

WM C READE of ALDEBURGH LIMITEDREPORT OF THE DIRECTORSYear Ended 30 June 2002**DIRECTORS**

M S F Oakes
M S Oakes
Mrs V Oakes

The directors present their annual report and financial statements for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES

The principal activities of the company are that of General Building and Brick Manufacturers.

ACCOUNTS

The Balance Sheet of the company at 30 June 2002 and the Profit and Loss account for the year ended on that date are attached.

The profit for the year and its appropriation is as shown in the Profit and Loss Account.

No dividend was paid during the year.

FIXED ASSETS

Details of the changes in Fixed Assets are shown in Note 3 to the Accounts.

DIRECTORS' INTERESTS

The directors' beneficial interests in the company's issued Ordinary Share Capital were as follows:

	This Company		Holding Company
	30-6-02	30-6-01	30-6-02
M S F Oakes	-	-	800
M S Oakes	-	-	100
Mrs V Oakes	-	-	100

ROTATION OF DIRECTORS

The director retiring by rotation in accordance with the Articles of Association is Mrs M S F Oakes and being eligible, offers himself for re-election.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors understand that:

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 period. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;



WM C READE of ALDEBURGH LIMITED
REPORT OF THE DIRECTORS (Continued)
Year Ended 30 June 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

make judgements and estimates that are reasonable and prudent;

state whether applicable 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.

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. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Tubbs Son Giles & Co have intimated their willingness to continue in office, subject to the approval of the members in general meeting.

BY ORDER OF THE BOARD

V. Oakes

V OAKES
Secretary

Oakland House
Mobbs Way
LOWESTOFT
Suffolk
NR32 3AL

Date: 29 November 2002

INDEPENDENT AUDITORS REPORT TO SHAREHOLDERS OF

WM C READE OF ALDEBURGH LIMITED

We have audited the financial statements of Wm C Reade of Aldeburgh Limited for the year ended 30 June 2002 which are set out on pages 4 to 11. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for preparing the financial statements in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and UK 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.

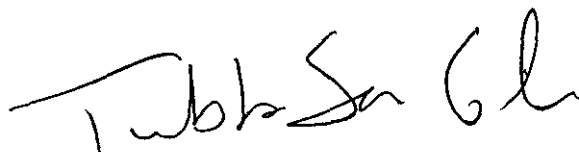
Basis of audit opinion

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.

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 2002 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



TUBBS SON GILES & CO
Registered Auditors

22/24 Suffolk Road
LOWESTOFT
Suffolk
NR32 1DZ

Date: 29 November 2002

WM C READE of ALDEBURGH LIMITEDPROFIT AND LOSS ACCOUNTYear Ended 30 June 2002

	<u>2002</u>	<u>2001</u>
	£	£
TURNOVER (Note 1b)	1,749,664	1,856,877
Direct cost of work done	(1,574,689)	(1,740,256)
GROSS PROFIT	174,975	116,621
Distribution Costs	(10,966)	(17,701)
Administration Expenses	(149,779)	(148,111)
	(160,745)	(165,812)
Other Operating Income	14,230	(49,191)
	3,527	5,809
OPERATING PROFIT/(LOSS) (Note 4)	17,757	(43,382)
Interest payable (Note 12)	(13,219)	(12,966)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,538	(56,348)
Taxation (Note 14)	(2,614)	13,022
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION	1,924	(43,326)
Dividend	-	(120,526)
RETAINED PROFIT brought forward	247,343	411,195
RETAINED PROFIT carried forward	249,267	247,343

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

PROFIT/(LOSS) after taxation	1,924	(43,326)
Unrealised surplus on Revaluation of Freehold Property	650,424	-
TOTAL RECOGNISED GAINS/(LOSSES)	652,348	(43,326)

The Results for each year derive from continuing operations

WM C READE of ALDEBURGH LIMITEDBALANCE SHEETAs at 30 June 2002

	£	2002	£	2001	£
FIXED ASSETS					
Tangible Fixed Assets (Note 3)			1,054,498		415,294
CURRENT ASSETS					
Stocks and Work in Progress (Note 6)	404,326			352,354	
Debtors (Note 5)	343,117			398,449	
Cash at bank and in hand	451			278	
		747,894		751,081	
CREDITORS: Amounts falling due within one year (Note 7)		(594,642)		(612,286)	
NET CURRENT ASSETS		153,252		138,795	
TOTAL ASSETS LESS CURRENT LIABILITIES		1,207,750		554,089	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred Taxation (Note 13)		(3,329)		(2,016)	
		1,204,421		552,073	
SHAREHOLDERS' FUNDS (Note 16)					
Called Up Share Capital (Note 2)	40,000			40,000	
Revaluation Reserve	915,154			264,730	
Profit and Loss Account	249,267			247,343	
		1,204,421		552,073	

The Financial Statements on pages 4 to 11 were approved by the Board of Directors on 29 November 2002 and are signed on its behalf.

.....  M S F OAKES

.....  V OAKES

WM C READE of ALDEBURGH LIMITED

NOTES TO THE ACCOUNTS

Year Ended 30 June 2002

1. Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

b) Turnover

Turnover represents net invoiced sales of goods, excluding VAT and, in the case of long term contracts, the value of work done during the year.

c) Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Buildings	- 2% straight line
Plant and Machinery	- 15% reducing balance method
Fixtures and Fittings	- 15% reducing balance method
Motor Vehicles	- 25% reducing balance method

No depreciation is provided on freehold land.

d) Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

Work in progress is valued at cost of direct materials and labour, plus a proportion of overheads and that proportion of the anticipated total profit on individual contracts which has fairly and reasonably been determined by reference to the progress of each contract, and due provisions for anticipated losses on contracts.

e) Pension Scheme

The company operates a defined contribution pension scheme. The pension charge represents the amounts payable by the company to the fund in respect of the year.

2. The authorised and issued share capital of the company is 40,000 £1 ordinary shares which have been fully paid.

WM C READE of ALDEBURGH LIMITEDNOTES TO THE ACCOUNTS (Continued)Year Ended 30 June 20023. Tangible Fixed Assets:

	<u>Freehold Property</u> £	<u>Plant and Machinery</u> £	<u>Fixtures and Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost or Valuation					
At 1 July 2001	378,000	96,190	26,546	136,400	637,136
Additions	-	2,489	581	-	3,070
Increase upon Revaluation	650,424	-	-	-	650,424
At 30 June 2002	1,028,424	98,679	27,127	136,400	1,290,630
Depreciation					
At 1 July 2001	11,864	88,667	13,863	107,448	221,842
Charge for the year	3,560	1,502	1,990	7,238	14,290
At 30 June 2002	15,424	90,169	15,853	114,686	236,132
Net Book Values					
At 30 June 2002					
Historical Cost	108,719	8,510	11,274	21,714	150,217
Increase upon Revaluation	904,281	-	-	-	904,281
	1,013,000	8,510	11,274	21,714	1,054,498
At 30 June 2001	366,136	7,524	12,683	28,951	415,294

4. Operating Profit is after charging

	<u>2002</u> £	<u>2001</u> £
Depreciation	14,290	16,776
Auditors fees	6,299	5,665

WM C READE of ALDEBURGH LIMITEDNOTES TO THE ACCOUNTS (Continued)Year Ended 30 June 2002

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
5. <u>Debtors</u>		
Trade Debtors	329,806	384,615
Other Debtors	13,311	13,834
	343,117	398,449
6. <u>Stock and Work in Progress</u>		
Work in progress less progress payments received (see below)	47,070	18,845
Building and Brickworks stock	357,256	333,509
	404,326	352,354
Contract costs in excess of progress payments		
Total cost of work in progress to date	69,090	28,688
Total progress payments received to date	(22,020)	(9,843)
Total work in progress	47,070	18,845
7. <u>Creditors: Amounts falling due within one year</u>		
Work in Progress – Progress Payments in excess of costs (see below)	9,457	12,018
Bank overdraft	203,746	82,988
Due to Associated Companies	152,263	211,611
Trade Creditors	144,042	205,232
PAYE and National Insurance	15,618	19,446
Other creditors and Accruals	68,215	80,991
Corporation Tax due	1,301	-
	594,642	612,286
Progress Payments in excess of contract costs:		
Total Progress Payments receivable to date	151,144	101,804
Total Costs of Work in Progress to date	(141,687)	(89,786)
	9,457	12,018

WM C READE of ALDEBURGH LIMITEDNOTES TO THE ACCOUNTS (Continued)Year Ended 30 June 2002

	<u>2002</u>	<u>2001</u>
8. <u>Staff Costs</u>		
Average number of employees including directors employed by the company during the year	57	61
	£	£
Cost in respect of all employees:		
Wages and Salaries	861,125	831,553
Social Security Costs	65,887	76,198
Pension Scheme Contributions	5,781	5,783
	932,793	913,534

9. Bank Overdraft

The bank overdraft is secured by a legal charge over the Freehold property.

10. Contingent Liabilities

There were no contingent liabilities at 30 June 2002 or 30 June 2001.

11. Capital Commitments

There were no capital commitments at 30 June 2002 or 30 June 2001.

12. <u>Interest Payable</u>	<u>2002</u>	<u>2001</u>
	£	£
On bank overdraft and loans	13,219	12,966

13. <u>Deferred Taxation</u>	<u>2002</u>	<u>2001</u>
	£	£
The provision is calculated as follows:		
Balance brought forward	2,016	1,368
Provision for year	1,313	648
Balance at 30 June 2002	3,329	2,016

The provision for deferred tax is made up of accelerated capital allowances. No provision has been made for deferred tax of £135,000 arising on the revaluation. This amount would become payable in the event of the property being sold, but there are no plans to sell it in the foreseeable future.

WM C READE of ALDEBURGH LIMITEDNOTES TO THE ACCOUNTS (Continued)Year Ended 30 June 2002

14. <u>Taxation</u>	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
UK Corporation Tax - current year	1,300	(17,141)
- prior year	-	3,471
	1,300	(13,670)
Deferred tax charge - capital allowances	1,314	648
	2,614	(13,022)

The tax assessed for the year is higher than the standard rate of UK taxation applicable to the company 19/20% (2001 32.5%). The differences are explained below:

Profit/(Loss) on ordinary activities	4,538	(56,348)
Profit on ordinary activities multiplied by standard rate of 19/20% (2001 32.5%)	798	(18,313)
Expenses not deductible for tax purposes	39	1,359
Depreciation for period in excess of capital allowances	463	(187)
Adjustment to tax charge in respect of prior years	-	3,471
Current tax charge for the period	1,300	(13,670)

15. <u>Revaluation Reserve</u>	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Arising on the revaluation of freehold property		
At 1 July 2001	264,730	264,730
Increase during the year	650,424	-
At 30 June 2002	915,154	264,730

The Freehold property at 70-74 High Street, Aldeburgh was valued on 1 August 2002 at £530,000 by Bidwells Property Consultants. The Brickworks at Aldeburgh were valued at £483,000 by O A Chapman and Son, Chartered Surveyors on 24 October 2002.

WM C READE of ALDEBURGH LIMITEDNOTES TO THE ACCOUNTS (Continued)Year Ended 30 June 2002

<u>16. Reconciliation of Shareholders' Funds</u>	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
(Loss)/Profit for the year	1,924	(43,326)
Dividend	-	(120,526)
Shareholders' Funds brought forward	552,073	715,925
Increase in revaluation reserve	650,424	-
Shareholders' Funds carried forward	1,204,421	552,073

17. Pension Schemes

The company participates in defined contribution schemes for certain of its directors and employees.

The assets of these schemes are held separately from those of the company in independently administered funds. Contributions payable during the year amount to £5,781 (2001 - £5,783).

18. Ultimate Controlling Party

The company's ultimate controlling party is M S F Oakes Esq.

19. Holding Company

The whole of the share capital of Wm C Reade of Aldeburgh Limited was acquired on 28 February 1998 by M S Oakes Limited, a company incorporated in the United Kingdom.

20. Related Party Transactions

The related party transactions between this company and M S Oakes Limited, Brown and Sansom (East Anglia) Limited and Oakes Management Services Limited have not been listed by reason of the fact that the consolidated financial statements of M S Oakes Limited of which this company is a wholly owned subsidiary are publicly available.

21. Cash Flow Statement

The company has taken advantage of the exemption to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and a consolidated cash flow statement is prepared by its parent company.