

941601

**“Registrar”**

**CHELSTEEN HOMES LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 1997**



**CHELSTEEN HOMES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997**

---

<b>Contents</b>	<b>Pages</b>
Company information	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16
 <b>The following pages do not form part of the statutory financial statements</b>	
Detailed profit and loss statement	17 - 18

**CHELSTEEN HOMES LIMITED**

**COMPANY INFORMATION  
AS AT 30 JUNE 1997**

---

**DIRECTORS**

A J Poulton  
W A Poulton

**SECRETARY**

U W M Poulton

**REGISTERED NUMBER**

00941601

**BUSINESS ADDRESS**

14 Wells Street  
Chelmsford  
Essex  
CM1 1HZ

**AUDITORS**

Brooks Carling  
Addept House  
34A Sydenham Road  
Croydon  
Surrey CR0 2EF

**SOLICITORS**

Foskett, Marr, Gadsby & Head  
181 High Street  
Epping  
Essex

**PRINCIPAL BANKERS**

National Westminster Bank  
National Westminster House  
6 High Street  
Chelmsford  
Essex  
CM1 1BL

## **CHELSTEEN HOMES LIMITED**

### **DIRECTORS' REPORT**

---

The directors present their annual report with the financial statements of the company for the year ended 30 June 1997.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review continued to be house builders and estate developers.

No significant change in the nature of these activities occurred during the year.

#### **REVIEW OF THE BUSINESS**

The net profit after providing for taxation amounted to £64,087.

The directors consider it to have been a reasonable year, and expect the business to continue for the foreseeable future with no significant changes planned.

#### **DIVIDENDS**

No dividends were paid during the year and no recommendation is made as to dividends.

#### **POST BALANCE SHEET EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 30 June 1997.

#### **FIXED ASSETS**

The principal items of capital expenditure were additions to motor vehicles of £20,576.

#### **DIRECTORS AND THEIR INTERESTS**

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1997	1996
A J Poulton	Ordinary shares of £1 each	10,000	10,000
W A Poulton	Ordinary shares of £1 each	15,000	15,000

The company is an 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**

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 maintaining 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.

**CHELSTEEN HOMES LIMITED**

**DIRECTORS' REPORT**

---

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company did not make any political contributions nor any charitable contributions.

**CLOSE COMPANY**

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

**AUDITORS**

The auditors, Brooks Carling, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the board:



U W M Poulton  
Secretary

Approved by the board: 17.12.1997

**CHELSTEEN HOMES LIMITED**

**AUDITORS' REPORT**

---

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with 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 as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1997 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  
Addept House  
34A Sydenham Road  
Croydon  
Surrey CR0 2EF

.....15th Jan.....1998

**CHELSTEEN HOMES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1997**

	Notes	1997 £	1996 £
<b>TURNOVER</b>		3,354,918	3,173,759
Cost of sales		2,979,050	2,831,579
<b>GROSS PROFIT</b>		375,868	342,180
Administrative expenses		288,424	340,455
<b>OPERATING PROFIT</b>	2	87,444	1,725
Investment income and interest receivable	3	-	290
Interest payable and similar charges	4	(2,275)	(2,090)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		85,169	(75)
Tax on profit on ordinary activities	7	(21,082)	(891)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		64,087	(966)
Retained profits brought forward	16	1,270,584	1,271,550
<b>RETAINED PROFITS CARRIED FORWARD</b>		1,334,671	1,270,584

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**Total recognised gains and losses**

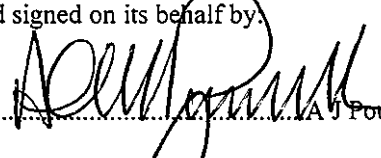
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

**CHELSTEEN HOMES LIMITED****BALANCE SHEET  
AT 30 JUNE 1997**

	Notes	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Tangible assets	8		35,134		38,764
<b>CURRENT ASSETS</b>					
Stock and work-in-progress	9	2,056,596		1,525,266	
Debtors	10	860,574		405,829	
Cash at bank and in hand		901		227	
		<u>2,918,071</u>		<u>1,931,322</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,566,909)</u>		<u>(649,502)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,351,162</u>		<u>1,281,820</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,386,296</u>		<u>1,320,584</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		<u>(1,625)</u>		<u>-</u>
<b>NET ASSETS</b>			<u>1,384,671</u>		<u>1,320,584</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		50,000		50,000
Profit and loss account	16		<u>1,334,671</u>		<u>1,270,584</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17		<u>1,384,671</u>		<u>1,320,584</u>

In preparing these financial statements the directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 applicable to medium-sized companies on the grounds that, in their opinion, the company is entitled to those exemptions.

The financial statements were approved by the board of directors on 17/12/ 1997  
and signed on its behalf by:

  
..... A J Poulton - Director

  
..... W A Poulton - Director

The notes on pages 8 to 16 form part of these financial statements.



**CHELSTEEN HOMES LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 1997**

	Notes	1997 £	1996 £
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	2	(883,320)	59,988
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	18	(2,275)	(1,800)
<b>TAXATION</b>	18	(891)	(24,771)
<b>CAPITAL EXPENDITURE</b>	18	(4,576)	-
Cash outflow before use of liquid resources and financing		(891,062)	33,417
<b>FINANCING</b>	18	405,373	(91,453)
<b>DECREASE IN CASH IN THE YEAR</b>		<u>(485,689)</u>	<u>(58,036)</u>

**RECONCILIATION OF NET CASH FLOW TO  
MOVEMENT IN NET DEBT**

19

<b>DECREASE IN CASH IN THE YEAR</b>	(485,689)	(58,036)
Cash inflow from increase in debt and lease financing	(405,373)	91,453
Change in net debt resulting from cash flows	(891,062)	33,417
New finance leases	(13,000)	-
Movement in net debt in the year	(904,062)	33,417
Net debt at 1 July 1996	(511,474)	(544,890)
Net debt at 30 June 1997	<u>(1,415,536)</u>	<u>(511,473)</u>

The notes on pages 8 to 16 form part of these financial statements.

## **CHELSTEEN HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997**

---

#### **1. STATEMENT OF ACCOUNTING POLICIES**

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

##### **Consolidation**

The company forms part of a medium-sized group. The ultimate parent company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

##### **Turnover**

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

##### **Depreciation of tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Plant and machinery	20% on cost on items not written off
Motor vehicles	20% on cost
Fixtures and fittings	15% on cost

##### **Stock and work-in-progress**

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

##### **Deferred taxation**

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

##### **Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

##### **Pension costs**

The company operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****2. OPERATING PROFIT**

Operating profit is stated:	1997	1996
	£	£
After charging:		
Depreciation of fixed assets	21,987	21,992
Profit/loss on sale of tangible assets	(780)	-
Auditors' remuneration	6,000	7,000
Hire of equipment	93,511	48,055
Operating lease rentals		
Land and buildings	20,200	20,200

**Reconciliation of operating profit to net  
cash outflow from operating activities**

	1997	1996
	£	£
Operating profit	87,444	1,725
Depreciation	21,987	21,992
Profit on disposal of fixed assets	(780)	-
Increase in stocks	(531,330)	372,633
Increase in debtors	(419,460)	(269,948)
Decrease in creditors	(41,181)	(66,414)
Net cash outflow from operating activities	(883,320)	59,988

**3. INVESTMENT INCOME AND INTEREST RECEIVABLE**

	1997	1996
	£	£
Interest received and receivable		
Bank interest	-	290

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1997	1996
	£	£
Lease finance charges and hire purchase interest	2,275	2,090

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****5. INFORMATION ON DIRECTORS AND EMPLOYEES**

	1997 £	1996 £
<b>Staff costs</b>		
Wages and salaries	183,324	208,261
Social security costs	14,569	17,558
Other pension costs	5,100	11,089
	<u>202,993</u>	<u>236,908</u>

	1997 No.	1996 No.
The average number of employees during the year was made up as follows:		
Management & administration	6	7
Site management	4	4
	<u>10</u>	<u>11</u>

	1997 £	1996 £
<b>Directors' emoluments</b>		
Remuneration for management services	54,085	41,588
Pension contributions to money purchase schemes	3,900	8,600
	<u>57,985</u>	<u>50,188</u>

**6. PENSION COSTS****Defined contribution scheme**

The company operates a defined contribution pension scheme on behalf of its director, W A Poulton and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,100 (1996:£11,089).

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1997 £	1996 £
The taxation charge comprises:		
UK Corporation tax at 21/24% (1996 - 24/25%)	<u>21,082</u>	<u>891</u>

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****8. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost:</b>				
At 1 July 1996	12,379	36,761	137,764	186,904
Additions	-	-	20,576	20,576
Disposals	-	-	(7,600)	(7,600)
At 30 June 1997	12,379	36,761	150,740	199,880
<b>Depreciation:</b>				
At 1 July 1996	12,378	36,761	99,000	148,139
Charge for year	-	-	21,987	21,987
On disposals	-	-	(5,380)	(5,380)
At 30 June 1997	12,378	36,761	115,607	164,746
<b>Net book value:</b>				
At 30 June 1997	1	-	35,133	35,134
At 30 June 1996	1	-	38,763	38,764

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

	1997 £	1996 £
Net book values:		
Motor vehicles	12,800	13,497
Depreciation charge for the year:		
Motor vehicles	3,200	6,749

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

**9. STOCKS**

	1997 £	1996 £
Raw materials	7,649	6,202
Short term work in progress	685,144	593,348
Stock of land	1,363,803	925,716
	2,056,596	1,525,266

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****10. DEBTORS**

	1997 £	1996 £
Trade debtors	4,570	9,263
Amounts owed by other group undertakings	801,065	379,412
Other debtors	47,439	11,154
Prepayments and accrued income	7,500	6,000
	<u>860,574</u>	<u>405,829</u>

**11. CREDITORS: amounts falling due within one year**

	1997 £	1996 £
Bank loans and overdrafts	1,408,312	498,734
Net obligations under finance leases and hire purchase contracts	6,500	12,966
Trade creditors	84,875	85,223
Corporation tax	21,082	891
Other taxes and social security costs	6,101	6,161
Directors' current accounts	23,816	25,047
Accruals and deferred income	16,223	20,480
	<u>1,566,909</u>	<u>649,502</u>

Bank loans and overdrafts amounting to £1,408,312 (1996 £498,734) are secured on land stocks.

**12. CREDITORS: amounts falling due after more than one year**

	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	<u>1,625</u>	<u>-</u>

**13. BORROWINGS**

	1997 £	1996 £
The company's borrowings are repayable as follows		
Up to one year and on demand	<u>1,408,312</u>	<u>498,734</u>

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	1997 £	1996 £
The company's net obligations under finance leases and hire purchase contracts are repayable as follows:		
Included in current liabilities	6,500	12,966

**15. SHARE CAPITAL**

	1997 £	1996 £
Authorised:		
Equity interests:		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid:		
Equity interests:		
50,000 Ordinary shares of £1 each	50,000	50,000

**16. PROFIT AND LOSS ACCOUNT**

	1997 £	1996 £
Retained profit at 1 July 1996	1,270,584	1,271,550
Profit for the year	64,087	(966)
Retained profit at 30 June 1997	1,334,671	1,270,584

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Profit for the financial year	64,087	(966)
Opening shareholders' funds	1,320,584	1,321,550
Closing shareholders' funds	1,384,671	1,320,584
Represented by:-		
Equity interests	1,384,671	1,320,584

**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997****18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	1997 £	1996 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	290
Interest element of hire purchase contracts	(2,275)	(2,090)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(2,275)</u>	<u>(1,800)</u>
<b>Taxation</b>		
Corporation tax paid	(891)	(24,771)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(7,576)	-
Receipts from sale of tangible fixed assets	3,000	-
<b>Net cash outflow from capital expenditure</b>	<u>(4,576)</u>	<u>-</u>
<b>Financing</b>		
New short-term loans	767,099	531,951
Repayments of capital element of hire purchase contracts	(17,842)	(7,288)
Repayment of short-term loans	(343,884)	(616,116)
<b>Net cash inflow from financing</b>	<u>405,373</u>	<u>(91,453)</u>

**19. ANALYSIS OF NET DEBT**

	1996 £	Cash flow £	Other movements £	1997 £
Cash at bank and in hand	227	674	-	901
Bank overdraft	(247,622)	(486,363)	-	(733,985)
Debt due within one year	(251,112)	(423,215)	-	(674,327)
Finance leases	(12,967)	17,842	(13,000)	(8,125)
	<u>(511,474)</u>	<u>(891,062)</u>	<u>(13,000)</u>	<u>(1,415,536)</u>



**CHELSTEEN HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1997**

---

**20. REVENUE COMMITMENTS**

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
More than five years	20,200	20,200	-	-

## **CHELSTEEN HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997**

---

#### **21. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

##### **Guarantees and securities**

The company's bank loans and overdraft are secured on land stocks and the company has given an unlimited guarantee to its banks in respect of A J Poulton (Epping) Limited. At the balance sheet date there was £512,556 outstanding in respect of these loans and overdrafts (1996: nil).

##### **Capital commitments - stock of land**

At 30th June 1997 a deposit of £22,500 had been paid on exchange of contracts on a plot of land which completed after the year end in the amount of £450,000.

##### **Performance bond**

At 30th June 1997 a performance bond for £18,280 was held by the bank in favour of the Family Housing Association. This was discharged on 17th September 1997.

Other than the above there were no capital commitments or contingent liabilities at the year end.

#### **22. RELATED PARTY DISCLOSURES**

##### **A.J.Poulton (Epping) Limited**

During the year, sales of goods and services to the value of £1,436,524 (1996: £100,000) 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.

At 30th June 1997 A.J.Poulton (Epping) Limited owed the company £801,065 (1996: £379,412).

##### **Countryview Estates Limited**

During the year, sales of goods and services to the value of £170,003 (1996: nil) were made to Countryview Estates Limited, a company in which A J Poulton is secretary and in which his family hold 50% of the shares.