

**LINDEN NEW HOMES LIMITED**

**Registered Number 04391802**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2004**



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**LINDEN NEW HOMES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2004**

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**LINDEN NEW HOMES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2004**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P J Davies  
B J Morrissey  
P J Cummings (Resigned 31 Dec 2004)  
B S Anderson (Resigned 31 Dec 2004)  
D W Tilman

**SECRETARY**

Z W Stone

**REGISTERED OFFICE**

Linden House  
Guards Avenue  
Caterham  
Surrey  
CR3 5XL

**BANKERS**

Bank of Scotland  
38 St. Andrew Square  
Edinburgh  
EH2 2YR

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

**SOLICITORS**

Pitmans  
47 Castle Street  
Reading  
Berkshire  
RG1 7SR

# **LINDEN NEW HOMES LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **PRINCIPAL ACTIVITIES**

The company's principal activities are the building and selling of residential houses.

### **BUSINESS REVIEW**

The company sold 162 houses during the year (2003: 163).

### **FUTURE PROSPECTS**

The Company still has one major development to complete, this is forecast to be profitable for 2005 and into 2006, so the future prospects look very good indeed.

### **RESULTS AND DIVIDENDS**

The result for the year is set out in the profit and loss account on page 6.

The company made a profit on ordinary activities after taxation of £4,739,000 (2003: £926,000)

No dividends are proposed in respect of 2004 (2003: £nil).

### **DIRECTORS AND THEIR INTERESTS**

The directors listed on page 1 held office throughout the year, except where noted.

The interests of P J Davies and D Tilman in the ultimate parent company, Linden Holdings PLC, are disclosed in the accounts of Linden Holdings PLC.

Other than as disclosed above, no director had any interest in the shares or debentures of the company or any other group company during the current or prior year.

### **DONATIONS**

During the year, the company made no charitable donations (2003: £nil).

**LINDEN NEW HOMES LIMITED**

**DIRECTORS' REPORT**

**POLICY ON PAYMENT OF CREDITORS**

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

There were no trade creditors in the year.

**AUDITORS**

The company has elected to dispense with the obligation to appoint auditors annually pursuant to section 386 of the Companies Act 1985 (as amended). Therefore, Deloitte & Touche LLP are deemed to continue as Auditors.

Approved by the Board of Directors and signed on behalf of the Board



**Z W Stone**

Secretary

25 April 2005

# LINDEN NEW HOMES LIMITED

## DIRECTORS' REPORT

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- state whether applicable accounting standards have been followed; 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINDEN NEW HOMES LIMITED**

We have audited the financial statements of Linden New Homes Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **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.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
26 April 2005

**LINDEN NEW HOMES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2004**

	<u>Notes</u>	2004 £'000	2003 £'000
<b>TURNOVER</b>	2	97,038	22,431
Cost of sales		(86,541)	(18,925)
<b>GROSS PROFIT</b>		10,497	3,506
Administrative expenses		(9)	(50)
<b>OPERATING PROFIT</b>	3	10,488	3,456
Other interest receivable and similar income		318	99
Interest payable and similar charges	4	(4,129)	(2,366)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,677	1,189
Tax charge on profit on ordinary activities	6	(1,938)	(263)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT TRANSFERRED TO RESERVES</b>	12	4,739	926

There are no recognised gains and losses for the current year other than those stated above and therefore no statement of total recognised gains and losses is required.

All amounts derive from continuing operations.



LINDEN NEW HOMES LIMITED

BALANCE SHEET

As at 31 December 2004

	<u>Notes</u>	2004 £'000	2003 £'000
<b>CURRENT ASSETS</b>			
Stocks	7	12,688	35,505
Debtors	8	51,652	6,147
Cash at bank and in hand		5,517	5,360
		<hr/>	<hr/>
		69,857	47,012
<b>CREDITORS: amounts falling due within one year</b>	9	(62,227)	(6,912)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		7,630	40,100
<b>CREDITORS: amounts falling due after one year</b>	10	-	(37,209)
		<hr/>	<hr/>
<b>NET ASSETS</b>		7,630	2,891
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2,500	2,500
Profit and loss account	12	5,130	391
		<hr/>	<hr/>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	13	7,630	2,891
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 25 April 2005.

Signed on behalf of the Board of Directors



D W Tilman  
Director

# LINDEN NEW HOMES LIMITED

Notes to the accounts for the year ended 31 December 2004

## 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below. These policies have all been applied consistently throughout the year and the preceding year.

### Accounting convention

The financial statements are prepared under the historical cost convention.

### Turnover

Turnover relates to the sale of houses (recognised on the financial completion of the sale of the house) and of land (recognised on the unconditional exchange of contracts). The recognition of Housing Association turnover is dependent on the stage of completion based on an external valuation.

### Stocks

Stocks of land and work in progress are valued at the lower of invoiced cost and net realisable value. Work in progress comprises direct site costs including materials and labour.

### Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## 2. TURNOVER

A segmental analysis of turnover, between housing developments and land sales is set out below. All turnover arose within the UK.

	2004 £'000	2003 £'000
Housing developments	38,321	20,952
Land sales	7,361	1,479
Sale of sites to fellow Subsidiary Companies	51,356	-
	<hr/> 97,038	<hr/> 22,431

## 3. OPERATING PROFIT

	2004 £'000	2003 £'000
Operating profit is after charging -		
Auditors' remuneration		
- audit fees	10	11
- taxation services	1	-

# LINDEN NEW HOMES LIMITED

## Notes to the accounts for the year ended 31 December 2004

4. INTEREST PAYABLE AND SIMILAR CHARGES	2004 £'000	2003 £'000
Interest on bank loans, overdrafts and other loans	(4,129)	(2,366)

## 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no remuneration in respect of their services to the company in the current or preceding year.

The company had no employees other than directors in the current or preceding year.

6. TAXATION	2004 £'000	2003 £'000
Tax on profits at 30%	1,971	357
Adjustment in respect of prior year	(33)	(94)
	1,938	263

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	6,677	1,189
Tax on profit on ordinary activities at 30%	2,003	357
<i>Factors affecting charge for the year:</i>		
Land remediation relief	(32)	-
Prior year adjustment	(33)	(94)
Current tax charge for the year	1,938	263

7. STOCKS	2004 £'000	2003 £'000
Land and land options	8,577	20,229
Work-in-progress	4,111	14,950
Part Exchange properties	-	326
	12,688	35,505

# LINDEN NEW HOMES LIMITED

Notes to the accounts for the year ended 31 December 2004

<b>8. DEBTORS</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	51,356	4,378
Group relief receivable	16	189
Tax and Social Security	280	1,296
Other debtors	-	284
All amounts are due within one year	51,652	6,147
<b>9. CREDITORS: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Land creditor	-	2,000
Amounts due to related companies	60,990	3,027
Corporation tax	1,054	357
Other creditors	-	844
Accruals and deferred income	183	684
	62,227	4,912
<b>10. CREDITORS: amounts falling due after one year</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Libor Term loan	-	38,398
Less: Issue costs	-	(1,189)
	-	37,209
<b>11. CALLED UP SHARE CAPITAL</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
1,250,000 A ordinary shares of £1 each	1,250	1,250
1,250,000 B ordinary shares of £1 each	1,250	1,250
	2,500	2,500
<b>Called up, allotted and fully paid</b>		
1,250,000 A ordinary shares of £1 each	1,250	1,250
1,250,000 B ordinary shares of £1 each	1,250	1,250
	2,500	2,500
All shares rank pari-passu.		

# LINDEN NEW HOMES LIMITED

Notes to the accounts for the year ended 31 December 2004

## 12. STATEMENT OF MOVEMENT ON RESERVES

Profit & loss  
account  
£'000

1st January 2004	391
Profit for the year	4,739
At 31 December 2004	5,130

## 13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the year	4,739	926
Opening equity shareholders' funds	2,891	1,965
Closing equity shareholders' funds	7,630	2,891

## 14. PARENT COMPANY

Linden New Homes Limited was jointly owned by Linden Holdings PLC and Uberior Ventures Limited with both companies sharing equal control. Uberior Ventures Limited is owned by the Bank of Scotland, the Company's bankers. On 31st December 2004 the remaining 50% of the share capital in Linden New Homes Limited was acquired by Linden Holdings PLC. The shareholding was transferred to Linden Limited which is now the immediate parent company. The ultimate parent company and controlling party is Linden Holding PLC, a company incorporated in England and Wales. Copies of the Group financial statements of Linden Holdings PLC are available from Linden House, Guards' Avenue, The Village, Caterham-on-the-Hill, Surrey, CR3 5XL.

The largest and smallest group that consolidates this company is Linden Holdings PLC.

## 15. RELATED PARTY TRANSACTIONS

During the year the following Linden Group subsidiaries carried out work on behalf of Linden New Homes Limited:

Linden Homes Chiltern Limited	£18,819,153 (2003: £18,863,764)
Linden Homes North West Limited	£3,815,044 (2003: £2,963,647)
Linden Homes South East Limited	£4,454,705 (2003: £ nil)
Linden Homes Western Limited	£4,826,426 (2003: £4,626,281)

and charged the following in respect of management costs:

Linden Homes Chiltern Limited	£1,682,442 (2003: £1,457,722)
Linden Homes North West Limited	£313,341 (2003: £296,351)
Linden Homes South East Limited	£231,000 (2003: £ nil)
Linden Homes Western Limited	£448,246 (2003: £413,781)

## LINDEN NEW HOMES LIMITED

### Notes to the accounts for the year ended 31 December 2004

Also Linden New Homes Limited provided £3,811,686 (2003: £3,804,960) to the Linden Limited Group to finance site land acquisitions and development and received £256,472 (2003: £nil) of interest from Linden Homes Western Limited.

At the year end there was loan stock due to Linden Holdings PLC of £nil (2003: £9,468,844) and Uberior Ventures Limited of £nil (2003: £9,468,844). During the year interest of £nil (2003: £538,844) was capitalised on each of the loan stock subscribers, the funds were used to finance land and development expenditure.

As at 31 December 2004 interest was due to Linden Holdings PLC of £213,196 (2003: £184,633). No interest was due to Uberior Ventures Limited (2003: £nil).

#### 16. CONTINGENT LIABILITIES

Within the Linden Holdings PLC Group, all subsidiary companies have a cross guarantee against fellow Group companies overdraft facilities.

The maximum exposure under this cross guarantee at 31 December 2004 was £177,027,000 (2003: £93,968,000)