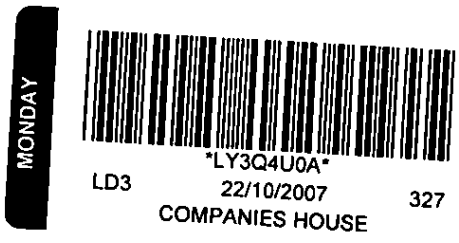
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CHARTRIDGE DEVELOPMENTS LIMITED
Annual report and financial statements

for the year ended 31 March 2007



CHARTRIDGE DEVELOPMENTS LIMITED

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Directors and advisers

Directors

E G Thomson
L A Thomson
J C Smith

Secretary and registered office

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

Solicitors

BP Collins
Collins House
32-38 Station Road
Gerrards Cross
Bucks
SL9 8EL

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

CHARTRIDGE DEVELOPMENTS LIMITED

Directors' report
for the year ended 31 March 2007

The directors present their report and the audited financial statements of the company for the year to 31 March 2007

Principal activity and results

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

The results of the company are shown on page 5 The directors have declared an interim dividend of £77,520 (2006 £135,000) and have declared a final dividend of £nil (2006 £103,150)

Business environment

The company has seen the demand for high quality housing remains strong and do not foresee any significant change in this during the next twelve months

Strategy

The group's strategy is the development of high quality housing in desirable locations

Principal risks and uncertainties

The principal risks facing the company are fluctuations in the overall housing market and movement in the base rate of interest

Directors

The directors who held office during the year are as follows

E G Thomson
L A Thomson
J C Smith

Financial risk management

The company finances its operations through a combination of bank loans and director loans The maturity profile of the loans are matched with the expected development and sale period of the underlying properties

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Employment of disabled persons

The company's policy is that, wherever it is practicable and reasonable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training, career development and promotion Every effort is made to retain and assist any individuals disabled during their employment Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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

CHARTRIDGE DEVELOPMENTS LIMITED

Directors' report
for the year ended 31 March 2007

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Statement of disclosure of information to auditors

As far as the directors are aware there is no information relevant to the audit of which the Company's auditors are unaware and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any such relevant information and to establish that the Company's auditors are aware of that information

Provision of information to auditors

Having taken appropriate steps to make themselves and their auditors aware of relevant audit information, the directors are not aware of any such information which has not been made available to the auditors

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

17 October 2007

Independent auditors' report to the members of Chartridge Developments Limited

We have audited the financial statements of Chartridge Developments Limited for the year ended 31 March 2007 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

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) 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 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 require 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 judgments 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, 19 October 2007

CHARTRIDGE DEVELOPMENTS LIMITED

Profit and loss account
for the year ended 31 March 2007

	Notes	2007	2006
		£	£
Turnover	1	**7,933,900**	8,953,251
Cost of sales		**(6,127,616)**	(7,655,241)
Gross profit		**1,806,284**	1,298,010
Other income		**15,200**	8,254
Distribution and selling costs		**(40,099)**	(56,563)
Administrative expenses		**(846,232)**	(787,580)
Operating profit	5	**935,153**	462,121
Interest receivable and similar income	4	**14,878**	4,916
Interest payable and similar charges	4	**(5,942)**	(14,652)
Profit on ordinary activities before taxation		**944,089**	452,385
Taxation	7	**(265,641)**	(101,713)
Profit for the year	14, 15	**678,448**	350,672

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

CHARTRIDGE DEVELOPMENTS LIMITED

Balance sheet
at 31 March 2007

	Notes	2007	2006
		£	£
Fixed assets			
Tangible assets	8	**78,198**	49,723
Current assets			
Stock	9	**5,639,817**	4,129,653
Debtors	10	**77,065**	106,852
Cash at bank and in hand		**907,679**	1,288,116
		6,624,561	5,524,621
Creditors amounts falling due within one year	11	**(3,694,743)**	(3,211,049)
Net current assets		**2,929,818**	2,313,572
Total assets less current liabilities		**3,008,016**	2,363,295
Creditors amounts falling due after more than one year	12	**(1,552,230)**	(1,508,437)
Net assets		**1,455,786**	854,858
Capital and reserves			
Called up share capital	13	**1,025**	1,025
Profit and loss account	14	**1,454,761**	853,833
Total shareholders' funds	15	**1,455,786**	854,858

The financial statements on pages 5 to 14 were approved by the board of directors on 17 October 2007 and were signed on its behalf by



E G Thomson
Director

CHARTRIDGE DEVELOPMENTS LIMITED
Notes to the financial statements
for the year ended 31 March 2007

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%
Vehicles	25%

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 FRS 1 (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

1 Principal accounting policies (continued)

Related party transactions

FRS 8 'Related party transactions' requires disclosure of material transactions between the reporting entity and any related parties The company has taken advantage of exemptions under FRS 8 not to disclose transactions with its parent undertaking as it is a wholly owned subsidiary

2 Directors' emoluments

	2007	2006
	£	£
Fees	**285,000**	167,250
Other emoluments (including benefits in kind)	**36,462**	68,425
	321,462	235,675

	2007	2006
	£	£
Highest paid director		
Fees	**95,000**	60,000
Other emoluments (including benefits in kind)	**20,522**	15,939
	115,522	75,939

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:

	2007	2006
	Number	Number
By activity		
Administration and management	**8**	8

	2007	2006
Staff costs (for the above persons)	£	£
Wages and salaries	**464,586**	353,485
Social security costs	**54,896**	40,246
	519,482	393,731

4 Net financing costs

	2007	2006
	£	£
Interest payable and similar charges		
Bank interest and charges	**160,919**	179,691
On directors loans	**76,682**	107,538
	237,601	287,229
Charged to work in progress during the year	**(231,659)**	(272,577)
	5,942	14,652
Interest receivable		
Bank interest	**14,878**	4,916

5 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets	**19,435**	23,122
Loss on disposal of tangible fixed assets	**-**	4,480
Operating lease rentals		
- Land and buildings	**36,020**	36,020
- Motor vehicles	**37,670**	34,504
- Plant and machinery	**-**	1,376
Services provided by the company's auditor		
Audit services		
- Fees payable for the audit of the company's accounts	**16,000**	15,500
Non Audit services		
- Tax services	**2,500**	2,335

6 Dividends

	2007	2006
	£	£
Equity – Ordinary shares		
Final paid £nil (2006 £100 00) per £1 share	**-**	100,000
Interim paid £77 52 (2006 £135 00) per £1 share	**77,520**	135,000
Equity – 'A' Ordinary shares		
Final paid £nil (2006 £126 00) per £1 share	**-**	3,150
	77,520	238,150

7 Taxation

(a) Analysis of charge in the year

	2007	2006
	£	£
The charge for taxation is made up as follows		
Current tax		
UK corporation tax at 30% (2006 30%) on profits of the year	**243,667**	92,745
Adjustments in respect of previous periods	**(304)**	(1,549)
Total current tax	**243,363**	91,196
Deferred tax		
Origination and reversal of timing differences	**22,278**	10,517
Total deferred tax	**22,278**	10,517
Total tax charge on profit on ordinary activities	**265,641**	101,713

(b) Factors affecting the tax charge in the year

The tax assessed for the period differs to the standard rate of corporation tax in the UK applied to the pre-tax profit of the company The differences are explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	**944,089**	452,385
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	**283,227**	135,716
Effects of		
Expenses not deductible for tax purposes	**7,407**	7,068
Timing differences	**(29,641)**	(20,214)
Marginal rate relief	**(17,326)**	(29,825)
Adjustments to tax charge in respect of previous period	**(304)**	(1,549)
Current tax charge for year (note 7(a))	**243,363**	91,196

7 Taxation (continued)

The deferred tax asset provided (note 10) is made up as follows

	2007	2006
	£	£
Short term timing differences	**853**	23,131

There are no unprovided deferred tax assets (2006 £nil)

9 Tangible fixed assets

	Fixtures and fittings	Site equipment	Office equipment	Vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2006	10,235	31,983	26,977	15 995	85,190
Additions	-	1,669	741	45,500	47,910
Transfers	476	-	(476)	-	-
At 31 March 2007	**10,711**	**33,652**	**27,242**	**61,495**	**133,100**
Depreciation					
At 1 April 2006	2,225	21,884	8,693	2 665	35,467
Charge for year	2,678	8,177	5,914	2,666	19,435
Transfers	49	-	(49)	-	-
At 31 March 2007	**4,952**	**30,061**	**14,558**	**5,331**	**54,902**
Net book amount					
At 31 March 2007	**5,759**	**3,591**	**12,684**	**56,164**	**78,198**
At 31 March 2006	8,010	10,099	18,284	13,330	49 723

10 Stock

	2007	2006
	£	£
Work in progress	**5,639,817**	4,129,653

Properties in the course of development include £51,085 (2006 £54,934) of interest charged to work in progress

11 Debtors: amounts falling due within one year

	2007	2006
	£	£
Trade debtors	**23,451**	25,250
Other debtors	**38,631**	40,046
Prepayments and accrued income	**14,130**	18,425
Deferred tax (see note 7)	**853**	23,131
	77,065	106,852

12 Creditors: amounts due within one year

	2007	2006
	£	£
Bank loans	**2,100,000**	2,185,600
Directors' loans	**927,146**	500,937
Trade creditors	**115,917**	237,640
Amounts owed to parent company	**29,716**	29,716
Other taxation and social security costs	**82,739**	22,062
Other creditors	**4,043**	-
Corporation tax	**243,552**	92,745
Accruals and deferred income	**191,630**	142,349
	3,694,743	3,211,049

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

Interest is charged on the directors' loans at 5% (2006 5%) per annum, calculated on a monthly basis (see note 4) The loan has no fixed repayment date, however the directors have provided written assurances that the balance above will not be repaid within the 12months following the date of approval of these accounts

13 Creditors: amounts due after one year

	2007	2006
	£	£
Directors' loans	**1,552,230**	1,508,437

Interest is charged on the directors' loans at 5% (2006 5%) per annum, calculated on a monthly basis (see note 4) The loan has no fixed repayment date, however the directors have provided written assurances that the balance above will not be repaid within the 12 months following the date of approval of these accounts

14 Called up share capital

	2007	2006
	£	£
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

15 Profit and loss account

	2007
	£
At 1 April 2006	853,833
Profit for the year	678,448
Dividend paid	(77,520)
At 31 March 2007	**1,454,761**

CHARTRIDGE DEVELOPMENTS LIMITED
Notes to the financial statements
for the year ended 31 March 2007

16 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	**678,448**	350,672
Dividends	**(77,520)**	(238,150)
	600,928	112,522
Opening shareholders' funds	**854,858**	742,336
Closing shareholders' funds	**1,455,786**	854,858

17 Financial commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007		2006	
	Land and buildings	**Other**	Land and buildings	Other
	£	£	£	£
Other operating leases in respect of plant and machinery				
Expiring in less than one year	-	**3,266**	-	2,057
Expiring in two to five years	**36,020**	**21,589**	36,020	27,651
	36,020	**24,855**	36,020	29,708

18 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

19 Related Party Transactions

As the company is a wholly owned subsidiary of Chartridge Plc, the company has taken advantage of the exemption contained in FRS 8 "Related party transactions" and has therefore not disclosed transactions or balances with other group entities 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 2007	**31 March 2006**
	£	£
Opening directors' loans balance	**2,009,374**	2,506,837
Transfers to the company	**2,475,001**	2,228,000
Interest charged in year	**99,001**	107,538
Repayment to the directors	**(2,104,000)**	(2,833,001)
Total balances carried forward	**2,479,376**	2,009,374