

Registrar

Registration number 941601

Chelsteen Homes Limited

Directors' report and financial statements

for the year ended 30 June 2007

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Chelsteen Homes Limited

Company information

| | |
|------------------|--|
| Directors | A J Poulton W A Poulton |
| Secretary | N L Poulton |
| Company number | 941601 |
| Auditors | Brooks Carling Accountants Limited Curzon House 1st Floor 24 High Street Banstead, Surrey SM7 2LJ |
| Business address | 14 Wells Street Chelmsford Essex CM1 1HZ |
| Bankers | National Westminster Bank National Westminster House 6 High Street Chelmsford Essex CM1 1BL |
| Solicitors | Foskett, Marr, Gadsby & Head 181 High Street Epping Essex |

Chelsteen Homes Limited

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Chelsteen Homes Limited

Directors' report for the year ended 30 June 2007

The directors present their report and the financial statements for the year ended 30 June 2007

Principal activity and review of the business

The principal activity of the company continued to be that of house builders and estate developers

The business has continued to report profits for the period. Gross profit and operating profit margins are consistent with 2006 results at 11% and 5% respectively. Volatile market conditions will mean it is difficult to maintain these levels of performance in the future.

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of a final dividend

Financial risk management objectives and policies

The company's principle financial instruments comprise trade creditors, finance leases, bank balances and loans. The main purpose of these instruments is to raise funds for the company's operations on a short and long term basis.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

In respect of the loans this represents liabilities provided by a financial institution. This loan is secured on individual development sites and is repayable as plots are sold. The repayment of the loan is deemed low risk as it can be supported by the company's balance sheet.

In respect of the bank balances the liquidity risk is managed by maintaining a balanced cash flow. The company has a significant overdraft facility in place to manage short term liquidity risks.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

| | Class of share | 30/06/07 | 01/07/06 |
|-------------|-----------------------|-----------------|-----------------|
| A J Poulton | Ordinary shares | - | - |
| W A Poulton | Ordinary shares | 25,000 | 25,000 |

The company is a associate of A J Poulton (Epping) Limited of which A J Poulton is the controlling shareholder, and both A J Poulton and W A Poulton are directors

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Chelsteen Homes Limited

**Directors' report
for the year ended 30 June 2007**

continued

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Brooks Carling Accountants Limited will be deemed to be reappointed for each succeeding financial year.

This report was approved by the Board on  and signed on its behalf by

28/09/2008.

N L Poulton
Secretary

Chelsteen Homes Limited

**Independent auditors' report to the shareholders of
Chelsteen Homes Limited**

We have audited the financial statements of Chelsteen Homes Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under 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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 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.

Chelsteen Homes Limited

Independent auditors' report to the shareholders of Chelsteen Homes Limited continued

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit 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 Directors' Report is consistent with the financial statements

Brooks Carling Accountants Ltd

Brooks Carling Accountants Limited

Registered auditors

[Signature]

**Curzon House
1st Floor
24 High Street
Banstead, Surrey
SM7 2LJ**

Chelsteen Homes Limited

**Profit and loss account
for the year ended 30 June 2007**

| | | Continuing operations | |
|--|--------------|------------------------------|-------------------------|
| | | 2007 | 2006 |
| | Notes | £ | £ |
| Turnover | 2 | 7,590,351 | 6,328,644 |
| Cost of sales | | (6,766,977) | (5,677,166) |
| Gross profit | | <u>823,374</u> | <u>651,478</u> |
| Administrative expenses | | (418,441) | (318,238) |
| Operating profit | 3 | <u>404,933</u> | <u>333,240</u> |
| Other interest receivable and similar income | 4 | 23,694 | 3,444 |
| Interest payable and similar charges | 5 | <u>(792)</u> | <u>(2,885)</u> |
| Profit on ordinary activities before taxation | | <u>427,835</u> | <u>333,799</u> |
| Tax on profit on ordinary activities | 8 | (121,236) | (106,934) |
| Profit on ordinary activities after taxation | | <u>306,599</u> | <u>226,865</u> |
| Retained profit for the year | | <u>306,599</u> | <u>226,865</u> |
| Retained profit brought forward | | 2,783,263 | 3,064,983 |
| Reserve movements | | - | (508,585) |
| Retained profit carried forward | | <u><u>3,089,862</u></u> | <u><u>2,783,263</u></u> |

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 8 to 17 form an integral part of these financial statements.

Chelsteen Homes Limited

**Balance sheet
as at 30 June 2007**

| | | 2007 | | 2006 | |
|--|--------------|--------------------|------------------|--------------------|------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | | 19,414 | | 30,549 |
| Current assets | | | | | |
| Stocks | 10 | 5,374,896 | | 8,319,031 | |
| Debtors | 11 | 156,068 | | 28,149 | |
| Cash at bank and in hand | | 895,829 | | 560 | |
| | | <u>6,426,793</u> | | <u>8,347,740</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(3 343 424)</u> | | <u>(5,569,678)</u> | |
| Net current assets | | | <u>3,083,369</u> | | <u>2,778,062</u> |
| Total assets less current liabilities | | | 3,102,783 | | 2,808,611 |
| Creditors: amounts falling due after more than one year | 13 | | (774) | | (5,213) |
| Provisions for liabilities | 14 | | <u>12,853</u> | | <u>4,865</u> |
| Net assets | | | <u>3,114,862</u> | | <u>2,808,263</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 25,000 | | 25,000 |
| Profit and loss account | | | <u>3,089,862</u> | | <u>2,783,263</u> |
| Equity shareholders' funds | 17 | | <u>3,114,862</u> | | <u>2,808,263</u> |

The financial statements were approved by the Board on 28/04/2008 and signed on its behalf by

A J Poulton
Director



W A Poulton
Director



The notes on pages 8 to 17 form an integral part of these financial statements.

Chelsteen Homes Limited

Cash flow statement for the year ended 30 June 2007

| | Notes | 2007 £ | 2006 £ |
|--|-------|--------------------|--------------------|
| Reconciliation of operating profit to net cash inflow from operating activities | | | |
| Operating profit | | 404,933 | 333,240 |
| Depreciation | | 14,495 | 23,694 |
| Decrease in stocks | | 2,944,135 | 1,655,704 |
| (Increase) in debtors | | (127,919) | (2,269) |
| (Decrease) in creditors | | (296,145) | (664,066) |
| Net cash inflow from operating activities | | <u>2,939,499</u> | <u>1,346,303</u> |
| Cash flow statement | | | |
| Net cash inflow from operating activities | | 2,939,499 | 1,346,303 |
| Returns on investments and servicing of finance | 23 | 22,902 | 559 |
| Taxation | 23 | (100,487) | (352,829) |
| Capital expenditure | 23 | (3,360) | (34,356) |
| | | <u>2,858,554</u> | <u>959,677</u> |
| Financing | 23 | (1,513,652) | (1,451,660) |
| Increase in cash in the year | | <u>1,344,902</u> | <u>(491,983)</u> |
| Reconciliation of net cash flow to movement in net funds (Note 24) | | | |
| Increase in cash in the year | | 1,344,902 | (491,983) |
| Cash inflow from increase in debts and lease financing | | 1,513,652 | 932,075 |
| Change in net funds resulting from cash flows | | <u>2,858,554</u> | <u>440,092</u> |
| New finance leases and hire purchase contracts | | | 1,014 |
| Movement in net funds in the year | | <u>2,858,554</u> | <u>441,106</u> |
| Net debt at 1 July 2006 | | <u>(3,315,439)</u> | <u>(3,756,545)</u> |
| Net debt at 30 June 2007 | | <u>(456,885)</u> | <u>(3,315,439)</u> |

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

| | | |
|---------------------|---|---|
| Plant and machinery | - | 33 33% on cost on items not written off |
| Motor vehicles | - | 25% on cost |

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

1.5. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that 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

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

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3. Operating profit

| | 2007 £ | 2006 £ |
|--|-----------|-----------|
| Operating profit is stated after charging | | |
| Depreciation and other amounts written off tangible assets | 14,494 | 24,693 |
| Loss on disposal of tangible fixed assets | 1 | (999) |
| Operating lease rentals | | |
| - Land and buildings | 15,250 | 15,250 |
| Auditors' remuneration | 6,000 | 6,000 |

4. Interest receivable and similar income

| | 2007 £ | 2006 £ |
|----------------|---------------|--------------|
| Bank interest | 23,170 | 3,137 |
| Other interest | 524 | 307 |
| | <u>23,694</u> | <u>3,444</u> |

5. Interest payable and similar charges

| | 2007 £ | 2006 £ |
|------------------------|------------|--------------|
| Hire purchase interest | <u>792</u> | <u>2,885</u> |

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

continued

6. Employees

| | 2007 | 2006 |
|--|-----------|-----------|
| Number of employees | | |
| The average monthly numbers of employees (including the directors) during the year were | | |
| Management & administration | 7 | 7 |
| Site management & labourers | 6 | 7 |
| | <u>13</u> | <u>14</u> |

| | 2007 | 2006 |
|--------------------------------------|----------------|----------------|
| Employment costs | £ | £ |
| Wages and salaries | 521,523 | 380,839 |
| Social security costs | 72,028 | 41,724 |
| Pension costs-other operating charge | 25,454 | 109,200 |
| | <u>619,005</u> | <u>531,763</u> |

6.1. Directors' emoluments

| | 2007 | 2006 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Remuneration and other emoluments | 238,500 | 64,400 |
| Pension contributions | 7,200 | 107,200 |
| | <u>245,700</u> | <u>171,600</u> |

| | Number | Number |
|---|----------|----------|
| Number of directors to whom retirement benefits are accruing under a money purchase scheme | <u>1</u> | <u>1</u> |

| | £ | £ |
|-------------------------------|----------------|----------------|
| Highest paid director | | |
| Amounts included above | 151,500 | 53,800 |
| Emoluments and other benefits | 7,200 | 107,200 |
| Pension contributions | <u>158,700</u> | <u>161,000</u> |

Chelsteen Homes Limited

**Notes to the financial statements
for the year ended 30 June 2007**

continued

7. Pension costs

The company operates a defined contribution pension scheme in respect of the employees and a director. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £25,454 (2006 - £109,200)

8. Tax on profit on ordinary activities

| Analysis of charge in period | 2007 £ | 2006 £ |
|--|-------------------|-------------------|
| Current tax | | |
| UK corporation tax | 129,224 | 100,487 |
| Total current tax charge | <u>129,224</u> | <u>100,487</u> |
| Deferred tax | | |
| Timing differences, origination and reversal | (7,988) | 6,447 |
| Total deferred tax | <u>(7,988)</u> | <u>6,447</u> |
| Tax on profit on ordinary activities | <u>121,236</u> | <u>106,934</u> |

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

| | 2007 £ | 2006 £ |
|--|-------------------|-------------------|
| Profit on ordinary activities before taxation | <u>427,835</u> | <u>333,799</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 June 2006 - 30%) | 128,351 | 100,140 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,244 | 2,805 |
| Capital allowances for period in excess of depreciation | 662 | 1,700 |
| Marginal relief | (3,033) | (4,158) |
| Current tax charge for period | <u>129,224</u> | <u>100,487</u> |

Chelsteen Homes Limited

**Notes to the financial statements
for the year ended 30 June 2007**

continued

9. Tangible fixed assets

| | Plant and machinery £ | Motor vehicles £ | Total £ |
|------------------------|--------------------------------------|---------------------------------|--------------------|
| Cost | | | |
| At 1 July 2006 | 24,454 | 114,717 | 139,171 |
| Additions | 3,360 | - | 3,360 |
| Disposals | - | (9,995) | (9,995) |
| At 30 June 2007 | <u>27,814</u> | <u>104,722</u> | <u>132,536</u> |
| Depreciation | | | |
| At 1 July 2006 | 24,454 | 84,168 | 108,622 |
| On disposals | - | (9,994) | (9,994) |
| Charge for the year | 1,120 | 13,374 | 14,494 |
| At 30 June 2007 | <u>25,574</u> | <u>87,548</u> | <u>113,122</u> |
| Net book values | | | |
| At 30 June 2007 | <u>2,240</u> | <u>17,174</u> | <u>19,414</u> |
| At 30 June 2006 | <u>-</u> | <u>30,549</u> | <u>30,549</u> |

Included above are assets held under finance leases or hire purchase contracts as follows

| Asset description | 2007 | | 2006 | |
|--------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| | Net book value £ | Depreciation charge £ | Net book value £ | Depreciation charge £ |
| Motor vehicles | <u>11,417</u> | <u>5,709</u> | <u>21,918</u> | <u>21,421</u> |
| 10. Stocks | | | 2007 £ | 2006 £ |
| Land stock | | | 2,795,943 | 4,792,570 |
| Work in progress | | | 2,578,953 | 3,526,461 |
| | | | <u>5,374,896</u> | <u>8,319,031</u> |

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

continued

| 11. Debtors | 2007 £ | 2006 £ |
|--|-------------------|-------------------|
| Other debtors | 146,816 | 18,166 |
| Prepayments and accrued income | 9,252 | 9,983 |
| | <u>156,068</u> | <u>28,149</u> |
| 12. Creditors: amounts falling due within one year | 2007 £ | 2006 £ |
| Bank overdraft | - | 450,425 |
| Bank loan | 1,347,500 | 2,853,140 |
| Net obligations under finance leases and hire purchase contracts | 4,439 | 7,220 |
| Trade creditors | 20,323 | 44,075 |
| Amounts owed to connected companies | 1,396,141 | 1,841,749 |
| Corporation tax | 129,224 | 100,487 |
| Other taxes and social security costs | 111,374 | 13,714 |
| Directors' accounts | 131,810 | 211,840 |
| Other creditors | 168,495 | 13,112 |
| Accruals and deferred income | 34,118 | 33,916 |
| | <u>3,343,424</u> | <u>5,569,678</u> |

The company's bank loans and overdraft are secured on land stocks and the company has given an unlimited guarantee to its bank in respect of A J Poulton (Epping) Limited and Chelsteen Construction Limited. A combined overdraft limit of £400,000 (2006 £400,000) is also in place, with an expiry date of 30 May 2008.

Chelsteen Homes Limited

**Notes to the financial statements
for the year ended 30 June 2007**

continued

| | | |
|---|--|--------------------|
| 13. Creditors: amounts falling due after more than one year | 2007 £ | 2006 £ |
| Net obligations under finance leases and hire purchase contracts | <u>774</u> | <u>5,213</u> |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 4,439 | 7,220 |
| Repayable between one and five years | <u>774</u> | <u>5,213</u> |
| | <u>5,213</u> | <u>12,433</u> |
| 14. Provisions for liabilities | | |
| | Deferred taxation (Note 15) £ | Total £ |
| At 1 July 2006 | 4,865 | 4,865 |
| Movements in the year | <u>7,988</u> | <u>7,988</u> |
| At 30 June 2007 | <u>12,853</u> | <u>12,853</u> |
| 15. Provision for deferred taxation | 2007 £ | 2006 £ |
| Accelerated capital allowances | (12,853) | (4,865) |
| Provision for deferred tax | <u>(12,853)</u> | <u>(4,865)</u> |
| Provision at 1 July 2006 | (4,865) | |
| Deferred tax credit in profit and loss account | <u>(7,988)</u> | |
| Provision at 30 June 2007 | <u>(12,853)</u> | |

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

continued

| 16. Share capital | 2007 £ | 2006 £ |
|--|------------------|------------------|
| Authorised equity | | |
| 100,000 Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| Allotted, called up and fully paid equity | | |
| 25,000 Ordinary shares of £1 each | <u>25,000</u> | <u>25,000</u> |
| 17. Reconciliation of movements in shareholders' funds | 2007 £ | 2006 £ |
| Profit for the year | 306,599 | 226,865 |
| Purchase of own shares | - | (11,000) |
| Other recognised gains or losses | - | (508,585) |
| Net addition to shareholders' funds | <u>306,599</u> | <u>(292,720)</u> |
| Opening shareholders' funds | <u>2,808,263</u> | <u>3,100,983</u> |
| Closing shareholders' funds | <u>3,114,862</u> | <u>2,808,263</u> |

18. Financial commitments

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | |
|---------------------|---------------------------|---------------|
| | 2007 £ | 2006 £ |
| Expiry date: | | |
| In over five years | <u>15,250</u> | <u>15,250</u> |

19. Capital commitments

As at the year end, the company had no capital commitments other than the purchase of 12 Vicarage Court. The outstanding balance in respect of 12 Vicarage Court is £148,500 at the year end.

Chelsteen Homes Limited

Notes to the financial statements for the year ended 30 June 2007

continued

20. Contingent liabilities

The company's bank loans and overdraft are secured on land stocks and the company has given a cross guarantee to its bank in respect of A J Poulton (Epping) Limited and Chelsteen Construction Limited, dated 10 August 2004. At the balance sheet date there was £210,327 (2006 £nil) outstanding in respect of these loans and overdrafts.

At 30 June 2007 the company had the following legal mortgage held by the bank

i) first legal mortgage over freehold property known as land at 527 Green Lane, Goodmayes, Essex.

Apart from the above, the company has no contingent liabilities at the year end

21. Related party transactions

During the year purchases of £2,871,181 (2006 £3,357,557) were made from Chelsteen Construction Limited for sub-contract work. Also, £225,000 (2006 £225,000) overhead costs and £138,992 (2006 £174,144) salary costs were recharged to Chelsteen Construction Limited. These transactions were made on normal trading terms.

At the year end, the company owed Chelsteen Construction Limited £236,886 (2006 £561,689) and owed A J Poulton (Epping) Limited £1,159,255 (2006 £1,280,060).

W A Poulton is a director of both A J Poulton (Epping) Limited and Chelsteen Construction Limited. He also owns 100% of the issued share capital of Chelsteen Construction Limited. During the year, W A Poulton purchased a shop from the company for £160,000 and incurred costs of £25,473 in respect of his home via the company. These transactions were made on normal trading terms and were debited to his loan account.

22. Controlling interest

By virtue of owning all of the issued shares, W A Poulton is the controlling party of Chelsteen Homes Limited.

Chelsteen Homes Limited

**Notes to the financial statements
for the year ended 30 June 2007**

continued

23. Gross cash flows

| | 2007 | 2006 |
|---|--------------------|--------------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 23,694 | 3,444 |
| Interest paid | (792) | (2,885) |
| | <u>22,902</u> | <u>559</u> |
| Taxation | | |
| Corporation tax paid | (100,487) | (352,829) |
| Capital expenditure | | |
| Payments to acquire tangible assets | (9,788) | (35,356) |
| Receipts from sales of tangible assets | - | 1,000 |
| | <u>(9,788)</u> | <u>(34,356)</u> |
| Financing | | |
| Purchase of own shares | - | (508,585) |
| New short term bank loan | - | 1,533,868 |
| Repayment of short term bank loan | (1,505,640) | (2,445,070) |
| Capital element of finance leases and hire purchase contracts | (8,012) | (20,873) |
| | <u>(1,513,652)</u> | <u>(1,440,660)</u> |

24. Analysis of changes in net funds

| | Opening balance | Cash flows | Other changes | Closing balance |
|--|----------------------------|-----------------------|--------------------------|----------------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 560 | 895,269 | | 895,829 |
| Overdrafts | (450,425) | 450,425 | | - |
| | <u>(449,865)</u> | <u>1,345,694</u> | | <u>895,829</u> |
| Debt due within one year | (2,853,140) | 1,505,640 | - | (1,347,500) |
| Finance leases and hire purchase contracts | (12,433) | 8,012 | (792) | (5,213) |
| | <u>(2,865,573)</u> | <u>1,513,652</u> | <u>(792)</u> | <u>(1,352,713)</u> |
| Net funds | <u>(3,315,438)</u> | <u>2,859,346</u> | <u>(792)</u> | <u>(456,884)</u> |