CHARTRIDGE DEVELOPMENTS LIMITED

Annual report

for the year ended 31 March 2004

Registered Number: 03630555



CHARTRIDGE DEVELOPMENTS LIMITED

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Directors and advisers

Directors

E G Thomson
L A Thomson
A Shad
J C Smith

Secretary and registered office

L A Thomson
Little Hampden Lodge
Little Hampden
Great Missenden
Buckinghamshire
HP16 9PS

Solicitors

Berwin Leighton
Adelaide House
London Bridge
London
EC4R 9HA

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

National Westminster Bank
Chiltern Corporate Business Centre
PO Box 412
Rapid House
Oxford Road
High Wycombe
Buckinghamshire
HP11 2EF

Directors' report for the year ended 31 March 2004

The directors present their report and the audited financial statements of the company for the year to 31 March 2004.

Principal activity

The principal activity of the company in the year under review was property development.

Review of business and future developments

The results for the year are set out in the profit and loss account on page 6.

Both the level of business and the year end financial position were satisfactory. The directors expect that satisfactory results will continue.

Dividends and transfer to reserves

The results of the company are shown on page 6. The directors recommend the payment of a dividend of £51,575 (2003: £50,000).

Directors

The directors who held office during the year are as follows:

E G Thomson
L A Thomson
A Shad
J C Smith

Directors' interests

The directors who held office at 31 March 2004 had no interests in the shares of the company. Their interests in the shares of the ultimate parent company, Chartridge Plc, are shown in that company's financial statements.

Directors' responsibilities statement

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. The directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. They 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.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they will be reappointed will be proposed at the Annual General Meeting.

By order of the board

L A Thomson
Company secretary

25 October 2004

Independent auditors' report to the members of CHARTRIDGE DEVELOPMENTS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 October 2004

Profit and loss account for the year ended 31 March 2004

	Notes	2004	2003
		£	£
Turnover	1	**6,978,693**	7,854,800
Cost of sales		**(5,936,983)**	(6,624,474)
Gross profit		**1,041,710**	1,230,326
Distribution and selling costs		**(61,157)**	(52,271)
Administrative expenses		**(578,175)**	(535,412)
Operating profit	5	**402,378**	642,643
Interest receivable and similar income	4	**1,183**	3,418
Interest payable and similar charges	4	**(36,853)**	(5,150)
Profit on ordinary activities before taxation		**366,708**	640,911
Taxation	7	**(66,837)**	(117,792)
Profit on ordinary activities after taxation		**299,871**	523,119
Dividends	6	**(51,575)**	(50,000)
Retained profit for the year	14,15	**248,296**	473,119

All figures in the profit and loss account relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

A separate statement of total recognised gains and losses has not been presented as all recognised gains and losses have been reflected in the profit and loss account.

Balance sheet at 31 March 2004

	Notes	2004	2003
		£	£
Fixed assets			
Tangible assets	8	**17,674**	16,818
Current assets			
Stock	9	**4,722,582**	4,462,718
Debtors	10	**1,879,243**	260,941
Cash at bank and in hand		**1,500**	359,276
		6,603,325	5,082,935
Creditors: amounts falling due within one year	11	**(5,036,822)**	(4,730,175)
Net current assets		**1,566,503**	352,760
Total assets less current liabilities		**1,584,177**	369,578
Creditors: amounts falling due after more than one year	12	**(999,435)**	(33,132)
Net assets		**584,742**	336,446
Capital and reserves			
Called up share capital	13	**1,025**	1,025
Profit and loss account	14	**583,717**	335,421
Equity shareholders' funds	15	**584.742**	336,446

The financial statements on pages 6 to 16 were approved by the board of directors on 25 October 2004 and were signed on its behalf by:

E G Thomson
Director

Notes to the financial statements for the year ended 31 March 2004

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Office equipment, site equipment, fixtures and fittings	25 - 50

Turnover

Turnover represents the invoiced value of developments sold to third parties inclusive of VAT. Properties are treated as sold on legal completion.

Stocks and work in progress

Properties carried as stock are valued at the lower of cost and net realisable value. Cost includes the purchase price of the trading asset and associated acquisition costs, including financing costs on acquiring and developing the asset during the period of construction.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Cash flow

The company is a wholly owned subsidiary of Chartridge plc. The cash flows of the company are included in the consolidated cash flow statement of Chartridge plc. Consequently the company is exempt under the terms of FRS1 (revised) "Cash flow statements" from publishing a cash flow statement.

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by 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.

Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date. The company does not discount deferred tax assets and liabilities.

Related party transactions

FRS8 'Related party transactions' requires disclosure of the detail of material transactions between the reporting entity and any related parties. The company has taken advantage of exemptions under FRS8 not to disclose transactions with its parent undertaking as it is a wholly owned subsidiary.

2 Directors' emoluments

	2004	2003
	£	£
Fees	**219,515**	196,700
Other emoluments (including benefits in kind)	**-**	21,357
	219,515	218,057

	2004	2003
	£	£
Highest paid director		
Fees	**50,000**	50,000
Other emoluments (including benefits in kind)	**12,879**	10,635
	60,000	60,635

The company does not operate a pension scheme.

3 Employees

The average weekly number of persons (including executive directors) employed by the company during the year was:

	2004 Number	2003 Number
By activity:		
Administration	**9**	9

	2004 £	2003 £
Staff costs (for the above persons):		
Wages and salaries	**354,938**	327,445
Social security costs	**40,887**	33,835
	395,825	361,280

4 Net financing costs

	2004 £	2003 £
Interest payable and similar charges		
Bank interest and charges	**184,856**	187,557
On directors loans	**92,569**	95,217
	277,425	282,774
Charged to work in progress during the year	**(240,572)**	(277,624)
	36,853	5,150
Interest receivable		
Bank interest	**1,183**	3,418

5 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	**12,560**	1,625
Loss on disposal of tangible fixed assets	**749**	-
Auditors' remuneration:		
- Audit	**20,750**	20,000
- Non-audit services (tax compliance)	**10,515**	7,000
Operating lease rentals:		
- Motor vehicles	**26,420**	23,283
- Plant and machinery	**1,376**	-

6 Dividends

	2004	2003
	£	£
Equity – Ordinary shares		
Final proposed: £50.00 (2003: £50.00) per £1 share	**50,000**	50,000
Equity – 'A' Ordinary shares		
Final proposed: £63.00 (2003: £Nil) per £1 share	**1,575**	-
	51,575	50,000

7 Taxation

(a) Analysis of charge in the year

	2004	2003
	£	£
The charge for taxation is made up as follows:		
Current tax		
UK corporation tax at 20% (2003: 20%) on profits of the year	**87,189**	139,115
Adjustments in respect of previous periods	**(2,670)**	11,465
Total current tax	**84,519**	150,580
Deferred tax		
Origination and reversal of timing differences	**(17,682)**	(32,788)
Total deferred tax	**(17,682)**	(32,788)
Total tax charge on profit on ordinary activities	**66,837**	117,792

(b) Factors affecting the tax charge in the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to the pre-tax profit of the company. The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	**369,268**	640,911
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 20% (2003: 20%)	**73,854**	128,182
Effects of:		
Expenses not deductible for tax purposes	**5,594**	1,759
Timing differences	**7,741**	9,174
Adjustments to tax charge in respect of previous period	**(2,670)**	11,465
Current tax charge for year (note 7(a))	**84,519**	150,580

The deferred tax asset provided is made up as follows:

	2004	2003
	£	£
Short term timing differences	**50,889**	34,102
Accelerated capital allowances	**(683)**	(1,314)
	50,206	32,788

There are no unprovided deferred tax assets (2003: £nil).

8 Tangible fixed assets

	Fixtures and Fixtures	Site equipment	Office equipment	**Total**
	£	£	£	**£**
Cost				
At 1 April 2003	504	14,947	6,186	21,637
Additions	-	16,757	2,719	19,476
Disposals	-	(8,503)	-	(8,503)
At 31 March 2004	**504**	**23,201**	**8,905**	**32,610**
Depreciation				
At 1 April 2003	403	354	4,062	4,819
Charge for year	71	10,929	1,560	12,560
Depreciation on disposal	-	(2,443)	-	(2,443)
At 31 March 2004	**474**	**8,840**	**5,622**	**14,936**
Net book value				
At 31 March 2004	**30**	**14,361**	**3,283**	**17,674**
At 31 March 2003	101	14,593	2,124	16,818

9 Stock

	2004	2003
	£	£
Finished goods	**454,709**	-
Work in progress	**4,267,873**	4,462,718
	4,722,582	4,462,718

Properties in the course of development include £124,418 (2003: £154,816) of interest charged to work in progress.

10 Debtors: amounts falling due within one year

	2004	2003
	£	£
Trade debtors	**1,673,156**	3,214
Other debtors	**51,974**	21,702
Prepayments and accrued income	**103,907**	203,237
Deferred tax (see note 7)	**50,206**	32,788
	1,879,243	260,941

11 Creditors: amounts due within one year

	2004	2003
	£	£
Bank overdraft	**114,991**	-
Bank loans	**3,038,840**	2,797,500
Directors' loans	**1,341,869**	1,586,260
Trade creditors	**184,073**	65,805
Amounts due to parent undertaking	**15,763**	15,763
Other taxation and social security costs	**19,220**	15,664
Corporation tax	**87,189**	59,127
Other creditors	**5,203**	15,120
Accruals and deferred income	**178,099**	124,936
Dividends payable	**51,575**	50,000
	5,036,822	4,730,175

Interest is charged on the bank loans at 2.25% above the bank's base rate.

The company's bankers hold a fixed and floating charge over the assets of the company.

12 Creditors: amounts due after one year

	2004	2003
	£	£
Directors' loans	**999,435**	33,132

Interest is charged on the directors' loans at 5% (2003: 5%) per annum, calculated on a monthly basis (see note 4). The loan has no fixed repayment date.

13 Called up share capital

	2004	2003
	£	£
Authorised		
50,000 ordinary shares of £1 each	**50,000**	50,000
1,250 'A' ordinary shares of £1 each	**1,250**	1,250
	51,250	51,250
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	**1,000**	1,000
25 'A' ordinary shares of £1 each	**25**	25
	1,025	1,025

The 'A' ordinary shares do not have a right to dividends unless all the holders of the Ordinary Shares shall unanimously resolve, are not entitled to vote at any General Meeting of the company, and rank after the holders of the Ordinary Shares on a return of assets on liquidation, reduction of capital or otherwise.

14 Profit and loss account

	2004
	£
At 1 April 2003	**335,421**
Retained profit for the year	**248,296**
At 31 March 2004	**583,717**

15 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit for the financial year	**299,871**	523,119
Dividends	**(51,575)**	(50,000)
	248,296	473,119
Opening shareholders' funds	**336,446**	(136,673)
Closing shareholders' funds	**584,742**	336,446

16 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004	2003
	£	£
Other operating leases:		
Expiring in less than one year	**-**	7,753
Expiring in two to five years	**13,084**	13,077
	13,084	20,830

17 Ultimate controlling party

The company is a wholly owned subsidiary of Chartridge Plc, a company registered in England and Wales. Copies of the group financial statements of Chartridge Plc are available from Little Hampden Lodge, Little Hampden, Great Missenden, Buckinghamshire, HP16 9PS.

18 Related Party Transactions

As the company is a wholly owned subsidiary of Chartridge Plc, the company has taken advantage of the exemption contained in FRS8 "Related party transactions" and has therefore not disclosed transactions or balances with other group entries. The consolidated financial statements of Chartridge Plc, within which the company is included, can be obtained from the address in note 17.

The following transactions occurred between directors and the company during the year:

	31 March 2004	31 March 2003
	£	£
Opening directors' loans balance	**1,619,392**	2,154,173
Transfers to the company	**1,600,000**	770,000
Interest charged on directors' loan balances released to the profit and loss account	**46,896**	31,539
Interest on directors' loan balances contained within work in progress	**45,673**	63,680
Repayment to the directors	**(970,000)**	(1,400,000)
Total balances carried forward	**2,341,961**	1,619,392