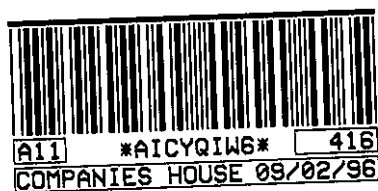


CHELSTEEN HOMES
LIMITED

Reg No: 00941601

30 JUNE 1995



CHELSTEEN HOMES LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1995**

The directors present their annual report and the audited accounts of the company for the year ended 30 June 1995.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £67,737 which was credited to reserves.

The directors do not recommend payment of a dividend for the current year.

BUSINESS REVIEW

The principal activity of the company continued to be that of house builders and estate developers and the directors do not foresee any changes in the future activities.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year, and their interests in the ordinary share capital of the company were as follows:

	30/06/1995	30/06/1994
A J Poulton	10000	10000
W A Poulton	15000	15000

The company is an associate of A.J.Poulton (Epping) Limited of which A J Poulton is the controlling shareholder.

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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors should:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the accounts 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 accounts 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 the requirements of section 384, Companies Act 1985, a resolution will be proposed at the Annual General Meeting to re-appoint Messrs. Brooks Carling as auditors of the company.

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

BY ORDER OF THE BOARD

Date:.....*Ute Poulton*.....1996

U W M Poulton
Secretary

7th February 1996.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHELSTEEN HOMES LIMITED**

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 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 of the state of the company's affairs as at 30 June 1995 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Brooks Carling

BROOKS CARLING
Registered Auditor

Addept House
34A Sydenham Road
Croydon
Surrey CR0 2EF

Date: 7th Feb. 1996

CHELSTEEN HOMES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1995

	Notes	1995 £	1994 £
TURNOVER		4,021,925	3,382,460
COST OF SALES		(3,195,416)	(2,800,022)
GROSS PROFIT		826,509	582,438
Administrative expenses		(662,324)	(543,845)
Other operating income	2	12,870	7,375
OPERATING PROFIT		177,055	45,968
Interest payable		(81,383)	(39,314)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	95,672	6,654
Tax on ordinary activities	5	(27,935)	(8,877)
RETAINED PROFIT/(LOSS) FOR THE YEAR		67,737	(2,223)
Retained profit brought forward		1,203,813	1,206,036
RETAINED PROFIT CARRIED FORWARD		<u>£1,271,550</u>	<u>£1,203,813</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

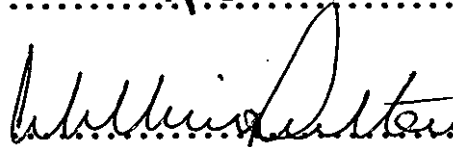
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

CHELSTEEN HOMES LIMITED
BALANCE SHEET AS AT 30 JUNE 1995

	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	6		60,757		70,934
CURRENT ASSETS					
Stock	7	874,408		1,211,746	
Work in progress	8	1,023,491		669,041	
Debtors	9	124,727		107,518	
Cash at bank and in hand		390		191	
		<u>2,023,016</u>		<u>1,988,496</u>	
CREDITORS - amounts falling due within one year	10	<u>(749,257)</u>		<u>(721,559)</u>	
NET CURRENT ASSETS			<u>1,273,759</u>		<u>1,266,937</u>
ASSETS LESS CURRENT LIABILITIES			<u>1,334,516</u>		<u>1,337,871</u>
CREDITORS - amounts falling due after more than one year	11		<u>(12,966)</u>		<u>(84,058)</u>
NET ASSETS			<u><u>£1,321,550</u></u>		<u><u>£1,253,813</u></u>
Financed by:					
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account			<u>1,271,550</u>		<u>1,203,813</u>
SHAREHOLDERS' FUNDS	14		<u><u>£1,321,550</u></u>		<u><u>£1,253,813</u></u>

The directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the accounts and have done so on the grounds that, in their opinion, the company qualifies as a small company.

.....  A J Poulton - Director

.....  W J Poulton - Director

The accounts were approved by the Board of Directors on 7th February 1996

CHELSTEEN HOMES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 1995

	1995 £	1994 £
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES:		
Operating profit	95,672	6,654
Depreciation	27,813	22,950
Loss/(profit) on disposal of fixed assets	665	(1,245)
(Increase)/Decrease in stocks	(17,112)	(286,347)
(Increase)/Decrease in debtors	(17,209)	145,855
Increase/(Decrease) in creditors	(75,545)	96,709
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14,284	(15,424)
TAXATION		
Corporation tax paid	(32,099)	1
	(17,815)	(15,423)
INVESTING ACTIVITIES		
Purchases of tangible fixed assets	(29,800)	(44,089)
Sales of tangible fixed assets	11,500	4,442
(DECREASE) IN CASH AND CASH EQUIVALENTS	£ (36,115)	£ (55,070)
 CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD:		
Balance at 30 June 1995	(524,636)	(488,520)
Balance at 1 July 1994	488,520	433,450
	£ (36,116)	£ (55,070)

CHELSTEEN HOMES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Turnover

This represents the value of goods and services provided, excluding value added tax.

1.3 Depreciation of tangible fixed assets

Tangible fixed assets are depreciated at the following rates which are appropriate to their estimated useful lives:

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

1.4 Stock and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

1.6 Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

1.7 Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Fixed assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of the future rentals is shown as a liability. Interest payable in each period is charged to the profit and loss account.

CHELSTEEN HOMES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

2.	OTHER OPERATING INCOME	1995 £	1994 £
	Rent receivable	7,345	725
	Sundry income	5,026	337
	Bank interest receivable	499	1,404
	Other interest receivable	-	4,909
		<u>£ 12,870</u>	<u>£ 7,375</u>
3.	OPERATING PROFIT	1995 £	1994 £
	This is stated after charging:		
	Staff costs	190,900	198,165
	Directors' emoluments	75,600	73,000
	Auditors' remuneration	6,250	7,757
	Depreciation	27,813	22,950
	Hire of equipment	110,853	67,308
	Operating leases - land and buildings	20,200	20,200
		<u></u>	<u></u>
4.	DIRECTORS' EMOLUMENTS	1995 £	1994 £
	Fees and Salaries	72,000	69,400
	Pension contributions	3,600	3,600
		<u>£ 75,600</u>	<u>£ 73,000</u>
	Details of emoluments		
	Chairman:	51,200	48,000
	Highest paid director:	24,400	25,000

CHELSTEEN HOMES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

5.1 TAXATION

	1995 £	1994 £
U.K. Corporation Tax on the Profit/(loss) for the year at 25% (1994: 25%)	24,771	856
(Over)/underprovided in previous years: Corporation tax	3,164	8,021
	<u>£ 27,935</u>	<u>£ 8,877</u>

5.2 The company is a close company within the terms of section 414 of the Income and Corporation Taxes Act 1988.

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Plant and equipment £	Motor vehicles £	Total £
Cost:				
At 1 July 1994	36,761	12,379	128,239	177,379
Additions	-	-	29,800	29,800
Disposals	-	-	(20,275)	(20,275)
At 30 June 1995	<u>36,761</u>	<u>12,379</u>	<u>137,764</u>	<u>186,904</u>
Depreciation:				
At 1 July 1994	33,147	10,172	63,125	106,444
Charge for year	3,614	2,206	21,993	27,813
Disposals	-	-	(8,110)	(8,110)
At 30 June 1995	<u>36,761</u>	<u>12,378</u>	<u>77,008</u>	<u>126,147</u>
Net book value at 30 June 1995	<u>£ -</u>	<u>£ 1</u>	<u>£ 60,756</u>	<u>£ 60,757</u>
Net book value at 30 June 1994	<u>£ 3,614</u>	<u>£ 2,207</u>	<u>£ 65,114</u>	<u>£ 70,935</u>

The net book value of motor vehicles of £60,756 (1994 - £65,114) includes an amount of £20,247 (1994 - £26,995) in respect of assets held under finance leases.
Depreciation charged on these assets amounted to £6,749 for both years.

CHELSTEEN HOMES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

7. STOCK	1995 £	1994 £
Stock of land	855,672	1,165,254
Stock of raw materials	18,736	46,492
	<u>£ 874,408</u>	<u>£1,211,746</u>
8. WORK IN PROGRESS	1995 £	1994 £
Work in progress	1,023,491	669,041
	<u>£1,023,491</u>	<u>£ 669,041</u>
9. DEBTORS	1995 £	1994 £
Trade debtors	3,456	43,596
Amounts owed by related company	113,721	-
Social security and other taxes	-	26,194
Other debtors	-	30,280
Prepayments	7,550	7,448
	<u>£ 124,727</u>	<u>£ 107,518</u>
10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	1995 £	1994 £
Bank loans and overdrafts	525,026	424,908
Hire purchase	7,289	7,288
Trade creditors	105,626	216,443
Amounts owed to related companies	-	23,355
Corporation tax	24,771	28,935
Other taxes and social security costs	16,251	7,680
Other creditors	800	200
Accruals	69,494	12,750
	<u>£ 749,257</u>	<u>£ 721,559</u>

10.1 BANK SECURITY

The bank loans and overdrafts are secured on land stocks (see note 16).

CHELSTEEN HOMES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995

11. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1995 £	1994 £
Bank loans	-	63,803
Hire purchase	12,966	20,255
	<u>£ 12,966</u>	<u>£ 84,058</u>

12. RELATED PARTY TRANSACTIONS

Sales include amounts in respect of transactions with a related company.

13. SHARE CAPITAL	1995 £	1994 £
Authorised:		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>
Issued and fully paid:		
50,000 Ordinary shares of £1 each	<u>£ 50,000</u>	<u>£ 50,000</u>

14. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit/(loss) for the year after taxation	67,737	(2,223)
Shareholders' funds at 1 July 1994	<u>1,253,813</u>	<u>1,256,036</u>
Shareholders' funds at 30 June 1995	<u>£1,321,550</u>	<u>£1,253,813</u>

16. TRANSACTIONS WITH DIRECTORS

Loan to Director	Balance at 30/06/1995	Maximum liability	Balance at 01/07/1994
W J Poulton	<u>£ -</u>	<u>£178,693</u>	<u>£ -</u>

During the year Chelsteen Homes Limited purchased a plot of land in conjunction with W Poulton to do three barn conversions, two of which were owned by the company and the other by W Poulton. All the costs of the barn conversions were apportioned on a percentage basis between the three barns and an additional charge was made by Chelsteen Homes Limited for supplying the materials and labour to W Poulton. The costs of W Poulton's barn were charged to his directors loan account which was repaid by the year end.

CHELSTEEN HOMES LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1995****16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES****Pension commitments**

The company operates a defined contribution pension scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary and for 1995 were £6,089 (1994 -£6166).

Guarantees and security

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 the total outstanding in respect of those loans and overdrafts was £205,716 (1994 - £115,838).

Lease commitments - operating leases

At 30th June 1995, the company had annual commitments of £20,200 (1994 - £20,200) under non cancellable operating leases on land and buildings which expire in over five years.

Other than those above the company had no capital commitments or contingent liabilities at the year end.