Page Register

COMPANY REGISTRATION NUMBER 2582221

NEWLAND HOMES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2003



NEWLAND HOMES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2003

CONTENTS	PAGES
Company information	**1**
The directors' report	**2 to 3**
Independent auditors' report to the shareholders	**4 to 5**
Profit and loss account	**6**
Statement of total recognised gains and losses	**7**
Balance sheet	**8**
Cash flow statement	**9 to 11**
Notes to the financial statements	**12 to 22**

NEWLAND HOMES LIMITED

COMPANY INFORMATION

The board of directors	Mr D Foreman Mr J N McCreadie Mr J D Drew Mr P Sanders
Company secretary	Mr D Foreman
Registered office	Grange Court 36 Bowling Road Chipping Sodbury Bristol BS37 6EP
Auditors	Morris Owen Chartered Accountants & Registered Auditors Morris Owen House 43-45 Devizes Road Swindon Wiltshire SN1 4BG
Bankers	National Westminster Bank Plc 73a Commercial Road Swindon Wiltshire SN1 5NX
Solicitors	Wood Awdry & Ford Kingsbury House Marlborough Wiltshire SN8 1HU

NEWLAND HOMES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS
The principle activity of the company continued to be that of property developers.

The directors are satisfied with the results for the year, and the balance sheet position as at the year end.

RESULTS AND DIVIDENDS
The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003	2002
	£	£
Proposed dividends on ordinary shares	**400,000**	200,000
Dividends paid on ordinary shares	**200,000**	250,000
	600,000	450,000

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	At
	31 December 2003	1 January 2003
Mr D Foreman	**500**	500
Mr J N McCreadie	**500**	500
Mr J D Drew	**–**	–
Mr P Sanders	**–**	–

EUROPEAN MONETARY UNION

The directors have monitored the impact of the Euro and will continue to do so. The directors believe that the impact upon the company is not significant.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;

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; 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.

AUDITORS

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

Registered office:
Grange Court
36 Bowling Road
Chipping Sodbury
Bristol
BS37 6EP

Signed by order of the directors

Mr D Foreman
Company Secretary

Approved by the directors on 13th September 2004

NEWLAND HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWLAND HOMES LIMITED

YEAR ENDED 31st DECEMBER 2003

We have audited the financial statements which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

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.

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 31st December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MORRIS OWEN
Chartered Accountants
& Registered Auditors

20/9/04

Morris Owen House
43-45 Devizes Road
Swindon
Wiltshire
SN1 4BG

NEWLAND HOMES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	**20,526,711**	20,351,124
Cost of sales		**13,746,056**	14,241,795
GROSS PROFIT		**6,780,655**	6,109,329
Administrative expenses		**1,634,136**	1,333,810
Other operating income	3	**(6,500)**	(8,150)
OPERATING PROFIT	4	**5,153,019**	4,783,669
Interest receivable		**2,604**	1,657
Interest payable	8	**(478,881)**	(75,436)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**4,676,742**	4,709,890
Tax on profit on ordinary activities	9	**1,419,891**	1,399,915
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**3,256,851**	3,309,975
Dividends	10	**600,000**	450,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		**2,656,851**	2,859,975

All of the activities of the company are classed as continuing.

The notes on pages 12 to 22 form part of these financial statements.

NEWLAND HOMES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31st DECEMBER 2003

	2003 £	2002 £
Profit for the financial year attributable to the shareholders	**3,256,851**	3,309,975
Total recognised gains and losses relating to the year	**3,256,851**	3,309,975
Prior year adjustment (see note 11)	–	(41,598)
Total gains and losses recognised since the last annual report	**3,256,851**	3,268,377

The notes on pages 12 to 22 form part of these financial statements.

NEWLAND HOMES LIMITED

BALANCE SHEET

31st DECEMBER 2003

	Note	2003 £	£	2002 £
FIXED ASSETS				
Tangible assets	12		**965,167**	884,721
CURRENT ASSETS				
Stocks	13	**16,673,043**		8,097,879
Debtors due within one year	14	**3,464,189**		1,587,212
Debtors due after one year	14	**9,000**		105,250
Cash at bank		–		561,577
		20,146,232		10,351,918
CREDITORS: Amounts falling due within one year	15	**4,206,273**		3,935,401
NET CURRENT ASSETS			**15,939,959**	6,416,517
TOTAL ASSETS LESS CURRENT LIABILITIES			**16,905,126**	7,301,238
CREDITORS: Amounts falling due after more than one year	16		**7,668,430**	728,344
			9,236,696	6,572,894
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	19		**30,257**	23,306
			9,206,439	6,549,588
CAPITAL AND RESERVES				
Called-up equity share capital	23		**1,000**	1,000
Profit and loss account	24		**9,205,439**	6,548,588
SHAREHOLDERS' FUNDS	25		**9,206,439**	6,549,588

These financial statements were approved by the directors on the 13th September 2004 and are signed on their behalf by:

Mr D Foreman

Mr J N McCreadie

The notes on pages 12 to 22 form part of these financial statements.

NEWLAND HOMES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31st DECEMBER 2003

	2003		2002
	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		**(4,818,516)**	1,911,958
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	**2,604**		1,657
Interest paid	**(391,090)**		(41,405)
Interest element of hire purchase	**(31,395)**		(34,031)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(419,881)**	(73,779)
TAXATION		**(2,130,945)**	(444,261)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	**(146,292)**		(76,169)
Receipts from sale of fixed assets	**81,228**		29,498
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		**(65,064)**	(46,671)
EQUITY DIVIDENDS PAID		**(400,000)**	(250,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**(7,834,406)**	1,097,247
FINANCING			
New other loans	–		263,000
Repayment of other loans	–		(51,000)
New bank loans	**14,750,197**		6,759,420
(Repayment) of bank loans	**(7,335,186)**		(7,218,601)
Capital element of hire purchase	**(317,875)**		(288,489)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		**7,097,136**	(535,670)
(DECREASE)/INCREASE IN CASH		**(737,270)**	561,577

The notes on pages 12 to 22 form part of these financial statements.

NEWLAND HOMES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31st DECEMBER 2003

RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	**5,153,019**	4,783,669
Depreciation	**260,893**	238,593
(Profit)/Loss on disposal of fixed assets	**(8,516)**	3,156
Increase in stocks	**(8,575,164)**	(3,720,749)
(Increase)/decrease in debtors	**(1,780,727)**	96,052
Increase in creditors	**131,979**	511,237
Net cash (outflow)/inflow from operating activities	**(4,818,516)**	1,911,958

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003		2002
	£	£	£
(Decrease)/increase in cash in the period	**(737,270)**		561,577
Net cash (inflow) from debentures	–		(212,000)
Net cash (inflow) from/outflow from bank loans	**(7,415,011)**		459,181
Cash outflow in respect of hire purchase	**317,875**		288,489
Change in net debt resulting from cash flows		**(7,834,406)**	1,097,247
New finance leases		**(267,759)**	(241,407)
Movement in net debt in the period		**(8,102,165)**	855,840
Net debt at 1 January 2003		**(398,535)**	(1,254,375)
Net debt at 31 December 2003		**(8,500,700)**	(398,535)

The notes on pages 12 to 22 form part of these financial statements.

NEWLAND HOMES LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31st DECEMBER 2003

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2003 £	Cash flows £	Other changes £	At 31 Dec 2003 £
Net cash:				
Cash in hand and at bank	561,577	(561,577)	–	–
Overdrafts	–	(175,693)	–	(175,693)
	561,577	(737,270)	–	(175,693)
Debt:				
Debt due within 1 year	–	(430,800)	–	(430,800)
Debt due after 1 year	(480,415)	(6,984,211)	–	(7,464,626)
Hire purchase agreements	(479,697)	317,875	(267,759)	(429,581)
	(960,112)	(7,097,136)	(267,759)	(8,325,007)
Net debt	(398,535)	(7,834,406)	(267,759)	(8,500,700)

The notes on pages 12 to 22 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

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:

Freehold Property	-	4% straight line
Freehold Property Improvements	-	4% straight line
Plant & Machinery	-	25% reducing balance
Motor Vehicles	-	33.33% reducing balance
Furniture & Equipment	-	15% reducing balance
Leashold Property Improvements	-	25% straight line

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.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The turnover and operating profit for the year was derived from the company's principle activity and was carried out wholly in the UK.

3. OTHER OPERATING INCOME

	2003	2002
	£	£
Rent receivable	**6,500**	8,150

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Directors' emoluments	**366,374**	314,500
Depreciation of owned fixed assets	**85,170**	52,713
Depreciation of assets held under hire purchase agreements	**175,723**	185,880
(Profit)/Loss on disposal of fixed assets	**(8,516)**	3,156
Auditors' remuneration		
- as auditors	**17,000**	8,835

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of direct staff	**85**	64
Number of administrative staff	**11**	7
	96	71

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	**2,533,504**	1,962,397
Social security costs	**304,682**	243,776
Other pension costs	**143,378**	135,644
	2,981,564	2,341,817

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	**448,853**	392,747
Value of company pension contributions to money purchase schemes	**70,595**	65,140
	519,448	457,887

Emoluments of highest paid director:

	2003	2002
	£	£
Total emoluments (excluding pension contributions)	**123,579**	107,117
Value of company pension contributions to money purchase schemes	**3,250**	3,250
	126,829	110,367

The number of directors who accrued benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	**4**	4

7. PENSIONS - DEFINED CONTRIBUTION SCHEME

The company operates a defined contribution scheme for the benefit of directors and certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Interest payable on bank borrowing	**393,198**	2,873
Finance charges	**31,395**	34,031
Other similar charges payable	**54,288**	38,532
	478,881	75,436

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	**1,411,214**	1,418,904
Over/under provision in prior year	**1,726**	(697)
Total current tax	**1,412,940**	1,418,207
Deferred tax:		
Origination and reversal of timing differences	**6,951**	(18,292)
Tax on profit on ordinary activities	**1,419,891**	1,399,915

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	**4,676,742**	4,709,890
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	**1,403,022**	1,412,967
Expenses not deductible for tax	**80,066**	70,442
Capital allowances	**(69,324)**	(64,505)
(Profit)/Loss on disposal of fixed assets	**(2,550)**	–
Adjustments to tax charge in respect of prior periods	**1,726**	(697)
Total current tax (note 9(a))	**1,412,940**	1,418,207

10. DIVIDENDS

The following dividends have been paid or proposed in respect of the year:

	2003	2002
	£	£
Proposed dividend on ordinary shares	**400,000**	200,000
Dividend paid on ordinary shares	**200,000**	250,000
	600,000	450,000

11. PRIOR YEAR ADJUSTMENT

The company changed its accounting policy for deferred taxation during the 2002 year, in accordance with the new Financial Reporting Standard 19 (effective January 2002) which came into effect during that year. The company now recognises deferred tax assets when it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

12. TANGIBLE FIXED ASSETS

	Freehold & Freehold Property Improve-ments	Plant & Machinery	Motor Vehicles	Furniture and Equipment	Leasehold Property Improve-ments	Total
	£	£	£	£	£	£
COST						
At 1 Jan 2003	**86,577**	**595,205**	**585,942**	**100,169**	**21,518**	**1,389,411**
Additions	**967**	**26,719**	**291,343**	**95,022**	**–**	**414,051**
Disposals	**–**	**(19,990)**	**(173,365)**	**–**	**–**	**(193,355)**
At 31 Dec 2003	**87,544**	**601,934**	**703,920**	**195,191**	**21,518**	**1,610,107**
DEPRECIATION						
At 1 Jan 2003	**8,864**	**236,651**	**216,230**	**26,015**	**16,930**	**504,690**
Charge for the year	**1,886**	**90,749**	**153,210**	**15,048**	**–**	**260,893**
On disposals	**–**	**(12,021)**	**(108,622)**	**–**	**–**	**(120,643)**
At 31 Dec 2003	**10,750**	**315,379**	**260,818**	**41,063**	**16,930**	**644,940**
NET BOOK VALUE						
At 31 Dec 2003	**76,794**	**286,555**	**443,102**	**154,128**	**4,588**	**965,167**
At 31 Dec 2002	77,713	358,554	369,712	74,154	4,588	884,721

12. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements
Included within the net book value of £965,167 is £567,069 (2002 - £462,505) relating to assets held under hire purchase agreements, and £Nil (2002 - £3,841) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £175,723 (2002 - £184,600), and £Nil (2002 - £1,280) in respect of assets held under finance lease agreements.

13. STOCKS

	2003	2002
	£	£
Work in progress	**16,673,043**	8,097,879

14. DEBTORS

	2003	2002
	£	£
Trade debtors	**3,182,519**	1,062,736
Other debtors	**144,972**	609,035
Prepayments and accrued income	**145,698**	20,691
	3,473,189	1,692,462

The debtors above include the following amounts falling due after more than one year:

	2003	2002
	£	£
Trade debtors	**9,000**	9,000
Other debtors	**–**	96,250
	9,000	105,250

15. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	**606,493**	–
Payments received on account	**–**	232,758
Trade creditors	**687,330**	771,758
Corporation tax	**700,899**	1,418,904
Other taxation and social security	**146,460**	121,137
Hire purchase agreements	**225,777**	231,768
Dividends payable	**400,000**	200,000
Other creditors	**–**	499
Directors current accounts	**412,331**	255,431
Accruals and deferred income	**1,026,983**	703,146
	4,206,273	3,935,401

15. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	**606,493**	–
Hire purchase agreements	**225,777**	231,768
	832,270	231,768

For details of the security held by National Westminster Bank Plc over the assets of the company see note 18 to these financial statements.

Obligations under hire purchase and finance leases are secured on the assets concerned.

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

	2003	2002
	£	£
Other loans	**453,000**	453,000
Bank loans and overdrafts	**7,011,626**	27,415
Hire purchase agreements	**203,804**	247,929
	7,668,430	728,344

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	**7,011,626**	27,415
Hire purchase agreements	**203,804**	247,929
	7,215,430	275,344

For details of the security held by National Westminster Bank Plc over the assets of the company see note 18 to these financial statements.

Obligations under hire purchase and finance leases are secured on the assets concerned.

Other loans not payable by instalments

A loan for £190,000 is repayable in full in March 2005 and a loan for £263,000 is repayable in full in June 2007. The interest on both loans is 3% above the base lending rate of Coutts & Co at the date that the advance was made and is reviewable annually on the anniversary date of the advance.

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	**225,777**	231,768
Amounts payable between 1 and 2 years	**110,017**	192,635
Amounts payable between 3 and 5 years	**93,787**	55,294
	429,581	479,697

18. SECURITY

The bank holds the following assets as security:

Fixed and floating charge over all the Company's assets.
Legal Mortgage over freehold property known as 8 Lansdown Place, Cheltenham.
Legal Mortgage over land known as Ashway House & Land, Cashes Green Road, Stroud.
Legal Mortgage over land known as Coleford, Somerset.
Legal Mortgage over land known as Ison Hill Road, Henbury.
Legal Mortgage over land known as South Side, Highbury Street, Coleford.
Legal Mortgage over land known as Bowbridge Wharf, Stroud.
Legal Mortgage over land known as North Side of Douglas Road, Kingswood, South Gloucesthire.
Legal Mortgage over land known as Homestead, Hayden Road, Cheltenham.
Legal Mortgage over land known as Skew Bridge, Wooton Bassett, Swindon.
Legal Mortgage over land known as Plummers Hill, Paulton.
Legal Mortgage over land known as Bridge Street, Bradford on Avon, Wiltshire.
Legal Mortgage over land known as Memorial Road, Hanham, Bristol.
Legal Mortgage over land known as Britannia House and Cottage, Plummers Hill, Paulton.
Legal Mortgage over land known as Awdry Avenue, Melksham, Wiltshire.
Legal Mortgage over land known as Gammaton Road, East the Water, Bideford, Devon.
Legal Mortgage over land known as Gala Club, Station Road Shirehampton, Bristol.
Legal Mortgage over land known as Nibletts Hill, Crewes Hole Road, St Annes, Bristol.
Legal Mortgage over land known as Syston Way, Kingswood, Bristol.

19. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**23,306**	41,598
Profit and loss account movement arising during the year	**6,951**	(18,292)
Provision carried forward	**30,257**	23,306

19. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	**30,257**	23,306
	30,257	23,306

20. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
	£	**£**	£	£
Operating leases which expire:				
Within 1 year	–	**502**	–	–
Within 2 to 5 years	**57,553**	**3,697**	24,200	5,946
After more than 5 years	–	–	–	759
	57,553	**4,199**	24,200	6,705

21. RELATED PARTY TRANSACTIONS

	2003	2002
	£	£
The following transactions occurred during the year with Newland Homes Executive Pension Trust, the beneficiaries of which are the directors and shareholders of Newland Homes Limited:		
Pension trust expenses	–	1,967
Loan interest	**32,238**	23,718
Rent	**32,717**	24,200
At the year end the following balances existed:		
Pension loan	**453,000**	453,000
Loan interest accrual	**21,376**	20,868
Pension trust expenses accrual	**1,725**	1,450

During the year the Newland Homes Limited made sales to its Joint Ventures as follows:
Launchpride: £6,060,401 (2002 - £4,096,520)
L&R Developments: £1,608,177 (2002 - £2,369,334)
James & Co: £513,086 (2002 - £2,099,772)

At the year end the amounts receivable from Launchpride included within trade debtors was £105,899 (2002: £nil), and within other debtors was £30,000 (2002: £352,250). Included within trade creditors was an amount payable to Launchpride of £105,808 (2002: £nil).

During the year Mr J N McCreadie, a director of Newland Homes Limited, purchased 8 Bull Lane, St George, Bristol from the company for a consideration of £115,000.

The above transactions were carried out at fair values.

22. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of Newland Homes Limited is considered to be Mr D Foreman and Mr J N McCreadie, directors and shareholders of the company.

23. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100,000 Ordinary shares of £1 each	**100,000**	100,000

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

24. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Original balance brought forward	**6,548,588**	3,730,211
Prior year adjustment (note 11)	–	(41,598)
Restated balance brought forward	**6,548,588**	3,688,613
Retained profit for the financial year	**2,656,851**	2,859,975
Balance carried forward	**9,205,439**	6,548,588

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003		2002
	£	£	£
Profit for the financial year		**3,256,851**	3,309,975
Dividends		**(600,000)**	(450,000)
		2,656,851	2,859,975
Opening shareholders' equity funds	**6,549,588**		3,731,211
Prior year adjustment (see note 11)	–		(41,598)
		6,549,588	3,689,613
Closing shareholders' equity funds		**9,206,439**	6,549,588