

WATES LINDEN (CUCKFIELD) LIMITED
(Formerly WATES (CUCKFIELD) LIMITED)
Registered Number 5428184

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2008

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WATES LINDEN (CUCKFIELD) LIMITED
REPORT AND FINANCIAL STATEMENTS 2008

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WATES LINDEN (CUCKFIELD) LIMITED
REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D M Brocklebank
P D Cooper
J M Jarrett
D W Tilman
D H Davies (appointed 4 June 2008)

C Coates (resigned 8 July 2008)
T A D Wates (resigned 17 June 2008)

SECRETARY

P D Money

S Amato (resigned 18 February 2008)

REGISTERED OFFICE

Cowley Business Park
Cowley
Uxbridge
Middlesex
UB8 2AL

BANKERS

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

AUDITORS

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

SOLICITORS

Cripps Harries Hall LLP
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EG

WATES LINDEN (CUCKFIELD) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The Company's principal activities are the building and selling of residential houses. The Company was formed to develop land at High Street, Cuckfield, West Sussex.

The development commenced in 2006 and is being carried out as a joint venture between Linden Homes South East Limited and Wates Group Properties Limited.

The final Private unit completed on 29 January 2009, and only the freehold interest is awaiting sale to an investor.

The Housing Association retention, held by Southern Housing, is expected to be released by December 2009.

RESULTS AND DIVIDENDS

The result for the year is set out in the profit and loss account on page 5.

The Company made a profit on ordinary activities after taxation of £1,442,000 (2007: £819,000).

The Directors proposed and paid a dividend for the year ended 31 December 2008 of £2,000,000 (2007: nil) .

DIRECTORS AND THEIR INTERESTS

The Directors listed on page 1 held office throughout the year, except as noted.

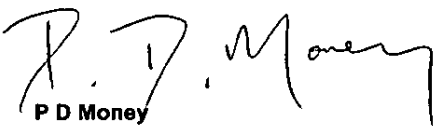
No director had any interest in the shares of the Company at any time during the year.

AUDITORS

KPMG LLP were appointed as auditors of the Company in the period, and 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, KPMG LLP are deemed to continue as Auditors.

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

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


P D Money
Secretary

25-Mar-09

WATES LINDEN (CUCKFIELD) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATES LINDEN (CUCKFIELD) LIMITED

We have audited the financial statements of Wates Linden (Cuckfield) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, and the related notes. 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 we have formed.

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 on page 3. 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 required 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.

Basis of audit opinion

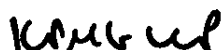
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- 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.



KPMG LLP
Chartered Accountants and Registered Auditor
London
25-Mar-09

WATES LINDEN (CUCKFIELD) LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2008**

	<u>Notes</u>	2008 £'000	2007 £'000
TURNOVER	2	9,822	8,365
Cost of sales		(7,713)	(6,817)
GROSS PROFIT		2,109	1,548
Administrative expenses		(13)	(24)
OPERATING PROFIT	3	2,096	1,524
Bank interest receivable		35	13
Interest payable and similar charges	4	(106)	(420)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,025	1,117
Tax on profit on ordinary activities	5	(583)	(298)
PROFIT FOR THE FINANCIAL YEAR	11	1,442	819

The historical profit is the same as the reported profit. A statement of movements in reserves is set out in note 10.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit for the above financial year.

CONTINUING OPERATIONS

None of the Company's operations were acquired or discontinued during the above financial year.

WATES LINDEN (CUCKFIELD) LIMITED

BALANCE SHEET

as at 31 December 2008

	<u>Notes</u>	2008 £'000	2007 £'000
CURRENT ASSETS			
Stocks	7	53	3,958
Debtors	8	1,074	62
Cash at bank and in hand		371	1,481
		<hr/>	<hr/>
		1,498	5,501
CREDITORS: amounts falling due within one year	9	(1,358)	(4,803)
		<hr/>	<hr/>
NET ASSETS		140	698
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	139	697
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	12	140	698
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 25 March 2009

Signed on behalf of the Board of Directors



D W Tilman
Director

WATES LINDEN (CUCKFIELD) LIMITED

Notes to the accounts for the year ended 31 December 2008

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 period.

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).

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.

Part exchange properties are included at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash Flow Statement

The Company has not prepared a cash flow statement as it is entitled to the exemption available to small companies.

WATES LINDEN (CUCKFIELD) LIMITED

Notes to the accounts for the year ended 31 December 2008

2. TURNOVER

A segmental analysis of turnover, between housing developments and land sales, is set out below.

All turnover arose within the UK.

	2008 £'000	2007 £'000
Housing developments	9,032	6,677
HA Sales	790	1,688
	<hr/> 9,822	<hr/> 8,365
	<hr/>	<hr/>

3. OPERATING PROFIT

Operating profit/(loss) is after charging -

	2008 £'000	2007 £'000
Auditors' remuneration		
- audit of these financial statements	4	3
	<hr/>	<hr/>

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.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Interest on bank loans	106	420
	<hr/>	<hr/>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
United Kingdom corporation tax at 28.5% (2007: 30%)	577	335
Adjustment in respect of previous year	6	(37)
	<hr/>	<hr/>
Current tax charge for the year	583	298
	<hr/>	<hr/>

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	2,025	1,117
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard rate of 28.5% (2007: 30%)	577	335
<i>Factors affecting charge for the year:</i>		
Adjustment to tax charge in respect of prior year	6	(37)
	<hr/>	<hr/>
Current tax charge for the year	583	298
	<hr/>	<hr/>

WATES LINDEN (CUCKFIELD) LIMITED

Notes to the accounts for the year ended 31 December 2008

6. EQUITY DIVIDENDS PAID

	2008	2007
	£'000	£'000
Dividend Paid to Wates Group Properties Ltd	1,000	-
Dividend Paid to Linden Homes South East	1,000	-
	<hr/>	<hr/>
	2,000	-
	<hr/>	<hr/>

7. STOCKS

	2008	2007
	£'000	£'000
Land	53	2,917
Work-in-progress	-	1,041
	<hr/>	<hr/>
	53	3,958
	<hr/>	<hr/>

8. DEBTORS

	2008	2007
	£'000	£'000
Amounts owed by shareholders	1,000	-
Other debtors	74	62
	<hr/>	<hr/>
	1,074	62
	<hr/>	<hr/>

9. CREDITORS: amounts falling due within one year

	2008	2007
	£'000	£'000
Trade creditors	717	548
Land creditors	19	88
Current corporation tax	577	298
Bank loan *	-	3,500
Other creditors	45	369
	<hr/>	<hr/>
	1,358	4,803
	<hr/>	<hr/>

* The bank loan has an interest rate of base + 1.5% and is repayable by the Maturity Date. The Maturity Date is defined as the date falling 30 months after the date of the first drawdown, which was made on 5 September 2006. The bank loan was repaid in full on 12 June 2008.

WATES LINDEN (CUCKFIELD) LIMITED

Notes to the accounts for the year ended 31 December 2008

10. CALLED UP SHARE CAPITAL

	2008	2007
	£	£
Authorised		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Called up, allotted and fully paid		
500 A ordinary shares of £1 each	500	500
500 B ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

The Company was incorporated on 19 April 2005 with an authorised share capital of 1,000 £1 ordinary shares, and on this date 1 ordinary share of £1 was issued to Wates Group Properties Limited at par. On 4 August 2006 a resolution was passed that the existing share be reclassified into 1 A share of £1 and that the authorised but un-issued share capital of 999 ordinary shares of £1 each be converted into 499 A shares and 500 B shares of £1 each, and on this date 499 A shares and 500 B shares were allotted to Wates Group Properties Ltd and Linden Limited respectively. The A and B shares rank *pari passu* in all respects but constitute separate classes of shares.

11. STATEMENT OF MOVEMENT ON RESERVES

	Profit & loss account £'000
At 1 January 2008	697
Profit for the year	1,442
Equity dividends paid	(2,000)
	<hr/>
At 31 December 2008	139
	<hr/>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2008	2007
	£'000	£'000
Profit for the year	1,442	819
Equity dividends paid	(2,000)	-
Opening shareholders' funds/(deficit)	698	(121)
	<hr/>	<hr/>
Closing shareholders' funds	140	698
	<hr/>	<hr/>

13. PARENT COMPANY

Wates Linden (Cuckfield) Limited is jointly owned by Linden Homes South East Limited and Wates Group Properties Limited with both companies sharing equal control.

14. RELATED PARTY TRANSACTIONS

At the end of the period there was no loan stock due to both Linden Limited and Wates Developments Limited. There was no interest paid in the year to either of the JV partners.