

COMPANY REGISTRATION NUMBER 4068779

LANGSTONE HOMES LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2004

THE GRAHAM FULFORD PARTNERSHIP
Chartered Accountants & Registered Auditors
61 Bedford Street
Leamington Spa
Warwickshire
CV32 5DN



LANGSTONE HOMES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

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LANGSTONE HOMES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continues to be that of land and property developers.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2004	At 1 October 2003
Mr B J D Lewis	2	2
Mr D J P Jervis	<u>2</u>	<u>2</u>

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LANGSTONE HOMES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2004

AUDITORS

A resolution to re-appoint The Graham Fulford Partnership as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

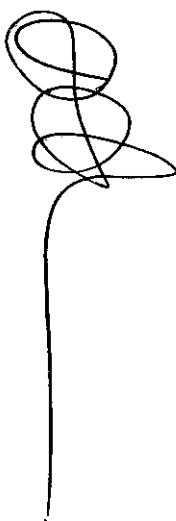
SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

Fairfield
Church Lane
Lighthorne
Warwick
CV35 0AR

Signed by order of the directors



MR B J D LEWIS
Company Secretary

Approved by the directors on **3-11-05**

LANGSTONE HOMES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LANGSTONE HOMES LIMITED
YEAR ENDED 30 SEPTEMBER 2004

We have audited the financial statements of Langstone Homes Limited for the year ended 30 September 2004 on pages 5 to 14 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

LANGSTONE HOMES LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LANGSTONE HOMES LIMITED *(continued)*
YEAR ENDED 30 SEPTEMBER 2004

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 30 September 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

The General Fund P.A.

THE GRAHAM FULFORD PARTNERSHIP
Chartered Accountants
& Registered Auditors

61 Bedford Street
Leamington Spa
Warwickshire
CV32 5DN
W. Fulford

LANGSTONE HOMES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2004

	2004 £	2003 £
Note		
TURNOVER	1,878,597	717,055
Cost of sales	<u>1,827,582</u>	<u>638,060</u>
GROSS PROFIT	51,015	78,995
Administrative expenses	<u>23,590</u>	<u>13,506</u>
OPERATING PROFIT	27,425	65,489
Interest receivable	2,093	29
Interest payable and similar charges	<u>(3,842)</u>	<u>(12,125)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	25,676	53,393
Tax on profit on ordinary activities	6,564	10,493
RETAINED PROFIT FOR THE FINANCIAL YEAR	19,112	42,900
Balance brought forward	<u>54,978</u>	<u>12,078</u>
Balance carried forward	<u>74,090</u>	<u>54,978</u>


LANGSTONE HOMES LIMITED
BALANCE SHEET
30 SEPTEMBER 2004

	Note	2004	2003
		£	£
FIXED ASSETS			
Tangible assets	4	7,612	2,921
Investments	5	<u>2</u>	<u>-</u>
		7,614	2,921
CURRENT ASSETS			
Stocks		10,000	531,357
Debtors	6	41,748	113,746
Investments	7	3,647	-
Cash at bank		<u>400,665</u>	<u>7,469</u>
		456,060	652,572
CREDITORS: Amounts falling due within one year	8	<u>389,580</u>	<u>323,751</u>
NET CURRENT ASSETS		66,480	328,821
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>74,094</u>	<u>331,742</u>
CREDITORS: Amounts falling due after more than one year	9	<u>-</u>	<u>276,760</u>
		<u>74,094</u>	<u>54,982</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	4	4
Profit and loss account		<u>74,090</u>	<u>54,978</u>
		<u>74,094</u>	<u>54,982</u>
SHAREHOLDERS' FUNDS			

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 3-11-05 and are signed on their behalf by:


 MR B J D LEWIS


 MR D J P LEWIS

LANGSTONE HOMES LIMITED
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2004

	Note	£ 2004	£ 2003
NET CASH INFLOW FROM OPERATING ACTIVITIES	12	653,826	74,593
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	12	(1,749)	(12,096)
TAXATION	12	(12,064)	1
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	12	(10,875)	(3,120)
ACQUISITIONS AND DISPOSALS			
Acquisition of shares in group undertakings		(2)	-
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(2)	-
CASH INFLOW BEFORE FINANCING		629,136	59,378
FINANCING	12	(276,760)	(58,240)
INCREASE IN CASH	12	<u>352,376</u>	<u>1,138</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% Reducing balance
Office Equipment	- 25% Reducing balance

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

2. OPERATING PROFIT

Operating profit is stated after charging:

	2004 £	2003 £
Directors' emoluments	-	-
Depreciation of owned fixed assets	<u>2,537</u>	<u>974</u>

3. TAXATION ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2003 - 19%)	6,526	10,493
Over/under provision in prior year	<u>38</u>	<u>-</u>
Total current tax	<u>6,564</u>	<u>10,493</u>

4. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Office Equipment £	Total £
COST			
At 1 October 2003	3,120	791	3,911
Additions	<u>-</u>	<u>7,228</u>	<u>7,228</u>
At 30 September 2004	<u>3,120</u>	<u>8,019</u>	<u>11,139</u>
DEPRECIATION			
At 1 October 2003	780	210	990
Charge for the year	<u>585</u>	<u>1,952</u>	<u>2,537</u>
At 30 September 2004	<u>1,365</u>	<u>2,162</u>	<u>3,527</u>
NET BOOK VALUE			
At 30 September 2004	<u>1,755</u>	<u>5,857</u>	<u>7,612</u>
At 30 September 2003	<u>2,340</u>	<u>581</u>	<u>2,921</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

5. INVESTMENTS

INVESTMENT IN SUBSIDIARIES

£

COST		
Additions		<u>2</u>
At 30 September 2004		<u>2</u>
NET BOOK VALUE		
At 30 September 2004		<u>2</u>

The company owns 100% of the issued share capital of the companies listed below,

Langstone Homes (Belwell Lane) Limited
 Langstone Homes (Mulroy Road) Limited

All the subsidiaries commenced to trade as developers of private homes during the year.

Langstone Homes (Mulroy Road) Limited has not yet produced accounts.

Aggregate capital and reserves as at 31 October 2004	2004	
	£	
Langstone Homes (Belwell Lane) Limited	20,191	-
Profit and (loss) for the year ended 31 October 2004		
Langstone Homes (Belwell Lane) Limited	20,190	-

6. DEBTORS

	2004	2003
	£	£
Trade debtors	-	83,404
Amounts owed by group undertakings	41,748	-
VAT recoverable	-	19,842
Prepayments and accrued income	-	10,500
	<u>41,748</u>	<u>113,746</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

7. INVESTMENTS

	2004 £	2003 £
Own shares	<u>3,647</u>	<u>—</u>

8. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	—	—
Trade creditors	45,087	4,267
Other creditors including taxation: Corporation tax	32,803	120,075
VAT	6,526	12,026
Other creditors	99,036	—
Directors current accounts	187,000	186,159
	17,978	74
Accruals and deferred income	<u>1,150</u>	<u>1,150</u>
	<u>311,690</u>	<u>199,409</u>
	<u>389,580</u>	<u>323,751</u>

The bank loan and other creditors are secured on the work in progress of the company.

9. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	—	<u>276,760</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

10. RELATED PARTY TRANSACTIONS

The company was under the joint control of Messrs B J D Lewis & D J P Jervis throughout the year.

During the year the company paid consultancy fees amounting to £207,500 (2003 £113,387) to Lewis & Jervis, a business in which Mr Lewis is a partner and paid consultancy fees amounting to £223,600 (2003 £50,760) to Jervis & Jervis, a business in which Mr Jervis is a partner.

During the year the company received commissions amounting to £600,000 from and sold sites for £476,920 to group companies in the year.

All the above transactions were at arms length.

11. SHARE CAPITAL

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004 No	2003 No
Ordinary shares of £1 each	<u>4</u>	<u>4</u>

12. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	27,425	65,489
Depreciation	2,537	974
Decrease/(increase) in stocks	521,357	(25,413)
Decrease/(increase) in debtors	71,998	(82,759)
Increase in creditors	30,509	116,302
Net cash inflow from operating activities	<u>653,826</u>	<u>74,593</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

12. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004 £	2003 £
Interest received	2,093	29
Interest paid	<u>(3,842)</u>	<u>(12,125)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(1,749)</u>	<u>(12,096)</u>

TAXATION

	2004 £	2003 £
TAXATION	<u>(12,064)</u>	<u>1</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2004 £	2003 £
Payments to acquire tangible fixed assets	(7,228)	(3,120)
Acquisition of current asset investments in own shares	<u>(3,647)</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(10,875)</u>	<u>(3,120)</u>

FINANCING

	2004 £	2003 £
Repayment of bank loans	<u>(276,760)</u>	<u>(58,240)</u>
Net cash outflow from financing	<u>(276,760)</u>	<u>(58,240)</u>

LANGSTONE HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2004

12. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004	2003
	£	£
Increase in cash in the period	352,376	1,138
Net cash outflow from bank loans	<u>276,760</u>	<u>58,240</u>
	629,136	59,378
Change in net funds	<u>629,136</u>	<u>59,378</u>
Net debt at 1 October 2003	<u>(273,558)</u>	<u>(332,937)</u>
Net funds at 30 September 2004	<u>355,578</u>	<u>(273,558)</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 2003	Cash flows	At 30 Sep 2004
	£	£	£
Net cash:			
Cash in hand and at bank	7,469	393,196	400,665
Overdrafts	<u>(4,267)</u>	<u>(40,820)</u>	<u>(45,087)</u>
	3,202	352,376	355,578
Debt:			
Debt due after 1 year	<u>(276,760)</u>	<u>276,760</u>	<u>-</u>
Net funds	<u>(273,558)</u>	<u>629,136</u>	<u>355,578</u>