

QUAYSIDE HOMES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2006



Company no 4780607

QUAYSIDE HOMES LIMITED

FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

Company registration number: 4780607

Registered office: Hardy's Yard
London Road
Riverhead
Sevenoaks
Kent
TN13 2DN

Administrative office: Hardy's Yard
London Road
Riverhead
Sevenoaks
Kent
TN13 2DN

Directors: M McGuirk
G A Ravenscroft

Secretary: G A Ravenscroft

Bankers: NatWest Bank plc
67 High Street
Sevenoaks
Kent
TN13 1LA

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

QUAYSIDE HOMES LIMITED

FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

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QUAYSIDE HOMES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 28 February 2006.

Principal activities

The principal activities remained unchanged and comprised the development and sale of real estate.

Business review

The financial results are set out in the profit and loss account. The retained loss for the financial year of £368,158 (2005: £202,899) has been carried forward.

Dividends

The directors do not recommend the payment of a dividend for the year (2005: £nil).

Directors

The present membership of the Board during the year is set out below. All served on the Board throughout the year.

M McGuirk
G A Ravenscroft

No director held shares in the company during the year.

No right to subscribe for shares in or debentures of the company was granted or exercised by the directors during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these 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;
- 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.

QUAYSIDE HOMES LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities (continued)

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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management objectives and policies

Price risk

The company's exposure to price risk consists of movements in the price of housing accommodation. For example if interest rates fluctuate this will have an effect on house prices.

The company manages its exposure to such risk by employing expert agencies to monitor the housing market and advise accordingly on the pricing strategy of the company.

Interest rate risk

The company finances its operations through a mixture of intercompany and bank borrowings and funding from a Government agency.

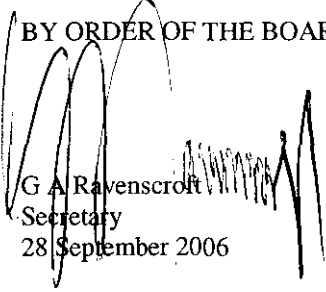
Interest is charged on the company's bank loan at 1.25% over the bank's base rate.

The company exposure to interest rate fluctuations is managed by paying a fee to cap the interest rate payable on £3 million of the company's borrowings to a maximum of 6% plus the Bank's margin of 1.25% and associated costs.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



G A Ravenscroft
Secretary
28 September 2006

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
QUAYSIDE HOMES LIMITED**

We have audited the financial statements of Quayside Homes Limited for the year ended 28 February 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 15. These financial statements have been prepared under 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
QUAYSIDE HOMES LIMITED**

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 28 February 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
28 SEPTEMBER 2006**

QUAYSIDE HOMES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost accounting rules set out in Schedule 4 Companies Act 1985, and in accordance with applicable United Kingdom accounting standards.

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 not to prepare a cash flow statement on the grounds that the ultimate parent undertaking produces a consolidated cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year.

GOING CONCERN

The financial statements have been prepared on a going concern basis due to the continuing financial support being provided by the parent company Ramac Holdings Limited.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value.

Short term contract work in progress is stated at the lower of cost and net realisable value. Cost comprises materials, labour and those overheads directly related to the contract. Net realisable value represents anticipated proceeds after selling costs.

Long term contracts are stated at cost plus attributable profit, less foreseeable losses and payments on account. Amounts recoverable on contracts are included in debtors. Payments received on account of contracts are deducted from amounts recoverable on contracts. Such amounts received which exceed amounts recoverable are included in creditors.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

QUAYSIDE HOMES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 28 FEBRUARY 2006

	Note	2006 £	2005 £
Turnover	1	57,721	51,981
Cost of sales		-	-
Gross profit		57,721	51,981
Other operating charges		(175,843)	(201,356)
Operating loss		(118,122)	(149,375)
Interest payable	3	(242,911)	(46,399)
Loss on ordinary activities before taxation	2	(361,033)	(195,774)
Tax on loss on ordinary activities	5	(7,125)	(7,125)
Retained loss for the financial year		(368,158)	(202,899)

STATEMENT OF ACCUMULATED LOSSES

Accumulated losses at 1 March 2005	(210,099)	(7,200)
Retained loss for the financial year	(368,158)	(202,899)
Accumulated losses at 28 February 2006	(578,257)	(210,099)

All transactions arose from continuing operations.

There were no recognised gains or losses other than the loss for the financial year.

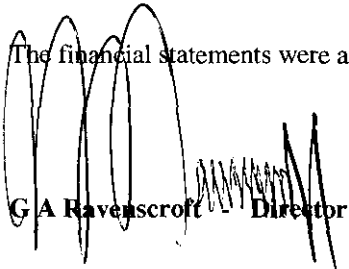
The accompanying accounting policies and notes form an integral part of these financial statements.

QUAYSIDE HOMES LIMITED

BALANCE SHEET AT 28 FEBRUARY 2006

	Note	2006 £	2005 £
Current assets			
Stocks and work in progress	6	28,510,931	25,236,260
Debtors	7	150,427	146,827
Cash at bank		-	16,756
		<u>28,661,358</u>	<u>25,399,843</u>
Creditors: amounts falling due within one year	8	<u>(21,990,511)</u>	<u>(21,076,011)</u>
Net current assets		<u>6,670,847</u>	<u>4,323,832</u>
Total assets less current liabilities		<u>6,670,847</u>	<u>4,323,832</u>
Creditors: amounts falling due after more than one year	9	<u>(7,249,103)</u>	<u>(4,533,930)</u>
		<u>(578,256)</u>	<u>(210,098)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		<u>(578,257)</u>	<u>(210,099)</u>
Shareholders' deficit	12	<u>(578,256)</u>	<u>(210,098)</u>

The financial statements were approved by the Board of Directors on 28 September 2006.


G A Ravenscroft - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

1 TURNOVER

Turnover comprises amounts invoiced in respect of services supplied during the year, excluding value added tax.
All turnover arose within the United Kingdom.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	2006 £	2005 £
Auditors' remuneration:		
Audit services	<u>5,000</u>	<u>5,000</u>

3 INTEREST PAYABLE

	2006 £	2005 £
On bank loan	<u>242,911</u>	<u>46,399</u>

4 DIRECTORS AND EMPLOYEES

During the year no director of the company received any remuneration (2005: £nil).

There were no other employees of the company during the year (2005: none).

5 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the loss for the year and represents:

	2006 £	2005 £
United Kingdom corporation tax at 30% (2005: 30%)	<u>7,125</u>	<u>7,125</u>
Loss on ordinary activities before taxation	(361,033)	(195,774)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)	(108,310)	(58,732)
Change of tax rates	(4,125)	(4,125)
Losses surrendered under group relief	<u>119,560</u>	<u>69,982</u>
	<u>7,125</u>	<u>7,125</u>

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

6 STOCKS AND WORK IN PROGRESS

	2006 £	2005 £
Work in progress	<u>28,510,931</u>	<u>25,236,260</u>

The work in progress comprises short term contract work in progress and long term contract work in progress in respect of a housing development still under construction.

7 DEBTORS

	2006 £	2005 £
Trade debtors	6,909	33,475
Prepayments and accrued income	<u>143,518</u>	<u>113,352</u>
	<u>150,427</u>	<u>146,827</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed to parent undertaking	21,844,461	20,998,128
Corporation tax	7,125	7,125
Other taxation and social security	2,710	9,092
Other creditors	69,288	33,566
Accruals and deferred income	<u>66,927</u>	<u>28,100</u>
	<u>21,990,511</u>	<u>21,076,011</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Other loan	2,299,115	1,929,698
Bank loan	<u>4,949,988</u>	<u>2,604,232</u>
	<u>7,249,103</u>	<u>4,533,930</u>

Interest is charged on the bank loan at 1.25% above base rate.

Bank borrowings are secured on certain development land and buildings.

The other loan relates to a South East England Development Agency interest free loan, and is secured on certain development land and buildings.

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

10 BORROWINGS

	2006 £	2005 £
Bank loan		
Repayable 2007	<u>4,949,988</u>	<u>2,604,232</u>
Repayable		
Amounts falling due within one year	-	-
Amounts falling due after more than one year (note 9)	<u>4,949,988</u>	<u>2,604,232</u>
Other loan		
Other loan (interest free)	2,299,115	1,929,698
Amounts falling due after more than one year (note 9)		
Bank loan	4,949,988	2,604,232
Other loan	<u>2,299,115</u>	<u>1,929,698</u>
	<u>7,249,103</u>	<u>4,533,930</u>

11 SHARE CAPITAL

	2006 £	2005 £
Authorised		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006 £	2005 £
Loss for the financial year	(368,158)	(202,899)
Opening shareholders' deficit	<u>(210,098)</u>	<u>(7,199)</u>
Closing shareholders' deficit	<u>(578,256)</u>	<u>(210,098)</u>

13 CAPITAL COMMITMENTS

There were no capital commitments contracted for at 28 February 2006 or 28 February 2005.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 2006 or 28 February 2005.

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2006

15 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The ultimate controlling party is M McGuirk, a director and majority shareholder of Ramac Group Limited the ultimate parent undertaking. *Ramac Holdings Limited*, its wholly owned subsidiary, owns 100% of the issued share capital of Quayside Homes Limited.

At the balance sheet date, the following amounts were due from Quayside Homes Limited:

	2006 £	2005 £
Ramac Holdings (Trading) Limited and subsidiary undertakings	<u>63,784</u>	<u>30,566</u>

During the year the following transactions took place between Quayside Homes Limited and Ramac Holdings (Trading) Limited and subsidiary undertakings:

Provision of employee services to Quayside Homes Limited	<u>33,218</u>	<u>30,566</u>
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During the year the company conducted business with R M Brookes Limited, a company owned 100% by Ramac Holdings (Trading) Limited (a company in which M McGuirk is a 52% shareholder).

Included within work in progress is £294,028 (2005: £264,370) in respect of costs incurred from R M Brookes Limited.

As a wholly-owned subsidiary of Ramac Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Ramac Group Limited on the grounds that the accounts are publicly available from Companies House.

QUAYSIDE HOMES LIMITED

OPERATING STATEMENT

For the year ended 28 FEBRUARY 2006

	2006 £	2005 £
Turnover	57,721	51,981
Cost of sales		
Opening work in progress	25,236,260	19,924,120
Construction costs	3,274,671	5,312,140
Closing work in progress	(28,510,931)	(25,236,260)
	-	-
Gross profit	51,721	51,981
Overheads		
Advertising	2,072	442
Audit	5,000	5,000
Bank charges	13,413	14,269
General expenses	3,006	12
General and water rates	5,829	900
Heat, light and power	1,809	637
Legal and professional	52,647	40,504
Printing, postage and stationery	450	1,343
Repairs and renewals	2,386	1,598
Salaries	63,222	60,566
Sales office expenses	-	9,785
Show house expenses	5,199	42,230
Signboard, model and brochures	16,502	23,473
Telephone and tax	725	406
Travelling and motor expenses	3,583	191
Bank interest	242,911	46,399
	418,754	247,755
Net loss on ordinary activities before taxation	(361,033)	(195,774)

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS