

**LINDEN NEW HOMES LIMITED**

**Registered Number 04391802**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2003**



**LINDEN NEW HOMES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

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**LINDEN NEW HOMES LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P J Davies  
B J Morrissey  
P J Cummings  
B S Anderson  
D W Tilman

**SECRETARY**

Z W Stone

**REGISTERED OFFICE**

Linden House  
Guards Avenue  
The Village  
Caterham on the Hill  
Surrey  
CR3 5ZB

**BANKERS**

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

**AUDITORS**

Deloitte & Touche LLP  
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 2003.

### **PRINCIPAL ACTIVITIES**

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

### **BUSINESS REVIEW**

The company sold its first houses during the financial year. The company moved into profit having sold 163 houses during the year.

### **FUTURE PROSPECTS**

With the first site sales having been achieved during 2003 and more units to come on most of those sites the Directors are confident of another good result during 2004.

### **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 £926,000 (2002: £535,000 loss)

No dividends are proposed in respect of 2003 (2002: £nil).

### **DIRECTORS AND THEIR INTERESTS**

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

No director had any interest in the shares of the company at any time during the year.

### **DONATIONS**

During the year, the company made no charitable donations (2002: £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**

On 1 August 2003, Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership's Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

The company has elected to dispense with the obligation to appoint auditors annually pursuant to section 386 of the Companies Act 1985 (as amended).

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



**Z W Stone**

Secretary

30 June 2004

# **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 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 period 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 2003 and of its profit for the year ended 31 December 2003 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
30 June 2004

**LINDEN NEW HOMES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**Year ended 31 December 2003**

	<u>Notes</u>	2003 £'000	2002 £'000
<b>TURNOVER</b>	2	22,431	-
Cost of sales		(18,925)	-
<b>GROSS PROFIT</b>		3,506	-
Administrative expenses		(50)	(101)
<b>OPERATING PROFIT/(LOSS)</b>	3	3,456	(101)
Other interest receivable and similar income		99	202
Interest payable and similar charges	4	(2,366)	(731)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION TRANSFERRED TO/(FROM) RESERVES</b>		1,189	(630)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(263)	95
<b>RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO /FROM RESERVES</b>	12	926	(535)

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 2003**

	<u>Notes</u>	2003 £'000	2002 £'000
<b>CURRENT ASSETS</b>			
Stocks	7	35,505	7,733
Debtors	8	6,147	161
Cash at bank and in hand		5,360	12,593
		<hr/>	<hr/>
		47,012	20,487
<b>CREDITORS: amounts falling due within one year</b>	9	(6,912)	(1,851)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		40,100	18,636
<b>CREDITORS: amounts falling due after one year</b>	10	(37,209)	(16,671)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,891	1,965
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2,500	2,500
Profit and loss account	12	391	(535)
		<hr/>	<hr/>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	13	2,891	1,965
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 30 June 2004.

Signed on behalf of the Board of Directors



**D Tilman**  
Director

**LINDEN NEW HOMES LIMITED**  
**Notes to the accounts for the year ended 31 December 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

**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 which 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 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.

	2003 £'000	2002 £'000
Housing developments	20,952	-
Land sales	1,479	-
	<hr/> 22,431	<hr/> -

**3. OPERATING PROFIT / (LOSS)**

**Operating profit is after charging -**

	2003 £'000	2002 £'000
Auditors' remuneration		
- audit fees	11	4

# LINDEN NEW HOMES LIMITED

## Notes to the accounts for the year ended 31 December 2003

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
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Interest on bank loans, overdrafts and other loans	(2,366)	(731)
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### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

The company had no employees in the year.

### 6. TAXATION

	2003 £'000	2002 £'000
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Consortium relief	-	(95)
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Adjustment in respect of prior year	(94)	-
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Tax on profits at 30%	357	-
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	263	(95)
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The tax credit relates to the surrender of a proportion of the tax losses available to consortium members

	2003 £'000	2002 £'000
--	---------------	---------------

Profit/(loss) on ordinary activities before tax	1,189	(630)
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Tax on profit/(loss) on ordinary activities at 30%	357	(189)
--	-----	-------

*Factors affecting charge for the year:*

Group Relief available to consortium member not yet claimed	-	94
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Prior year adjustment	(94)	-
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Total actual amount of current tax	263	(95)
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There is no unprovided deferred tax liability in the current year (2002: £nil)

### 7. STOCKS

	2003 £'000	2002 £'000
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Land and land options	20,229	6,945
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Work-in-progress	14,950	788
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Part Exchange Properties	326	-
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	35,505	7,733
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# LINDEN NEW HOMES LIMITED

## Notes to the accounts for the year ended 31 December 2003

<b>8. DEBTORS</b>	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Other debtors	5,958	66
Consortium relief receivable	189	95
	<hr/>	<hr/>
All amounts are due within one year	6,147	161
	<hr/>	<hr/>
<b>9. CREDITORS: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to related companies	3,027	1,467
Land creditor	2,000	-
Other creditors	844	-
Corporation tax	357	-
Accruals and deferred income	684	384
	<hr/>	<hr/>
	6,912	1,851
	<hr/>	<hr/>
<b>10. CREDITORS: amounts falling due after one year</b>	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Libor Term loan *	38,187	17,860
Less: Issue costs	(978)	(1,189)
	<hr/>	<hr/>
	37,209	16,671
	<hr/>	<hr/>
* All amounts are due on 26 July 2009		
<b>11. CALLED UP SHARE CAPITAL</b>	<b>2003</b>	<b>2002</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
	<hr/>	<hr/>
	2,500	2,500
	<hr/>	<hr/>
<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
	<hr/>	<hr/>
	2,500	2,500
	<hr/>	<hr/>

# LINDEN NEW HOMES LIMITED

## Notes to the accounts for the year ended 31 December 2003

### 12. STATEMENT OF MOVEMENT ON RESERVES

Profit & loss  
account  
£'000

1st January 2003	(535)
Profit for the year	926
At 31 December 2003	391

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

2003  
£'000

Profit for the year	926
Opening shareholders' funds	1,965
Closing shareholders' funds	2,891

### 14. PARENT COMPANY

Linden New Homes Limited is 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.

### 15. RELATED PARTY TRANSACTIONS

During the year Linden Limited Group carried out £26,921,424 (2002: £729,000) of work on behalf of Linden New Homes Limited and charged £2,272,653 (2002: £59,000) in respect of management costs.

Also Linden New Homes Limited provided £3,804,960 (2002: £nil) to the Linden Limited Group to finance site land acquisitions and development.

At the year end there was loan stock due to Linden Holdings PLC of £9,468,844 (2002: £8,930,000) and Uberior Ventures Limited of £9,468,844 (2002: £8,930,000). During the year interest of £538,844 (2002: £180,000) was capitalised on each of the loan stock subscribers, the funds were used to finance land and development expenditure.

As at 31 December 2003 interest was due to Linden Holdings PLC of £184,633 (2002: £125,000) no interest was due to Uberior Ventures Limited (2002: £125,000).