

WOLSEY GROUP

COMPANY NUMBER 3883705

**Wolsey Group Limited**

**Report and Financial Statements**

**Year Ended**

**31 December 2006**



**BDO Stoy Hayward**  
Chartered Accountants

# **WOLSEY GROUP LIMITED**

## **Annual report and financial statements for the year ended 31 December 2006**

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### **Directors**

E W Grove - Chairman  
M A Ratcliffe - Chief Executive  
S M Ratcliffe - Commercial Director  
T I Percival - Southern Regional Chairman  
N Solomon - Non Executive  
S W O'Brien - Finance Director  
S J Parkinson - Managing Director Northern  
G H Tilston - Managing Director Midlands

### **Secretary and registered office**

S M Ratcliffe, Munro House, Portsmouth Road, Cobham, Surrey, KT11 1PA

### **Company number**

3883705

### **Auditors**

BDO Stoy Hayward LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### **Bankers**

Bank of Scotland, The Mound, Edinburgh, Scotland, EH1 1YZ

### **Solicitors**

Laytons, Carmelite, 50 Victoria Embankment, London, EC4Y 0LS

## **WOLSEY GROUP LIMITED**

### **Report of the directors for the year ended 31 December 2006**

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The directors present their report together with the audited financial statements for the year ended 31 December 2006

#### **Principal activities and future developments**

The principal activities of the group comprises the provision of finance for residential developments and the management of residential development projects

Given the loan notes that were issued during the 5 months to the 31 December 2006 and the additional £6 0m of loan notes issued in February 2007, the Group has reached its funding target of £110m. The directors now expect the Group to focus on using these resources to grow the underlying loan book during 2007 whilst maintaining the geographical diversity in the portfolio that underpinned the Group as at 31 December 2006

#### **Review of the Business**

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

During the year the company paid an ordinary dividend amounting to £630,000 (2005 - £700,000). Subsequent to the year end the directors proposed a dividend of £460,000 (2005 - £630,000). In accordance with FRS21 "Events after the balance sheet date" this dividend has been excluded from the results for the year.

On the 4 August 2006 Wolsey Residential Finance plc purchased from Wolsey Securities Limited and Wolsey II Limited their portfolio of property and land development investments and associated accrued income at book value for £89.5m. To fund this purchase and to fund housing developments for the future, Wolsey Residential Finance plc issued £54.0 million of 10 percent junior secured loan notes during the period and obtained £50.0m of secured bank facilities.

At the same time Wolsey Residential Finance plc entered into legal agreements with Wolsey Securities Limited for it to act as its Asset Manager responsible for the management of all current and future investments. The terms of this agreement entitled Wolsey Securities Limited to receive an asset management fee and finance arrangement fee from Wolsey Residential Finance plc. These represent a significant proportion of the profits of Wolsey Residential Finance plc. The finance arrangement fee is only payable after Wolsey Residential Finance plc has met the covenants contained within the banking, loan note and Wolsey Securities Limited contracts. As a result, even though Wolsey Residential Finance plc is owned by two charitable trusts and is not legally a subsidiary of any other company, under FRS 5 it is considered to be a quasi-subsidiary of Wolsey Group Limited and is therefore included in these financial statements. Consequently Wolsey Group Limited does not underwrite the debt of Wolsey Residential Finance plc.

To safeguard the interests of the loan note holders and the Bank the key performance indicators for the Group during the period to 31 December 2006 were

- Total Interest Cover
- Bank Interest Cover
- Gearing
- Gross Asset Cover
- Minimum Investment Level

The targets set for the above key performance indicators were all met in the period. The directors of the company believe the outturn for 2006 was acceptable.

## **WOLSEY GROUP LIMITED**

### **Report of the directors for the year ended 31 December 2006 (continued)**

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#### **Principal Risks and Uncertainties**

The main financial risks arising from the group's activities are investment risk, interest rate risk and liquidity risk. These are monitored by the board of directors.

The group's investment risk is primarily attributable to its investment in residential developments with joint venture partners. Investment risk is managed by carrying out due diligence on new investments, by monitoring payments against investment appraisals, by securing a second charge against the development, and by requiring external valuations prior to any draw down on an investment.

The group's policy in respect of interest rate and liquidity risk is to maintain a mixture of fixed term finance and floating rate revolving debt to ensure that the group has sufficient funds for operations and to monitor investment repayments against original investment appraisals.

The group monitors cash flow as part of its normal control procedures.

#### **Directors and their interests**

The directors of the company during the year and their interests in the share capital of the company were

	<b>50p ordinary shares</b>	
	<b>31 December 2006</b>	<b>31 December 2005</b>
E W Grove - Chairman	<b>1,953,403</b>	1,953,403
M A Ratchiffe - Chief Executive	<b>3,271,486</b>	3,271,486
S M Ratchiffe - Commercial Director	<b>3,208,987</b>	3,208,987
T I Percival - Southern Regional Chairman	<b>247,103</b>	-
N Solomon - Non-executive Director	<b>25,000</b>	25,000
L F Briscoe - Non-executive Director (resigned 31 December 2006)	<b>2,209,712</b>	2,209,712
S W O'Brien - Finance Director	<b>247,103</b>	-
S J Parkinson - Managing Director Northern	<b>247,103</b>	-
G H Tilston - Managing Director Midlands	<b>247,103</b>	-

M A Ratchiffe and S M Ratchiffe are trustees and non-beneficial shareholders of the Ratchiffe Grandchildrens' Trust, which holds 146,486 shares in the company. E W Grove and L F Briscoe are trustees of the Louise Grove Trust which holds 849,889 shares in the company. E W Grove is a non-beneficial shareholder and L F Briscoe is beneficial shareholder. These shareholdings are included within the number of shares held by M A Ratchiffe, S M Ratchiffe, E W Grove and L F Briscoe.

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and exist at the date of this report.

## **WOLSEY GROUP LIMITED**

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

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#### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and the 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 group and company and of the profit or loss of the group 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

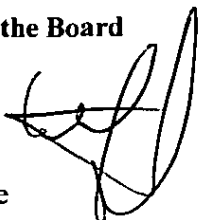
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

#### **Auditors**

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the group'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 and a resolution to re-appoint them will be proposed at the next annual general meeting.

**By order of the Board**

S.M. 

S M Ratcliffe  
Secretary

Date 19 April 2007

## **WOLSEY GROUP LIMITED**

### **Independent auditors report**

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#### **Independent Auditor's Report to the shareholders of Wolsey Group Limited**

We have audited the group and parent company financial statements (the "financial statements") of Wolsey Group Limited for the year ended 31 December 2006 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement 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 group's and 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.

## **WOLSEY GROUP LIMITED**

### **Independent auditors report (*Continued*)**

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#### *Opinion*

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2006,
- 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

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the list of points.

**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*  
Gatwick

Date 19 April 2007

# WOLSEY GROUP LIMITED

## Consolidated profit and loss account for the year ended 31 December 2006

	Note	2006 Total £	2005 Total £
<b>Turnover</b>	2	<b>19,767,541</b>	20,393,444
Cost of sales		-	(34,042)
<b>Gross profit</b>		<b>19,767,541</b>	20,359,402
Other operating income		7,373	15,009
Operating expenses		(7,115,618)	(7,394,962)
<b>Operating profit</b>		<b>12,659,296</b>	12,979,449
Finance charges (net)	3		
- Accrued redemption premiums		(382,423)	(994,001)
- Other interest payable (net)		(5,699,871)	(3,868,956)
		(6,082,294)	(4,862,957)
<b>Profit on ordinary activities before taxation</b>	4	<b>6,577,002</b>	8,116,492
Taxation on profit from ordinary activities	6	(1,993,590)	(2,701,823)
<b>Profit on ordinary activities after taxation</b>		<b>4,583,412</b>	5,414,669
Minority interests		-	58,171
<b>Profit for the financial year</b>		<b>4,583,412</b>	5,472,840

There are no recognised gains and losses other than the profit for the year

The notes on pages 11 to 32 form part of these financial statements



**WOLSEY GROUP LIMITED****Consolidated balance sheet at 31 December 2006**

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Goodwill	9		-		456,079
Tangible assets	10		313,726		360,597
			<u>313,726</u>		<u>816,676</u>
<b>Current assets</b>					
Investments in residential development	12	67,383,089		65,937,524	
Debtors	13	25,396,533		21,415,517	
Cash at bank and in hand		14,439,815		-	
		<u>107,219,437</u>		<u>87,353,041</u>	
<b>Creditors: amounts falling due within one year</b>	14	(2,000,780)		(32,801,276)	
<b>Net current assets</b>			<u>105,218,657</u>		<u>54,551,765</u>
<b>Total assets less current liabilities</b>			<u>105,532,383</u>		<u>55,368,441</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(71,623,439)		(28,943,229)
<b>Provision for liabilities and charges</b>	16		(1,879,835)		-
<b>Net assets</b>			<u><u>32,029,109</u></u>		<u><u>26,425,212</u></u>

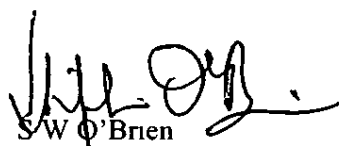
The notes on pages 11 to 32 form part of these financial statements

# WOLSEY GROUP LIMITED

## Consolidated balance sheet at 31 December 2006 (*Continued*)

	Note	2006 £	2005 £
<b>Capital and reserves</b>			
Called up share capital	17	7,871,427	7,177,946
Share premium account	18	4,726,489	3,769,485
Capital redemption reserve	18	2,250,000	2,250,000
Merger reserve	18	484,000	484,000
Profit and loss account	18	16,697,193	12,743,781
<b>Shareholders' funds</b>		<b>32,029,109</b>	<b>26,425,212</b>

The financial statements on pages 6 to 32 were approved by the Board and authorised for issue on 19 April 2007

  
S.W. O'Brien  
Director

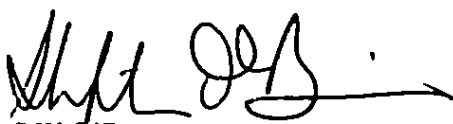
The notes on pages 11 to 32 form part of these financial statements

# WOLSEY GROUP LIMITED

## Company balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	10		17,819		33,908
Investments	11		11,207,743		11,207,743
			<u>11,225,562</u>		<u>11,241,651</u>
<b>Current assets</b>					
Debtors	13	5,543,333		6,917,944	
Cash at bank and in hand		4,396,894		45,869,770	
		<u>9,940,227</u>		<u>52,787,714</u>	
<b>Creditors: amounts falling due within one year</b>	14	(4,482,751)		(27,581,692)	
		<u></u>		<u></u>	
<b>Net current assets</b>			5,457,476		25,206,022
			<u>16,683,038</u>		<u>36,447,673</u>
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	15		-		(22,945,625)
			<u></u>		<u></u>
<b>Net assets</b>			16,683,038		13,502,048
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	17		7,871,427		7,177,946
Share premium account	18		4,726,489		3,769,485
Capital redemption reserve	18		2,250,000		2,250,000
Profit and loss account	18		1,835,122		304,617
			<u>16,683,038</u>		<u>13,502,048</u>
<b>Shareholders' funds</b>					
			<u>16,683,038</u>		<u>13,502,048</u>

The financial statements were approved by the Board and authorised for issue on 19 April 2007

  
S W O'Brien  
Director

The notes on pages 11 to 32 form part of these financial statements

**WOLSEY GROUP LIMITED****Consolidated cash flow statement for the year ended 31 December 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Net cash inflow/(outflow) from operating activities</b>	20	<b>7,847,223</b>	<b>(8,882,967)</b>
<b>Returns on investments and servicing of finance</b>	21	<b>(8,941,554)</b>	<b>(3,868,956)</b>
<b>Taxation</b>	21	<b>(1,857,779)</b>	<b>(2,491,271)</b>
<b>Capital expenditure and financial investment</b>	21	<b>(128,960)</b>	<b>(79,564)</b>
<b>Equity dividends paid</b>		<b>(630,000)</b>	<b>(700,000)</b>
<b>Acquisitions and disposals</b>	21	<b>-</b>	<b>1,290,282</b>
<b>Cash outflow before management of liquid resources and financing</b>		<b>(3,711,070)</b>	<b>(14,732,476)</b>
<b>Management of liquid resources</b>	21	<b>(9,450,000)</b>	<b>-</b>
<b>Financing</b>	21	<b>21,595,458</b>	<b>18,543,988</b>
<b>Increase in cash in the year</b>	23	<b>8,434,388</b>	<b>3,811,512</b>

The notes on pages 11 to 32 form part of these financial statements

## WOLSEY GROUP LIMITED

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

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#### 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:

##### *Basis of accounting*

The group accounts consolidate the accounts of Wolsey Group Limited, its subsidiary undertakings and its quasi-subsidiary drawn up to 31 December each year. The results of subsidiaries and quasi-subsidiary acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

##### *Intangible assets - Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over their useful economic life, which is ten years. Provision is made for any impairment.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual values of each asset, on a straight-line basis over its expected useful life, as follows:

Office equipment	- Between four and five years
Leasehold improvements	- On cost over the remaining term of lease
Plant and machinery	- Between three and five years

Residual value is calculated on prices prevailing at the date of acquisition.

##### *Investments*

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value and represent the investments made by the group in residential developments. Cost comprises the investment in developments and includes directly attributable fees and expenses, but not interest. Net realisable value is based on the fair value of expected repayments less anticipated further investments and costs.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

## WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

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### 1 Accounting policies (*Continued*)

#### *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 to make sufficient taxable profits in the future to absorb the reversal of underlying timing differences. Deferred tax balances are not discounted.

#### *Turnover*

Turnover represents amounts due to the group, in excess of its initial investment, from joint arrangements with third parties in respect of residential development. Profit on investments, incorporating management fees and finance fees, is recognised as the group's obligations have been practically fulfilled and the fair value of the revenue can be reliably measured.

#### *Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### *Pensions*

Contributions to money purchase pension schemes are charged to the profit and loss account in the year in which they become payable.

#### *Debt*

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Finance costs are amortised over the life of the debt. Provision is made for redemption premiums arising on debt to give a constant rate of effective funding cost over the period to anticipated repayment.

#### *Employee Benefit Trust*

In accordance with Urgent Issues Task Force Abstract 38 the company is deemed to have control of the income costs, assets and liabilities of its Employee Benefit Trust (EBT). As a result the cost of the company's shares held by the EBT is deducted from shareholders' funds in the company and group balance sheet. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in shareholders' funds. Other assets and liabilities of the EBT (including borrowings) are recognised as assets and liabilities of the company.

#### *Dividends*

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid by the company. In the case of final dividends, this is when approved by the shareholders at a General Meeting.

## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

#### 2 Segmental analysis

All turnover and profit is derived from the group's principal activities (finance fees and management fees both originating from the same class of business) and wholly within the British Isles

Discontinuing operations in the year to 31 December 2005 relate to the demerger of Rushmon Limited on 24 February 2005. An analysis of operating profit between continuing and discontinuing operations during 2005 is as follows

	2005 Continuing operations £	2005 Discontinuing operations £	2005 Total £
Turnover	20,360,243	33,201	20,393,444
Cost of sales	-	(34,042)	(34,042)
Gross profit/(loss)	20,360,243	(841)	20,359,402
Other operating income	7,403	7,606	15,009
Operating expenses	(7,034,056)	(360,906)	(7,394,962)
Operating profit/(loss)	13,333,590	(354,141)	12,979,449

#### 3 Finance charges (net)

	2006 £	2005 £
<i>Interest receivable and similar income</i>		
Other interest receivable and similar income	218,690	25,085
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts	2,863,740	2,805,901
Loan note interest	2,255,494	-
Other loans	-	889,362
Financing fees	799,327	198,778
Accrued redemption premiums	5,918,561 382,423	3,894,041 994,001
Finance charges (net)	6,082,294	4,862,957

# WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## 4 Profit on ordinary activities before taxation

	2006 £	2005 £
This has been arrived at after charging/(crediting)		
Depreciation - owned	175,831	194,815
Amortisation of goodwill	456,079	135,141
Operating lease rentals		
- plant and machinery	273,825	183,211
- land and buildings	198,044	200,764
Auditors' remuneration for audit services - group	30,000	29,000
- company	6,000	17,000
Auditors' remuneration for non audit services	12,000	100,733
Exceptional refinancing costs	(700,000)	700,000

In addition to the above £126,000 of auditor's remuneration for non audit services was incurred in the raising of finance that has been accounted for as debt issue costs

During 2005, the company provided for costs associated with a planned refinancing of the group's activities. The refinancing was successfully completed in the current year and these costs have now been deducted from the net proceeds of debt raised

## 5 Staff costs

The average monthly number of employees (including executive directors) during the year was

	Group 2006 Number	Group 2005 Number	Company 2006 Number	Company 2005 Number
Administration	39	28	13	13
Sales	-	5	-	-
Project managers	24	19	-	-
	<u>63</u>	<u>52</u>	<u>13</u>	<u>13</u>
	Group 2006	Group 2005	Company 2006	Company 2005

Their aggregate remuneration comprises

Wages and salaries	4,340,012	3,585,724	830,771	908,807
Social security costs	483,518	429,717	108,441	110,267
Contributions to money purchase pension schemes	12,753	13,414	11,804	11,747
	<u>4,836,283</u>	<u>4,028,855</u>	<u>951,016</u>	<u>1,030,821</u>



## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

#### 5 Staff costs (*Continued*)

##### *Directors' remuneration*

The remuneration of the directors was as follows

	<b>Group 2006</b>	<b>Group 2005</b>	<b>Company 2006</b>	<b>Company 2005</b>
Emoluments	<b>1,445,228</b>	1,315,296	<b>750,584</b>	709,992
Fees paid to non executive directors	<b>54,657</b>	20,600	<b>21,324</b>	20,600

In addition to the above £86,000 of fees were paid to group non executive directors for services incurred in the raising of finance that have been accounted for as debt issue costs

##### *Pensions*

Personal pension contributions relating to one director amounting to £10,000 was payable during the year (£10,000)

##### *Highest paid director*

The above amounts for remuneration include the following in respect of the highest paid director

	<b>2006 £</b>	<b>2005 £</b>
Emoluments	<b>277,742</b>	273,607

#### 6 Taxation

	<b>2006 £</b>	<b>2005 £</b>
<i>Current tax</i>		
UK corporation tax	<b>130,249</b>	2,731,752
Over provision in respect of prior years	<b>(16,494)</b>	(29,929)
	<b>113,755</b>	2,701,823
<i>Deferred tax</i>		
Origination and reversal of timing differences	<b>1,879,835</b>	-
Taxation on profit on ordinary activities	<b>1,993,590</b>	2,701,823

## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

#### 6 Taxation (Continued)

##### *Factors affecting tax charge for year*

The tax assessed for the year is lower (2005 – higher) than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before taxation	6,577,002	8,116,492
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 – 30%)	1,973,101	2,434,948
Effects of		
Expenses not deductible for tax purposes and other timing differences	(134,611)	236,922
Other timing differences	(1,856,523)	-
Depreciation for year in excess of capital allowances	11,458	19,340
Adjustment in respect of prior years	(16,494)	(29,929)
Amortisation of goodwill	136,824	40,542
Current tax charge	113,755	2,701,823

#### 7 Dividends

	2006 £	2005 £
Paid equity dividend of 4 4p (2005 – 5 6p) per share	630,000	700,000
Ordinary dividend proposed of 2 9p (2005 – 4 4p) per share	460,000	630,000

#### 8 Company profit and loss account

The profit for the year dealt with in the accounts of the parent company, Wolsey Group Limited, was £2,160,505 (2005 – £4,344,988). As provided by section 230 of the Companies Act 1985, no profit and loss account is presented in respect of the parent company.

## WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

### 9 Intangible fixed assets – Goodwill

	£
<i>Cost</i>	
At 1 January 2006	1,784,068
Disposal	(1,784,068)
	<hr/>
At 31 December 2006	-
	<hr/>
<i>Amortisation</i>	
At 1 January 2006	1,327,989
Impairment	456,079
On disposal	(1,784,068)
	<hr/>
At 31 December 2006	-
	<hr/>
<i>Net book value</i>	
At 31 December 2006	-
	<hr/>
At 31 December 2005	456,079
	<hr/>

Goodwill related on the purchase of Wolsey Securities Limited and Wolsey II Limited in prior years. Following the disposal of their portfolio of residential development investments during the year, the directors consider it appropriate to impair all remaining goodwill relating to these companies.

**WOLSEY GROUP LIMITED**Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)**10 Tangible fixed assets**

<b>Group</b>	<b>Office equipment, plant and machinery £</b>	<b>Leasehold improvements £</b>	<b>Total £</b>
<i>Cost</i>			
At 1 January 2006	855,004	-	855,004
Additions	128,960	-	128,960
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>983,964</b>	<b>-</b>	<b>983,964</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2006	494,407	-	494,407
Charge for the year	175,831	-	175,831
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>670,238</b>	<b>-</b>	<b>670,238</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2006	<b>313,726</b>	<b>-</b>	<b>313,726</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2005	<b>360,597</b>	<b>-</b>	<b>360,597</b>
	<hr/>	<hr/>	<hr/>

## WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

### 10 Tangible fixed assets (*Continued*)

Company	Office equipment £
<i>Cost</i>	
At 1 January 2006	221,471
Additions	8,656
	<hr/>
At 31 December 2006	<b>230,127</b>
	<hr/>
<i>Depreciation</i>	
At 1 January 2006	187,563
Charge for the year	24,745
	<hr/>
At 31 December 2006	<b>213,308</b>
	<hr/>
<i>Net book value</i>	
At 31 December 2006	<b>17,819</b>
	<hr/>
At 31 December 2005	<b>33,908</b>
	<hr/>

### 11 Fixed asset investments

	Company £
<i>Group undertakings</i>	
<i>Cost</i>	
At 1 January 2006	11,207,743
Additions	-
Disposals	-
	<hr/>
At 31 December 2006	<b>11,207,743</b>
	<hr/>

## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

#### 11 Fixed assets investments (Continued)

##### *Subsidiary undertakings*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held		Nature of business
Wolsey Securities Limited*	England	Ordinary	100%	Property development
Wolsey Securities (Pontefract) Limited	England	Ordinary	100%	Property development
Wolsey II Limited*	England	Ordinary	100%	Property development
Wolsey Securities (HBF) Limited	England	Ordinary	100%	Dormant
Lion Gate Developments Limited	England	Ordinary	100%	Property development
Lexington Group Limited*	England	Ordinary	100%	Property lettings
Lexington Finance Limited*	England	Ordinary	100%	Part exchange
Wolsey Residential Finance (UK) Limited	England	Ordinary	100%	Dormant

\* Held directly by Wolsey Group Limited

All subsidiary undertakings have been included in the consolidation

##### *Quasi-subsubsidiary*

On the 4 August 2006 Wolsey Residential Finance plc purchased from Wolsey Securities Limited and Wolsey II Limited their portfolio of residential development investments and associated accrued income at book value for £89.5m

At the same time Wolsey Residential Finance plc entered into legal agreements with Wolsey Securities Limited for it to act as its Asset Manager responsible for the management of all current and future investments. The terms of this agreement entitled Wolsey Securities Limited to receive an asset management fee and finance arrangement fee from Wolsey Residential Finance plc. These represent a significant proportion of the profits of Wolsey Residential Finance plc. The finance arrangement fee is only payable after Wolsey Residential Finance plc has met the Covenants contained within the banking, loan note and Wolsey Securities Limited contracts. As a result, even though Wolsey Residential Finance plc is owned by two charitable trusts and is not legally a subsidiary of any other company, under FRS 5 it is considered to be a quasi-subsubsidiary of Wolsey Group Limited and is therefore its results for the period and its assets and liabilities as at 31 December 2006 have been included in these consolidated financial statements. Consequently Wolsey Group Limited does not underwrite the debt of Wolsey Residential Finance plc.

Wolsey Residential Finance Plc is incorporated in England and is entirely owned by two Trusts. The Trusts' purpose is to ensure that Wolsey Residential Finance plc acts in accordance with the management agreement whilst protecting the interests of loan note holders and other creditors.

The principal activities of Wolsey Residential Finance plc comprises the provision of finance for residential developments and the management of residential development projects.

# WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## 12 Current asset investments

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Investments in residential development	<b>67,383,089</b>	65,937,524	-	-

## 13 Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Trade debtors	<b>26,933</b>	280,571	<b>15,374</b>	222,418
Amounts owed by group undertakings	-	-	<b>3,771,295</b>	5,556,421
Other debtors	<b>2,553,248</b>	250,674	<b>1,671,092</b>	208,470
Prepayments and accrued income	<b>22,374,989</b>	20,884,272	<b>85,572</b>	930,635
Corporation tax	<b>441,363</b>	-	-	-
	<b>25,396,533</b>	21,415,517	<b>5,543,333</b>	6,917,944

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

## 14 Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Bank overdrafts	<b>126,753</b>	3,571,326	-	-
Bank loans	-	25,832,560	-	20,000,000
Trade creditors	<b>53,251</b>	4,041	<b>12,929</b>	-
Amounts owed to group undertakings	-	-	<b>4,138,192</b>	5,992,290
Corporation tax	-	1,302,661	-	206,473
Other taxation and social security	<b>178,601</b>	215,066	<b>178,601</b>	215,066
Other creditors	<b>3,907</b>	134,822	<b>202</b>	-
Accruals and deferred income	<b>1,638,268</b>	1,740,800	<b>152,827</b>	1,167,863
	<b>2,000,780</b>	32,801,276	<b>4,482,751</b>	27,581,692

During the year the Group repaid the £20,000,000 revolving credit facility provided by Bank of Scotland made available to Wolsey Group Limited along with the £6,000,000 outstanding on the revolving credit facility made available to Wolsey II Limited

# WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## 15 Creditors: amounts falling due after more than one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Loan notes	52,095,093	-	-	-
Bank loans	19,528,346	15,770,625	-	15,770,625
Institutional Loan Stock	-	8,750,000	-	4,250,000
Accrued redemption premiums	-	4,422,604	-	2,925,000
	<u>71,623,439</u>	<u>28,943,229</u>	<u>-</u>	<u>22,945,625</u>
Maturity of debt:				
Due within one year or on demand	<u>126,753</u>	<u>29,403,886</u>	<u>-</u>	<u>20,000,000</u>
	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
<i>Due in one to two years</i>				
Loan notes	2,604,755	-	-	-
Bank loans	-	-	-	-
	<u>2,604,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Due in more than two years but less than five years</i>				
Loan notes	4,825,308	-	-	-
Bank loans	-	15,770,625	-	15,770,625
Institutional Loan Stock	-	4,500,000	-	-
	<u>4,825,308</u>	<u>20,270,625</u>	<u>-</u>	<u>15,770,625</u>
<i>Due after five years</i>				
Loan notes	44,665,030	-	-	-
Bank loans	19,528,346	-	-	-
Institutional Loan Stock	-	4,250,000	-	4,250,000
	<u>64,193,376</u>	<u>4,250,000</u>	<u>-</u>	<u>4,250,000</u>

During the year Wolsey Securities Limited and Wolsey II Limited disposed of their portfolio of property and land development investments and relevant accrued revenue to Wolsey Residential Finance Plc for a consideration equal to its book value. Subsequent to this transaction the group repaid the bank loans, institutional loans stock and any related redemption premiums.



## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

#### 15 Creditors: amounts falling due after more than one year (Continued)

The bank loans represent Wolsey Residential Finance plc facilities of £50,000,000 arranged by the Bank of Scotland, made up of a revolving credit facility for £42,500,000 and an overdraft facility of £7,500,000. Interest is payable on the revolving credit facility at the aggregate of a fixed margin, mandatory costs plus LIBOR. Interest is payable on the overdraft facility at the aggregate of a fixed margin plus the bank's base rate. The revolving credit facility is repayable by 31 December 2012. A non-utilisation fee is charged at 0.75% of the non-utilised revolving credit facility. The facilities are secured by a fixed and floating charge over the assets of Wolsey Residential Finance plc.

On 2 August 2006 a £60,000,000 offer for subscription of 10 per cent junior secured Loan Notes of £1 each was made by Wolsey Residential Finance plc. The loan notes are secured by a second fixed and floating charge over the assets of Wolsey Residential Finance plc. The loan notes are repayable at par on 31/12/2012 but the loan note holders may request early repayment on 31/12/2008, 31/12/2009 and on 31/12/2010 but the repayment is limited to 5% of the outstanding loan notes.

As a result of the offering the following Loan Note issues took place (all at par)

August 2006	£34,500,000
October 2006	£16,500,000
December 2006	£3,000,000
<b>Total</b>	<b>£54,000,000</b>

Issue costs of £4,199,608 within Wolsey Residential Finance plc have been deducted from the proceeds of the bank loan and the loan stock and will be amortised over the term of the debt.

#### 16 Provision for liabilities and charges

	2006 £	2005 £
<i>Deferred taxation – other timing differences</i>		
At 1 January 2006	-	-
Charged to profit and loss account	1,879,835	-
	<hr/>	<hr/>
At 31 December 2006	1,879,835	-
	<hr/>	<hr/>

#### 17 Share capital

	Authorised		Allotted, called up and fully paid	
	2006 £	2005 £	2006 £	2005 £
40,000,000 ordinary shares of 50p each	20,000,000	20,000,000	-	-
ordinary shares of 50p each	-	-	7,871,427	7,177,946
	<hr/>	<hr/>	<hr/>	<hr/>
	20,000,000	20,000,000	7,871,427	7,177,946
	<hr/>	<hr/>	<hr/>	<hr/>

# WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## 17 Share capital (*continued*)

	2006 No.	2006 £
At 1 January 2006	14,355,892	7,177,946
Allotted during the year	1,386,962	693,481
	<u>15,742,854</u>	<u>7,871,427</u>
At 31 December 2006	<u>15,742,854</u>	<u>7,871,427</u>

## 18 Reserves

Group	Premium Account £	Redemption Reserve £	Merger Reserve £	Profit and loss Account £	Total £
At 1 January 2006	3,769,485	2,250,000	484,000	12,743,781	19,247,266
Premium on issue of ordinary shares	957,004	-	-	-	957,004
Profit for the financial year	-	-	-	4,583,412	4,583,412
Dividend paid	-	-	-	(630,000)	(630,000)
	<u>4,726,489</u>	<u>2,250,000</u>	<u>484,000</u>	<u>16,697,193</u>	<u>24,157,682</u>
At 31 December 2006	<u>4,726,489</u>	<u>2,250,000</u>	<u>484,000</u>	<u>16,697,193</u>	<u>24,157,682</u>

## Company

	Share Premium Account £	Capital Redemption Reserve £	Profit and loss Account £	Total £
At 1 January 2006	3,769,485	2,250,000	304,617	6,324,102
Premium on issue of ordinary shares	957,004	-	-	957,004
Profit for the financial year	-	-	2,160,505	2,160,505
Dividend paid	-	-	(630,000)	(630,000)
	<u>4,726,489</u>	<u>2,250,000</u>	<u>1,835,122</u>	<u>8,811,611</u>
At 31 December 2006	<u>4,726,489</u>	<u>2,250,000</u>	<u>1,835,122</u>	<u>8,811,611</u>

# WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## 19 Reconciliation of movements in shareholders' funds

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Profit for the year	4,583,412	5,472,840	2,160,505	4,344,988
Dividends paid	(630,000)	(700,000)	(630,000)	(700,000)
Dividend in specie	-	(6,214,848)	-	(3,125,000)
Issue of ordinary shares	693,481	929,055	693,481	929,055
Premium on issue of ordinary shares	957,004	3,068,375	957,004	3,068,375
Reduction in merger reserve	-	(330,000)	-	-
Net additions to shareholders' funds	5,603,897	2,225,422	3,180,990	4,517,418
Opening shareholder's funds	26,425,212	24,199,790	13,502,048	8,984,630
Closing shareholders' funds	32,029,109	26,425,212	16,683,037	13,502,048

## 20 Reconciliation of operating profit to operating cash flows

	2006 £	2005 £
Operating profit	12,659,296	12,979,449
Depreciation	175,831	194,815
Profit on sale of tangible fixed assets	-	-
Amortisation of goodwill	456,079	135,141
Increase in current asset investments	(1,445,565)	(17,023,835)
Increase in debtors	(3,370,488)	(3,267,837)
Decrease in creditors	(627,930)	(1,900,700)
Net cash inflow/(outflow) from operating activities	7,847,223	(8,882,967)

# **WOLSEY GROUP LIMITED**

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

## **21 Analysis of cash flows**

	2006 £	2005 £
<i>Returns on investments and servicing of finance</i>		
Interest received	218,690	25,085
Interest paid	(4,818,163)	(3,894,041)
Expenses on arrangement of bank facility	(2,278,431)	-
Expenses on issue of loan notes	(2,063,650)	-
	<u>(8,941,554)</u>	<u>(3,868,956)</u>
<i>Taxation</i>		
UK corporation tax paid	(1,857,779)	(2,491,271)
	<u>(1,857,779)</u>	<u>(2,491,271)</u>
<i>Capital expenditure and financial investments</i>		
Purchase of tangible fixed assets	(128,960)	(85,937)
Sale of tangible fixed assets	-	6,373
	<u>(128,960)</u>	<u>(79,564)</u>
	<b>2006 £</b>	<b>2005 £</b>
<i>Acquisitions and disposals</i>		
Overdraft disposed of with subsidiary undertaking	-	1,290,282
	<u>-</u>	<u>1,290,282</u>
	<b>2006 £</b>	<b>2005 £</b>
<i>Management of liquid resources</i>		
Increase in short terms deposits	9,450,000	-

# WOLSEY GROUP LIMITED

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

## 21 Analysis of cash flows (Continued)

	2006 £	2005 £
<i>Financing</i>		
New long term bank loans	21,500,000	18,543,988
Repayment of existing bank loans	(42,000,000)	-
Repayment of institutional loan stock and associated redemption premiums	(13,555,027)	-
New loan notes issued	54,000,000	-
Issue of new shares under EBT	1,650,485	-
	<u>21,595,458</u>	<u>18,543,988</u>

## 22 Analysis of net debt

	At 1 January 2006 £	Cash Flow £	Non-Cash Movement £	At 31 December 2006 £
Cash at bank	-	4,989,815	-	4,989,815
Overdrafts	(3,571,326)	3,444,573	-	(126,753)
	<u>(3,571,326)</u>	<u>8,434,388</u>	<u>-</u>	<u>4,863,062</u>
Debt due after one year	(24,520,625)	(46,407,919)	(694,895)	(71,623,439)
Debt due within one year	(25,832,560)	26,000,000	(167,440)	-
	<u>(50,353,185)</u>	<u>(20,407,919)</u>	<u>(862,335)</u>	<u>(71,623,439)</u>
Other liquid resources	-	9,450,000	-	9,450,000
Net debt	<u>(53,924,511)</u>	<u>(2,523,531)</u>	<u>(862,335)</u>	<u>(57,310,377)</u>

Wolsey Residential Finance plc is a separate legal entity. Accordingly, financial resources within Wolsey Residential Finance Plc can only be transferred to other companies within the group if the transfer meets the requirements of the banking, loan note, and Wolsey Securities Limited agreements. At 31 December 2006, Wolsey Residential Finance plc had cash at bank of £10,018,533 and debt due after one year on £71,623,439.

# WOLSEY GROUP LIMITED

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

## 23 Reconciliation of net cash inflow to movement in net debt

	2006 £	2005 £
Increase in cash in the year	8,434,388	3,811,512
Cash inflow from increase in debt	(19,944,973)	(18,543,988)
Cash outflow from changes in liquid resources	9,450,000	-
	<hr/>	<hr/>
Increase in net debt resulting from cash flows	(2,060,585)	(14,732,476)
Conversion of loan stock	-	2,000,000
Bank loans disposed of with subsidiary undertaking	-	8,000,000
Accrued redemption premium transferred to debt	(4,805,027)	-
Facility set up (net of charges for year)	1,574,839	-
Issue costs of loan notes (net of charge for the year)	1,904,907	-
	<hr/>	<hr/>
Increase in net debt in the year	(3,385,866)	(4,732,476)
Opening net debt	(53,924,511)	(49,192,035)
	<hr/>	<hr/>
Closing net debt	(57,310,377)	(53,924,511)
	<hr/>	<hr/>

## 24 Financial commitments

The group has annual commitments under non-cancellable operating leases as follows

	2006 Motor vehicles £	2005 Motor vehicles £	2006 Land and buildings £	2005 Land and buildings £
Expiry date				
- within one year	106,346	61,735	-	-
- between two and five years	69,934	102,364	200,472	143,280
- greater than five years	-	-	46,155	-
	<hr/>	<hr/>	<hr/>	<hr/>
	176,280	164,099	246,627	143,280
	<hr/>	<hr/>	<hr/>	<hr/>

## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

#### 25 Contingent liabilities

The company has given a performance guarantee to Wolsey Residential Finance plc in relation to management services provided by Wolsey Securities Limited. The maximum liability at 31 December 2006 was £5,000,000.

#### 26 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £2,753 (2005 - £3,414). There were no outstanding or prepaid contributions at the year end (2005 - £Nil).

#### 27 Related party transactions

During the period to 31 December 2001, E W Grove, L F Briscoe, H Grove (the wife of E W Grove) and C Briscoe (the husband of L F Briscoe), entered into sub-participation agreements relating to a development with Roseberry Homes (Greenwich) Limited at Greenwich Gate, Creek Road, London. During 2005 and 2006 further investment was made by the sub-participants into the development with Roseberry Homes (Greenwich) Limited. The amounts invested by each party less repayments were as follows:

	Original Investment	Further Investment	Repayment	Balance at 31 December 2006
	£ 000	£ 000	£ 000	£ 000
E W Grove	320	871	(181)	1,010
H Grove	160	261	(91)	330
L F Briscoe	160	811	(91)	880
C Briscoe	160	111	(91)	180

These amounts remained payable to investors at 31 December 2006 along with the sub-participants' profit share as generated by the development. During November 2005 these investment monies plus profit share were reinvested into a second development with Roseberry Homes (Greenwich) Limited. On 20 July 2006 these two investments were transferred into three separate developments within a new joint venture, Creekside Limited. These monies will be repaid when any part of the full facility from Wolsey Residential Finance Plc (formerly owned by Wolsey Securities Limited) is repaid by the joint venture, at percentages as set out within the sub-participation agreements. E W Grove, L F Briscoe, H Grove and C Briscoe will also receive a share of the profits arising from the new development at percentages outlined within the sub-participation agreements.

## WOLSEY GROUP LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

#### 27 Related party transactions (continued)

During the year Wolsey Securities Limited signed an agreement with Wolsey Residential Finance Plc, a company incorporated in England and Wales, to act as its sole agent responsible for the management of its residential development investments. The terms of this agreement has created a close relationship and as a result the directors are of the opinion that Wolsey Residential Finance Plc is a quasi-subsiary of Wolsey Group Limited. Hence its transactions with the group members are disclosed below.

	Sales to related party £	Purchases from related £	Management fee paid to related party £	Amount owed by related party £	Amount owed to related party £
Wolsey Group Limited	-	-	-	-	-
Wolsey II Limited	-	-	-	-	-
Wolsey Securities Limited	-	-	1,686,685	-	21,248,656

There were no transactions in 2005

In addition, during the year Wolsey Residential Finance Plc acquired the portfolio of residential development investments and associated accrued income from Wolsey Securities Limited and Wolsey II Limited at book value. The consideration was £54,238,974 and £14,383,866 respectively for Wolsey Securities Limited and £14,714,943 and £6,204,937 respectively for Wolsey II Limited.

#### 28 Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party.



## WOLSEY GROUP LIMITED

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

### 29 Summary results of Wolsey Residential Finance Plc

Due to the nature of the relationship between Wolsey Group Limited and its wholly owned subsidiaries and Wolsey Residential Finance Plc, the directors consider Wolsey Residential Finance Plc to be a quasi-subsiidiary under the terms of Financial Reporting Standard 5. A summary of its financial results and financial position is given below

	£ 000
Sales	10,994
Cost of sales	-
	<hr/>
Gross profit	10,994
Expenditure	(8,171)
	<hr/>
Operating profit	2,823
Net finance charges	(2,806)
	<hr/>
Profit before taxation	17
	<hr/>
	£ 000
Investments	67,363
Debtors	22,687
Cast at bank	10,019
	<hr/>
	100,069
Creditors due within one year	(28,384)
	<hr/>
	71,685
Creditors due within one year	(71,623)
	<hr/>
Net assets	62
	<hr/>

## **WOLSEY GROUP LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)**

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### **30 Employee Benefit Trust**

The Employee Benefit Trust (EBT) was established in 8 November 2006 to provide for the future obligations of the company for shares awarded to certain individuals, which are conditionally awarded to employees rather than being held under option arrangements. Under the scheme the Trust purchased 1,386,962 ordinary shares in Wolsey Group Limited in December 2006, for a consideration equal to their nominal value. This purchase was funded by way of donation from Wolsey Group Limited. At 31 December 2006 all shares had been sold to employees.