</u> | | <u>236,210</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 9 | 2 | | 2 | |
| Revaluation reserve | 10 | 717,404 | | 192,404 | |
| Profit and loss account | 10 | 69,131 | | 43,804 | |
| Shareholders' funds - equity interests | 11 | <u>786,537</u> | | <u>236,210</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 2004



S.W. Buxton
Director

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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

| | 2004 | 2003 |
|--|-------|-------|
| | £ | £ |
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 2,269 | 3,026 |
| Auditors' remuneration | 2,115 | 1,288 |

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

| 3 | Taxation | 2004 | 2003 |
|---|--|--------|---|
| | | £ | £ |
| | Domestic current year tax | | |
| | U.K. corporation tax | 7,023 | 14,886 |
| | Adjustment for prior years | - | (933) |
| | | <hr/> | <hr/> |
| | Current tax charge | 7,023 | 13,953 |
| | | <hr/> | <hr/> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 32,350 | 49,075 |
| | | <hr/> | <hr/> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.35% (2003: 30.00%) | 6,907 | 14,723 |
| | | <hr/> | <hr/> |
| | Effects of: | | |
| | Depreciation add back | 484 | 908 |
| | Capital allowances | (368) | (745) |
| | Adjustments to previous periods | - | (933) |
| | | <hr/> | <hr/> |
| | | 116 | (770) |
| | | <hr/> | <hr/> |
| | Current tax charge | 7,023 | 13,953 |
| | | <hr/> | <hr/> |
| 4 | Tangible fixed assets | | |
| | | | Fixtures, fittings & equipment £ |
| | Cost or valuation | | |
| | At 1 August 2003 & at 31 July 2004 | | 16,035 |
| | | | <hr/> |
| | Depreciation | | |
| | At 1 August 2003 | | 6,958 |
| | Charge for the year | | 2,269 |
| | | | <hr/> |
| | At 31 July 2004 | | 9,227 |
| | | | <hr/> |
| | Net book value | | |
| | At 31 July 2004 | | 6,808 |
| | | | <hr/> |
| | At 31 July 2003 | | 9,077 |
| | | | <hr/> |

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

5 Tangible fixed assets

| | Investment properties £ |
|--------------------------|-------------------------------|
| Cost or valuation | |
| At 1 August 2003 | 2,800,000 |
| Revaluation | 525,000 |
| | <u>3,325,000</u> |
| At 31 July 2004 | <u>3,325,000</u> |

The investment properties were revalued in November 2003 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 | 2004 £ | 2003 £ |
|--|--------------|-----------|
| Amounts owed by joint venture and associated companies | 770 | - |
| Other debtors and prepayments | 3,400 | - |
| | <u>4,170</u> | <u>-</u> |

| 7 Creditors: amounts falling due within one year | 2004 £ | 2003 £ |
|--|------------------|------------------|
| Bank loans and overdrafts | 34,068 | 60,000 |
| Taxation and social security | 7,023 | 14,886 |
| Amounts owed to joint venture and associated companies | 959,028 | 941,861 |
| Other creditors and accruals | 33,651 | 29,290 |
| | <u>1,033,770</u> | <u>1,046,037</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 2004

| 8 Creditors: amounts falling due after more than one year | 2004 £ | 2003 £ |
|---|------------------|------------------|
| Bank loans | <u>1,559,841</u> | <u>1,539,286</u> |
| Analysis of loans | | |
| Wholly repayable within five years | 188,776 | 300,000 |
| Included in current liabilities | <u>(34,068)</u> | <u>(60,000)</u> |
| | <u>154,708</u> | <u>240,000</u> |
| Loan maturity analysis | | |
| In more than one year but not more than two years | 35,819 | 60,000 |
| In more than two years but not more than five years | 118,889 | 180,000 |
| In more than five years | <u>1,405,133</u> | <u>1,299,286</u> |
| | <u>1,559,841</u> | <u>1,539,286</u> |

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 | 2004 £ | 2003 £ |
|---|------------|------------|
| Authorised | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

| 10 Statement of movements on reserves | Revaluation reserve £ | Profit and loss account £ |
|---------------------------------------|-----------------------------|------------------------------------|
| Balance at 1 August 2003 | 192,404 | 43,804 |
| Retained profit for the year | - | 25,327 |
| Revaluation during the year | <u>525,000</u> | <u>-</u> |
| Balance at 31 July 2004 | <u>717,404</u> | <u>69,131</u> |

BUXTON HOMES (SOUTHWARK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2004

| 11 Reconciliation of movements in shareholders' funds | 2004 £ | 2003 £ |
|---|-----------|-----------|
| Profit for the financial year | 25,327 | 35,122 |
| Other recognised gains and losses | 525,000 | - |
| | <hr/> | <hr/> |
| Net addition to shareholders' funds | 550,327 | 35,122 |
| Opening shareholders' funds | 236,210 | 201,088 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 786,537 | 236,210 |
| | <hr/> | <hr/> |