Registered number
958763 (England and Wales)

Luff Developments Limited

Directors' Report and Financial Statements

For the year ended 30 June 2003



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Luff Developments Limited
Directors' Report and Financial Statements
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Luff Developments Limited
Company Information

Directors
P Luff
Mrs J M Luff
G B Newman
D W Ferrar

Secretary
D W Ferrar

Auditors
Arram Berlyn Gardner
Holborn Hall
100 Grays Inn Road
London
WC1X 8BY

Bankers
HSBC Bank plc
Business Banking
26 Broad Street
Reading
Berkshire
RG1 2BU

Business Address
The Granary
Ashridgewood Farm
Warren House Road
Wokingham
Berkshire
RG40 5RD

Registered office
Holborn Hall
100 Grays Inn Road
London
WC1X 8BY

Registered number
958763 (England and Wales)

Luff Developments Limited
Directors' Report

The directors present their report and financial statements for the year ended 30 June 2003.

Principal activities and review of the business
The principal activities of the company are property development and trading.

Results and dividends
The results for the financial year are set out in the profit and loss account on page 4.

Directors
The directors who served during the year and their interests in the share capital of the company were as follows:

		Number of shares	
	Class of Share	**2003**	**2002**
P Luff	Ordinary shares	-	-
Mrs J M Luff	Ordinary shares	-	-
G B Newman	Ordinary shares	-	-
D W Ferrar	Ordinary shares	-	-

The interests of P Luff, J M Luff and D W Ferrar in the ordinary shares of the company's parent undertaking are disclosed in the accounts of that company.

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 for that period. In preparing those 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; 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 maintaining 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Arram Berlyn Gardner be reappointed as auditors will be put to the member at the Annual General Meeting.

This report was approved by the board on 24th September 2003.

D W Ferrar
Secretary

Luff Developments Limited

Independent auditors' report to the shareholder of Luff Developments Limited

We have audited the financial statements which comprise pages 4 to 10. These financial statements have been prepared under the historical cost convention and 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 auditor's 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

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 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 of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arram Berlyn Gardner
Registered auditors

Holborn Hall
100 Grays Inn Road
London
WC1X 8BY

24th September 2003

Luff Developments Limited
Profit and Loss Account
for the year ended 30 June 2003

	Notes	2003 £	2002 £
Turnover	2	4,958,477	3,805,202
Cost of sales		(4,538,421)	(3,591,401)
Gross profit		420,056	213,801
Administrative expenses		(636,073)	(641,678)
Rental income		165,045	151,203
Operating loss	3	(50,972)	(276,674)
Interest receivable		118,472	131,190
Interest payable	6	(37,476)	(43,862)
Profit/(loss) on ordinary activities before taxation		30,024	(189,346)
Tax on profit/(loss) on ordinary activities	7	(5,610)	-
Profit/(loss) for the financial year		24,414	(189,346)
Equity dividend on ordinary shares - final proposed / interim received	8	30,000	71,638
Retained profit/(loss) for the financial year	15	54,414	(117,708)

Statement of total recognised gains and losses

The company has no recognised gains or losses other than those passing through the profit and loss account.

Luff Developments Limited
Balance Sheet
as at 30 June 2003

	Notes		2003 £		2002 £
Fixed assets					
Investments	9		3,012,650		3,012,750
Current assets					
Stocks	10	2,951,718		2,874,425	
Debtors	11	3,100,183		3,308,489	
Cash at bank and in hand		2,552		33,015	
		6,054,453		6,215,929	
Creditors: amounts falling due within one year	12	(703,704)		(919,694)	
Net current assets			5,350,749		5,296,235
			8,363,399		8,308,985
Capital and reserves					
Called up share capital	13		71,000		71,000
Share premium	14		100		100
Profit and loss account	15		8,292,299		8,237,885
Shareholder's funds:					
Equity			8,363,399		8,308,985
	16		8,363,399		8,308,985

P Luff
Director
Approved by the board on 24th September 2003

Luff Developments Limited
Notes to the Financial Statements
for the year ended 30 June 2003

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of an EC parent company. The cash flows of the group are dealt with in the consolidated financial statements of that company.

The company has taken advantage of the exemption to prepare group accounts on the grounds that it is a wholly owned subsidiary of an EC parent company.

Stock and work in progress

Trading and development properties are included in stock at the lower of cost and net realisable value.
Cost comprises purchase price, acquisition and development costs but excludes interest, which is written off to the profit and loss account as incurred.
Net realisable value is based on estimated selling price less future costs expected to be incurred to disposal.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Pensions

The pension cost charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

Investments

Investments in subsidiaries are stated at cost less provision for permanent diminution in value.

2 Turnover

Turnover comprises invoiced sales excluding value added tax and has been derived from its principal activity wholly undertaken in the UK.
The point of sale date for the sale of property is taken to be the date of completion of contracts.

Turnover split:	2003	2002
	£	£
Sale of Land and Properties	0	643,000
Construction Works	4,958,477	3,162,202
	4,958,477	3,805,202

3 Operating loss

		2003 £	2002 £
This is stated after charging:			
Auditors' remuneration:	- Audit fees	4,700	4,025
	- Other services	1,660	-
Directors' emoluments		389,088	399,475

4 Directors' emoluments

	2003 £	2002 £
Emoluments	329,088	339,475
Company contributions to self administered pension schemes	60,000	60,000
	389,088	399,475
Highest paid director:		
Emoluments	175,000	175,000
Company contributions to self administered pension schemes	20,000	20,000
	195,000	195,000

Number of directors in company pension schemes:	2003 Number	2002 Number
Self administered pension schemes	4	4

5 Staff costs

	2003 £	2002 £
Wages and salaries	329,088	339,475
Social security costs	37,989	39,855
Other pension costs	60,000	60,000
	427,077	439,330

Average number of employees during the year	Number	Number
Administration	3	3

6 Interest payable

	2003 £	2002 £
Other Loans	37,476	43,862

7 Taxation

	2003 £	2002 £
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	5,610	-
Tax on profit on ordinary activities	5,610	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the small companies rate of corporation tax are explained as follows:

	2003	2002
	£	£
Profit/(loss) on ordinary activities before tax	30,024	(189,346)
	£	£
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax of 19% (2002: 10%)	5,705	(18,935)
Effects of:		
Expenses not deductible for tax purposes	19	-
Capital allowances for period in excess of depreciation	(114)	(79)
Surrendered to Group	-	19,014
Current tax charge for period	5,610	-

Factors that may affect future tax charges

No provision has been made for accelerated capital allowances on plant and machinery as the directors consider the amount immaterial. The deferred tax asset unprovided is £340 (2002 £715).

8 Equity dividends

	2003	2002
	£	£
Equity dividends on ordinary shares - interim received	-	(71,638)
Equity dividends on ordinary shares - final proposed	(30,000)	-
	(30,000)	(71,638)

9 Investments

	Investments in subsidiary undertakings
	£
Cost	
At 1 July 2002	3,012,750
Disposals	(100)
At 30 June 2003	3,012,650

The company holds 20% or more of the share capital of the following companies:

Company	Class of Business	Shares held Class	%
Stowhelm Limited	Property Development	Ordinary	100
Audanway Limited	Property Development	Ordinary	100
Luff Homes Limited	Property Development	Ordinary	100

All of the above companies are incorporated in England and Wales.

Performance of subsidiaries in year:	Retained Profit/(Loss) £	Share Cap & Reserves £
Stowhelm Ltd	205,894	(648,098)
Audanway Limited	11,592	11,692
Luff Homes Limited	(697,878)	(574,748)

10 Stock and work in progress

	2003 £	2002 £
Work in progress	136,064	58,771
Stock of land and property	2,815,654	2,815,654
	2,951,718	2,874,425

11 Debtors

	2003 £	2002 £
Trade debtors	15,934	55,794
Amounts owed by group undertakings	2,995,554	3,152,861
Amounts owed by related undertakings	9,554	52,844
Other debtors and prepayments	79,141	46,990
	3,100,183	3,308,489

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	185,003	193,670
Amounts owed to group undertakings	2	5,900
Corporation tax	5,610	-
Other taxes and social security costs	18,273	12,868
Other loans repayable within one year	369,500	599,000
Accruals and deferred income	125,316	108,256
	703,704	919,694

13 Share capital

	2003 No	2002 No	2003 £	2002 £
Authorised:				
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

	2003 No	2002 No	2003 £	2002 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	71,000	71,000	71,000	71,000

14 Share premium

	2003 £	2002 £
At 1 July 2002	100	100
At 30 June 2003	100	100

15 Profit and loss account

	2003 £	2002 £
At 1 July 2002	8,237,885	8,355,593
Retained profit/(loss)	54,414	(117,708)
At 30 June 2003	8,292,299	8,237,885

16 Reconciliation of movement in shareholder's funds

	2003 £	2002 £
At 1 July 2002	8,308,985	8,426,693
Profit/(loss) for the financial year	24,414	(189,346)
Dividends	30,000	71,638
At 30 June 2003	8,363,399	8,308,985

17 Pension commitments

The company operates a small self administered pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £60,000 (2002 £60,000).

18 Related party transactions

During the year the following supplies were made by companies in which D W Ferrar and G B Newman are also directors:

Company	2003 £	2002 £	Supply
Wokingham Motors Ltd (517243)	-	511	Vehicle maintenance

During the year the following sales were made to companies in which G B Newman and either P Luff or D W Ferrar are also directors:

Company	2003 £	2002 £	Supply
Luff Farms Ltd (1572507)	83,173	324,612	Building works & general labour
Wokingham Motors Ltd (517243)	3,081	-	Building works
Luff Leasing Ltd (3079954)	765	2,174	Building works

At the year end date Luff Farms Limited owed Luff Developments Limited the sum of £8,932 (2002 £52,844) and Luff Leasing Limited owed Luff Developments Limited the sum of £623 (2002 £Nil).

The company has taken advantage of the exemption available in Financial Reporting Standard No. 8 with respect to inter group transactions. These transactions are therefore reported in the consolidated financial statements of Luff Group Limited, company number 3289104.

19 Controlling party

The ultimate parent company is Luff Group Limited, a company registered in England.
The ultimate controlling party is P Luff, a shareholder of Luff Group Limited.