



QUAYSIDE HOMES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2007

QUAYSIDE HOMES LIMITED

FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2007

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 A M McGuirk
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 2007

INDEX	PAGE
Report of the directors	1 – 2
Report of the independent auditor	3 – 4
Principal accounting policies	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 11

QUAYSIDE HOMES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 28 February 2007

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 £435,368 (2006: £368,158) has been carried forward.

Dividends

The directors do not recommend the payment of a dividend for the year (2006: £nil).

Directors

The membership of the Board is set out below. Both directors served on the Board throughout the year.

M McGuirk
G A Ravenscroft

Neither director held any interest in the share capital of the company at anytime during the year. M McGuirk and G A Ravenscroft are directors of the parent company. Their interests in the share capital of the parent company are disclosed in the directors' report of that company. No right to subscribe for shares in or debentures of the company was granted or exercised by the directors during the year.

On 1 March 2007, A M McGuirk was appointed a director of the company.

Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are price risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

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.

QUAYSIDE HOMES LIMITED

REPORT OF THE DIRECTORS

Interest rate risk

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

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

The company's 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

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

G A Ravenscroft
Secretary

14/12/2007

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

We have audited the financial statements of Quayside Homes Limited for the year ended 28 February 2007 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 AUDITOR 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 2007 and of its loss 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 Report of the Directors' is consistent with the financial statements for the year ended 28 February 2007

Grant Thornton UK LLP

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

LONDON

23 Aug 2007

QUAYSIDE HOMES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and 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 value added tax

STOCKS AND WORK IN PROGRESS

Stocks 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.

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 2007

	Note	2007 £	2006 £
Turnover	1	3,616,248	57,721
Cost of sales		<u>(3,596,717)</u>	<u>-</u>
Gross profit		19,531	57,721
Other operating charges		<u>(173,502)</u>	<u>(175,843)</u>
Operating loss		(153,971)	(118,122)
Interest payable	3	<u>(278,885)</u>	<u>(242,911)</u>
Loss on ordinary activities before taxation	2	(432,856)	(361,033)
Tax on loss on ordinary activities	5	<u>(2,512)</u>	<u>(7,125)</u>
Retained loss for the financial year		<u>(435,368)</u>	<u>(368,158)</u>

STATEMENT OF ACCUMULATED LOSSES

Accumulated losses at 1 March 2006	(578,257)	(210,099)
Retained loss for the financial year	<u>(435,368)</u>	<u>(368,158)</u>
Accumulated losses at 28 February 2007	<u>(1,013,625)</u>	<u>(578,257)</u>

All transactions arose from continuing operations

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

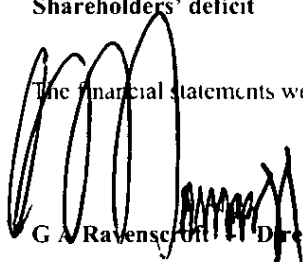
The accompanying accounting policies and notes form an integral part of these financial statements

QUAYSIDE HOMES LIMITED

BALANCE SHEET AT 28 FEBRUARY 2007

	Note	2007 £	2006 £
Current assets			
Stocks	6	27,207,905	28 510,931
Debtors	7	<u>52,130</u>	<u>150,427</u>
		27,260,035	28,661,358
Creditors amounts falling due within one year	8	<u>(12,298,715)</u>	<u>(21 990 511)</u>
Net current assets		<u>14,961,320</u>	<u>6 670,847</u>
Total assets less current liabilities		<u>14,961,320</u>	<u>6,670,847</u>
Creditors amounts falling due after more than one year	9	<u>(15,974,944)</u>	<u>(7 249,103)</u>
		<u>(1,013,624)</u>	<u>(578 256)</u>
Capital and reserves			
Called up share capital	11	<u>1</u>	<u>1</u>
Profit and loss account		<u>(1,013,625)</u>	<u>(578 257)</u>
Shareholders' deficit	12	<u>(1,013,624)</u>	<u>(578 256)</u>

The financial statements were approved by the Board of Directors on 14/8/ 2007


G A Ravenscroft Director

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

QUAYSIDE HOMES LIMITED

BALANCE SHEET AT 28 FEBRUARY 2007

	Note	2007 £	2006 £
Current assets			
Stocks	6	27,207,905	28,510,931
Debtors	7	<u>52,130</u>	<u>150,427</u>
		27,260,035	28,661,358
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Creditors amounts falling due after more than one year	9	<u>(15,974,944)</u>	<u>(7,249,103)</u>
		<u>(1,013,624)</u>	<u>(578,256)</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		<u>(1,013,625)</u>	<u>(578,257)</u>
Shareholders' deficit	12	<u>(1,013,624)</u>	<u>(578,256)</u>

The financial statements were approved by the Board of Directors on

2007

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 2007

1 TURNOVER

Turnover comprises amounts receivable in respect of the development and sale of real estate 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

	2007 £	2006 £
Auditors' remuneration		
Audit services	<u>5,000</u>	<u>5,000</u>

3 INTEREST PAYABLE

	2007 £	2006 £
On bank loan	<u>278,885</u>	<u>242,911</u>

4 DIRECTORS AND EMPLOYEES

During the year no director of the company received any remuneration (2006: £nil).

There were no other employees of the company during the year (2006: none).

During the year the company was charged by Ramac Holdings (Trading) Limited and one of its subsidiaries, £55,696 in respect of the provision of employee services (2006: £63,222).

5 TAX ON LOSS ON ORDINARY ACTIVITIES

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

	2007 £	2006 £
United Kingdom corporation tax at 30% (2006: 30%)	<u>2,512</u>	<u>7,125</u>
Loss on ordinary activities before taxation	(432,856)	(361,033)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2006: 30%)	(129,857)	(108,310)
Change of tax rates	(1,454)	(4,125)
Adjustment for gain rolled over on appropriation of land to trading stock	64,790	-
Losses surrendered under group relief	<u>69,033</u>	<u>119,560</u>
	<u>2,512</u>	<u>7,125</u>

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2007

6 STOCKS

	2007 £	2006 £
Work in progress	10,307,905	11,610,931
Land for future development	16,900,000	16,900,000
	<u>27,207,905</u>	<u>28,510,931</u>

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

7 DEBTORS

	2007 £	2006 £
Trade debtors	26,179	6,909
Other debtors	22,710	-
Prepayments and accrued income	3,241	143,518
	<u>52,130</u>	<u>150,427</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	245,611	-
Amounts owed to parent undertaking	11,858,437	21,844,461
Corporation tax	2,512	7,125
Other taxation and social security	-	2,710
Other creditors	110,710	69,288
Accruals and deferred income	81,445	66,927
	<u>12,298,715</u>	<u>21,990,511</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Bank loan (note 10)	4,588,723	4,949,988
Other loan (note 10)	2,386,221	2,299,115
Loans - FURBS	9,000,000	-
	<u>15,974,944</u>	<u>7,249,103</u>

Interest is charged on the bank loan at 1.25% above base rate. Bank borrowings are secured on certain development land and buildings (note 10)

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

Interest is charged on the FURBS loans at 3% above base rate. This interest has been waived

QUAYSIDE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 28 FEBRUARY 2007

10 BORROWINGS

	2007 £	2006 £
Bank loan		
Repayable 2008	<u>4,588,723</u>	<u>4,949,988</u>
Repayable		
Amounts falling due after more than one year (note 9)	<u>4,588,723</u>	<u>4,949,988</u>
Other loan		
Other loan (interest free)	2,386,221	2,299,115
Amounts falling due after more than one year (note 9)		
Bank loan	4,588,723	4,949,988
Other loan	2,386,221	2,299,115
Loans - FURBS	<u>9,000,000</u>	<u>-</u>
	<u>15,974,944</u>	<u>7,249,103</u>

11 SHARE CAPITAL

	2007 £	2006 £
Authorised		
1 ordinary share of £1	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2007 £	2006 £
Loss for the financial year	(435,368)	(368,158)
Opening shareholders' deficit	<u>(578,256)</u>	<u>(210,098)</u>
Closing shareholders' deficit	<u>(1,013,624)</u>	<u>(578,256)</u>

13 CAPITAL COMMITMENTS

The company had no capital commitments contracted for at 28 February 2007 or 28 February 2006

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 2007 or 28 February 2006

QUAYSIDE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2007

15 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The ultimate controlling party is M McGuirk, a director and beneficial owner of Ramac Group Limited. The Funded Unapproved Retirement Benefit Scheme (FURBS), set up for M McGuirk (95%) and G A Ravenscroft (5%), own all of the shares in Ramac Group Limited. Ramac Holdings Limited, its wholly owned subsidiary, owns 100% of the issued share capital of Quayside Homes Limited.

During the year the company received loans totalling £9m from the FURBS. These funds were used to repay an inter-company balance with Ramac Holdings Limited. Interest is charged on the FURBS loans at 3.0% above base rate. This interest has been waived. The balance outstanding to the FURBS at the year end was £9m.

As an indirect subsidiary of Ramac Group Limited, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group. Group accounts are available from Companies House.

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

	2007 £	2006 £
Ramac Holdings (Trading) Limited and subsidiary undertakings	<u>110,018</u>	<u>63,784</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>55,696</u>	<u>63,222</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 £306,971 (2006: £294,028) in respect of costs incurred from R M Brookes Limited.

QUAYSIDE HOMES LIMITED**OPERATING STATEMENT**

For the year ended 28 FEBRUARY 2007

	2007 £	2006 £
Turnover	3,616,248	57,721
Cost of sales		
Opening work in progress	28,510,931	25,236,260
Construction costs	2,007,590	3,274,671
House sales incentives	38,522	-
House purchases	180,397	-
Estate agents fees	53,732	-
Legal fees re sales	13,450	-
Closing work in progress	(27,207,905)	(28,510,931)
	<u>3,596,717</u>	<u>-</u>
Gross profit	19,531	57,721
Overheads		
Advertising	683	2,072
Audit	5,000	5,000
Bank charges	11,333	13,413
General expenses	3,112	3,006
General and water rates	15,533	5,829
Heat, light and power	4,525	1,809
Insurance	6,998	-
Legal and professional	37,993	52,647
Printing, postage and stationery	694	450
Repairs and renewals	14,125	2,386
Salaries	55,696	63,222
Sales office expenses	250	-
Show house expenses	9,765	5,199
Signboard, model and brochures	3,819	16,502
Telephone and tax	274	725
Travelling and motor expenses	3,702	3,583
Bank interest	278,885	242,911
	<u>452,387</u>	<u>418,754</u>
Net loss on ordinary activities before taxation	(432,856)	(361,033)

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS