

**"Registrar"**

**Registration number 941601**

**Chelsteen Homes Limited**

**Directors' report and financial statements**

**for the year ended 30 June 2003**



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## **Chelsteen Homes Limited**

### **Company information**

Directors	A J Poulton W A Poulton
Secretary	U W M Poulton
Company number	941601
Auditors	Brooks Carling Addept House 34A Sydenham Road Croydon Surrey CR0 2EF
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 2003**

The directors present their report and the financial statements for the year ended 30 June 2003.

**Principal activity and review of the business**

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

**Results and dividends**

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

**Directors and their interests**

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

	Ordinary shares	
	30/06/03	01/07/02
A J Poulton	-	-
W A Poulton	25,000	25,000

The company is a subsidiary 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. A J Poulton (Epping) Ltd owns 25,000 shares in this company.

**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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

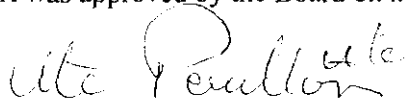
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Brooks Carling be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 24.03.04 and signed on its behalf by



**U W M 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 2003 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 historical cost convention and 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.

**Chelsteen Homes Limited**

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Brooks Carling*

**Brooks Carling**

**Registered auditors**

*6/4/04*

**Addept House  
34A Sydenham Road  
Croydon  
Surrey  
CR0 2EF**

**Chelsteen Homes Limited**

**Profit and loss account  
for the year ended 30 June 2003**

		<b>Continuing operations</b>	
		<b>2003</b>	<b>2002</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	2,602,511	6,260,197
Cost of sales		(1,598,860)	(4,694,388)
<b>Gross profit</b>		1,003,651	1,565,809
Administrative expenses		(856,807)	(1,408,066)
<b>Operating profit</b>	<b>3</b>	146,844	157,743
Other interest receivable and similar income	<b>4</b>	5,420	2,472
Interest payable and similar charges	<b>5</b>	(2,535)	(215)
<b>Profit on ordinary activities before taxation</b>		149,729	160,000
Tax on profit on ordinary activities	<b>8</b>	(19,054)	(39,403)
<b>Profit on ordinary activities after taxation</b>		130,675	120,597
<b>Retained profit for the year</b>		130,675	120,597
Retained profit brought forward		2,268,839	2,148,242
<b>Retained profit carried forward</b>		2,399,514	2,268,839

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

The notes on pages 7 to 16 form an integral part of these financial statements.

**Chelsteen Homes Limited**

**Balance sheet  
as at 30 June 2003**

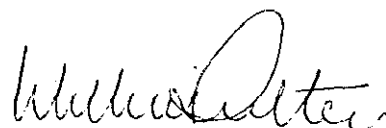
		2003		2002	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		100,087		59,567
<b>Current assets</b>					
Stocks	10	6,741,992		4,147,320	
Debtors	11	14,178		1,084,297	
Cash at bank and in hand		229		958	
		<u>6,756,399</u>		<u>5,232,575</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(4,393,058)</u>		<u>(2,967,439)</u>	
<b>Net current assets</b>			<u>2,363,341</u>		<u>2,265,136</u>
<b>Total assets less current liabilities</b>			<u>2,463,428</u>		<u>2,324,703</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(23,184)		(5,864)
<b>Provisions for liabilities and charges</b>	14		<u>9,270</u>		<u>-</u>
<b>Net assets</b>			<u><u>2,449,514</u></u>		<u><u>2,318,839</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		50,000		50,000
Profit and loss account			<u>2,399,514</u>		<u>2,268,839</u>
<b>Equity shareholders' funds</b>	17		<u><u>2,449,514</u></u>		<u><u>2,318,839</u></u>

The financial statements were approved by the Board on 24.3.04 and signed on its behalf by

A J Poulton  
Director



W A Poulton  
Director



The notes on pages 7 to 16 form an integral part of these financial statements.



# Chelsteen Homes Limited

## Cash flow statement for the year ended 30 June 2003

	Notes	2003 £	2002 £
<b>Reconciliation of operating profit to net cash outflow from operating activities</b>			
Operating profit		146,844	157,743
Depreciation		49,021	35,912
(Increase) in stocks		(2,594,672)	(569,848)
Decrease in debtors		1,070,119	(584,248)
Increase in creditors		78,368	244,428
<b>Net cash outflow from operating activities</b>		<b>(1,250,320)</b>	<b>(716,013)</b>
<b>Cash flow statement</b>			
Net cash outflow from operating activities		(1,250,320)	(716,013)
Returns on investments and servicing of finance	23	2,885	2,257
Taxation	23	(39,403)	(173,888)
Capital expenditure	23	(53,440)	(19,785)
		(1,340,278)	(907,429)
Financing	23	196,341	913,687
<b>Decrease in cash in the year</b>		<b>(1,143,937)</b>	<b>6,258</b>
<b>Reconciliation of net cash flow to movement in net debt (Note 24)</b>			
<b>Decrease in cash in the year</b>		(1,143,937)	6,258
Cash inflow from decrease in debts and lease financing		(196,341)	(913,687)
Change in net debt resulting from cash flows		(1,340,278)	(907,429)
New finance leases and hire purchase contracts		(36,101)	(13,558)
<b>Movement in net debt in the year</b>		<b>(1,376,379)</b>	<b>(920,987)</b>
<b>Net debt at 1 July 2002</b>		<b>(1,006,743)</b>	<b>(85,756)</b>
<b>Net debt at 30 June 2003</b>		<b>(2,383,122)</b>	<b>(1,006,743)</b>

## **Chelsteen Homes Limited**

### **Notes to the financial statements for the year ended 30 June 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention .

##### **1.2. Turnover**

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

##### **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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **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 provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

#### **2. Turnover**

The total turnover of the company for the year has been derived from its one principal activity, which is wholly undertaken in the UK.

**Chelsteen Homes Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

<b>3. Operating profit</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	49,020	35,911
Loss on disposal of tangible fixed assets	1	1
Operating lease rentals		
- Land and buildings	15,250	11,438
Auditors' remuneration	6,500	6,500
	<u>          </u>	<u>          </u>
 <b>4. Interest receivable and similar income</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Bank interest	5,420	1,684
Other interest	-	788
	<u>          </u>	<u>          </u>
	<u>5,420</u>	<u>2,472</u>
 <b>5. Interest payable and similar charges</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Hire purchase interest	2,343	215
On overdue tax	192	-
	<u>          </u>	<u>          </u>
	<u>2,535</u>	<u>215</u>

**Chelsteen Homes Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

**6. Employees**

<b>Number of employees</b>	<b>2003</b>	<b>2002</b>
The average monthly numbers of employees (including the directors) during the year were:		

Management & administration	10	7
Site management & labourers	6	6
	16	13

<b>Employment costs</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Wages and salaries	887,798	1,328,208
Social security costs	101,030	149,354
Other pension costs	23,564	46,002
	1,012,392	1,523,564

**6.1. Directors' emoluments**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	609,048	1,048,781
Pension contributions	7,200	32,200
	616,248	1,080,981

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

<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Amounts included above:		
Emoluments and other benefits	390,850	795,101
Pension contributions	7,200	32,200
	398,050	827,301

# Chelsteen Homes Limited

## Notes to the financial statements for the year ended 30 June 2003

..... 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 £23,564 (2002 - £46,002).

### 8. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	2002 £
<b>Current tax</b>		
UK corporation tax	28,324	39,403
Total current tax charge	28,324	39,403
<b>Deferred tax</b>		
Timing differences, origination and reversal	(9,270)	-
Total deferred tax	(9,270)	-
Tax on profit on ordinary activities	19,054	39,403

#### Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before taxation	149,729	160,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (30 June 2002 : 30%)	28,449	48,000
<b>Effects of:</b>		
Expenses not deductible for tax purposes	993	(1,939)
Capital allowances for period in excess of depreciation	(1,118)	(4,069)
Marginal relief	-	14,605
Current tax charge for period	28,324	56,597

**Chelsteen Homes Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

9. Tangible fixed assets	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 July 2002	12,379	184,114	196,493
Additions	10,891	106,650	117,541
Disposals	-	(103,107)	(103,107)
At 30 June 2003	<u>23,270</u>	<u>187,657</u>	<u>210,927</u>
<b>Depreciation</b>			
At 1 July 2002	12,378	124,548	136,926
On disposals	-	(75,106)	(75,106)
Charge for the year	3,630	45,390	49,020
At 30 June 2003	<u>16,008</u>	<u>94,832</u>	<u>110,840</u>
<b>Net book values</b>			
At 30 June 2003	<u>7,262</u>	<u>92,825</u>	<u>100,087</u>
At 30 June 2002	<u>1</u>	<u>59,566</u>	<u>59,567</u>

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

Asset description	2003		2002	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Motor vehicles	<u>61,576</u>	<u>22,748</u>	<u>26,675</u>	<u>6,669</u>
<b>10. Stocks</b>			<b>2003</b> £	<b>2002</b> £
Stock of land for development			84,725	84,725
Short term work in progress (including land)			<u>6,657,267</u>	<u>4,062,595</u>
			<u>6,741,992</u>	<u>4,147,320</u>

# Chelsteen Homes Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

<b>11. Debtors</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	1,072,184
Other debtors	-	250
Prepayments and accrued income	14,178	11,863
	<u>14,178</u>	<u>1,084,297</u>
 <b>12. Creditors: amounts falling due within one year</b>	 <b>2003</b>	 <b>2002</b>
	<b>£</b>	<b>£</b>
Bank overdraft	1,217,284	80,456
Bank loan	1,125,000	915,000
Net obligations under finance leases and hire purchase contracts	17,884	6,381
Trade creditors	149,950	68,296
Amounts owed to group undertaking	759,084	-
Corporation tax	28,323	39,403
Other taxes and social security costs	363,333	610,851
Directors' accounts	706,644	1,162,683
Other creditors	2,000	2,500
Accruals and deferred income	23,556	81,869
	<u>4,393,058</u>	<u>2,967,439</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. A group overdraft limit of £400,000 is also in place, with an expiry date of May 2004.

<b>13. Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<u>23,184</u>	<u>5,864</u>

**Chelsteen Homes Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

**14. Provisions for liabilities and charges**

	<b>Deferred taxation (Note 15) £</b>	<b>Total £</b>
Movements in the year	9,270	9,270
At 30 June 2003	<u>9,270</u>	<u>9,270</u>

**15. Provision for deferred taxation**

	<b>2003 £</b>	<b>2002 £</b>
Accelerated capital allowances	<u>(9,270)</u>	<u>-</u>
Deferred tax charge in profit and loss account	<u>(9,270)</u>	
Provision at 30 June 2003	<u>(9,270)</u>	

**16. Share capital**

	<b>2003 £</b>	<b>2002 £</b>
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>



# Chelsteen Homes Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

17. Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the year	130,675	120,597
Opening shareholders' funds	2,318,839	2,198,242
Closing shareholders' funds	<u>2,449,514</u>	<u>2,318,839</u>

### 18. Financial commitments

At 30 June 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003 £	2002 £
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.

### 20. Contingent liabilities

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. At the balance sheet date there was £248,371 (2002 : £473,157) outstanding in respect of these loans and overdrafts.

At 30 June 2003 the company had the following legal mortgages held by the bank:

- i) legal mortgage dated 29 March 2000 on 127 Alexandra Road & 30 Clifton Parade, Southend On Sea;
- ii) legal mortgage dated 9 January 2002 on Clopton Green, Wickhambrook;
- iii) legal mortgage dated 29 September 2001 on Howard House, 1 Gippeswyck Avenue, Ipswich.
- iv) legal mortgage dated 4 January 2002 on Prince Avenue, Westcliffe on Sea;
- v) legal mortgage dated 5 April 2002 on Dovercourt Motor Site at junction of Farbridge Road, Spital, Maldon;
- vi) legal mortgage dated 27 June 2003 on 703-713 High Road Leytonstone.

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

# Chelsteen Homes Limited

## Notes to the financial statements for the year ended 30 June 2003

..... continued

### 21. Related party transactions

A J Poulton (Epping) Limited - During the year, sales of goods and services of the value of £31,538 (2002: £632,033) were made to A J Poulton (Epping) Limited, a company which holds 50% of the issued share capital of Chelsteen Homes Limited and in which A J Poulton is materially interested as a director, and in which W A Poulton is a director. The sales were made on normal trading terms. A recharge of £299,136 to cover A J Poulton's salary was made to A J Poulton (Epping) Limited. As at the 30 June, Chelsteen Homes Limited owes A J Poulton (Epping) Limited £648,793 (2002: A J Poulton (Epping) Limited owed Chelsteen Homes Limited £1,072,184). Apart from these trading transactions, bank interest received of £4,261.81 from A J Poulton (Epping) Limited was credited to the bank account of Chelsteen Homes Limited (2002: £nil).

### 22. Controlling interest

A J Poulton (Epping) Limited owns 50% of the share capital of the company and W A Poulton owns the remaining shares. A J Poulton, his wife and daughter own the entire share capital of A J Poulton (Epping) Limited and W A Poulton is A J Poulton's son.

### 23. Gross cash flows

	2003 £	2002 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5,420	2,472
Interest paid	(2,535)	(215)
	<u>2,885</u>	<u>2,257</u>
<b>Taxation</b>		
Corporation tax paid	<u>(39,403)</u>	<u>(173,888)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(81,440)	(19,785)
Receipts from sales of tangible assets	28,000	-
	<u>(53,440)</u>	<u>(19,785)</u>
<b>Financing</b>		
New short term bank loan	390,000	1,505,835
Repayment of short term bank loan	(180,000)	(590,835)
Capital element of finance leases and hire purchase contracts	(13,659)	(1,313)
	<u>196,341</u>	<u>913,687</u>

**Chelsteen Homes Limited**

**Notes to the financial statements  
for the year ended 30 June 2003**

..... continued

**24. Analysis of changes in net funds**

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	958	(729)		229
Overdrafts	(80,456)	(1,136,828)		(1,217,284)
	<u>(79,498)</u>	<u>(1,137,557)</u>		<u>(1,217,055)</u>
Debt due within one year	(915,000)	(210,000)	-	(1,125,000)
Finance leases and hire purchase contracts	(12,245)	13,659	(42,481)	(41,067)
	<u>(927,245)</u>	<u>(196,341)</u>	<u>(42,481)</u>	<u>(1,166,067)</u>
<b>Net funds</b>	<u><u>(1,006,743)</u></u>	<u><u>(1,333,898)</u></u>	<u><u>(42,481)</u></u>	<u><u>(2,383,122)</u></u>