

**Report of the Directors and
Financial Statements for the Year Ended 30 April 2004
for
CHERWELL ESTATES LIMITED**



CHERWELL ESTATES LIMITED

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for the Year Ended 30 April 2004**

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CHERWELL ESTATES LIMITED

**Company Information
for the Year Ended 30 April 2004**

DIRECTORS:

T G Holroyd
A J Thompson

SECRETARY:

A J Thompson

REGISTERED OFFICE:

55 Latchmere Road
LONDON
SW11 2DS

REGISTERED NUMBER:

02568465 (England and Wales)

AUDITORS:

Walton & Co
Registered Auditors
Chartered Accountants
4 Dovedale Studios
465 Battersea Park Road
London
SW11 4LR

CHERWELL ESTATES LIMITED

Report of the Directors for the Year Ended 30 April 2004

The directors present their report with the financial statements of the company for the year ended 30 April 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of purchase, renovate, redevelop and sell properties.

DIRECTORS

The directors during the year under review were:

T G Holroyd
A J Thompson

The directors holding office at 30 April 2004 did not hold any beneficial interest in the issued share capital of the company at 1 May 2003 or 30 April 2004.

STATEMENT OF 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 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 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

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
T G Holroyd - Director

Date: 25-1-05

**Report of the Independent Auditors to the Shareholders of
CHERWELL ESTATES LIMITED**

We have audited the financial statements of CHERWELL ESTATES LIMITED for the year ended 30 April 2004 on pages five to ten. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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

As described on page two the company's directors are responsible for the preparation of 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 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 transactions with the company 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 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.

**Report of the Independent Auditors to the Shareholders of
CHERWELL ESTATES LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Walton & Co.

Walton & Co
Registered Auditors
Chartered Accountants
4 Dovedale Studios
465 Battersea Park Road
London
SW11 4LR

Date:

26 January 2005

CHERWELL ESTATES LIMITED

**Profit and Loss Account
for the Year Ended 30 April 2004**

		<u>30.4.04</u>	<u>30.4.03</u>
	Notes	£	£
TURNOVER		880,000	3,005,000
Cost of sales		<u>(818,533)</u>	<u>(2,559,670)</u>
GROSS PROFIT		61,467	445,330
Administrative expenses		<u>(188,565)</u>	<u>(251,579)</u>
		(127,098)	193,751
Other operating income		<u>66,358</u>	<u>52,959</u>
OPERATING (LOSS)/PROFIT	2	(60,740)	246,710
Interest receivable and similar income		<u>9,927</u>	<u>12</u>
		(50,813)	246,722
Interest payable and similar charges		<u>(184,536)</u>	<u>(173,947)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(235,349)	72,775
Tax on (loss)/profit on ordinary activities	3	<u>-</u>	<u>(16,946)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(235,349)	55,829
Dividends	4	<u>(20,000)</u>	<u>-</u>
		(255,349)	55,829
Retained profit brought forward		<u>504,695</u>	<u>448,866</u>
RETAINED PROFIT CARRIED FORWARD		<u>£249,346</u>	<u>£504,695</u>

The notes form part of these financial statements

CHERWELL ESTATES LIMITED

**Balance Sheet
30 April 2004**

		<u>30.4.04</u>	<u>30.4.03</u>
	Notes	£	£
FIXED ASSETS:			
Tangible assets	5	62,701	6,740
Investments	6	<u>26,103</u>	<u>26,103</u>
		<u>88,804</u>	<u>32,843</u>
 CURRENT ASSETS:			
Stocks		1,279,599	939,523
Debtors	7	1,150,556	1,303,538
Investments	8	-	15,000
Cash at bank and in hand		<u>6,858</u>	<u>53,277</u>
		2,437,013	2,311,338
CREDITORS: Amounts falling due within one year	9	<u>(2,230,969)</u>	<u>(1,733,535)</u>
NET CURRENT ASSETS:		<u>206,044</u>	<u>577,803</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES:		294,848	610,646
 CREDITORS: Amounts falling due after more than one year	10	<u>(39,402)</u>	<u>(99,851)</u>
		<u>£255,446</u>	<u>£510,795</u>
 CAPITAL AND RESERVES:			
Called up share capital	11	100	100
Revaluation reserve	12	6,000	6,000
Profit and loss account		<u>249,346</u>	<u>504,695</u>
 SHAREHOLDERS' FUNDS:		<u>£255,446</u>	<u>£510,795</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

.....
T G Holroyd - Director

.....
A J Thompson - Director

Approved by the Board on 25.1.05

The notes form part of these financial statements

CHERWELL ESTATES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents gross sales of properties.

Tangible fixed assets

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

Plant and machinery etc - 25% on cost

Stocks

Work in progress is valued at the lower of cost and net realisable value.

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

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. OPERATING (LOSS)/PROFIT

The operating loss (2003 - operating profit) is stated after charging:

	30.4.04	30.4.03
	£	£
Depreciation - owned assets	19,077	4,724
Auditors' remuneration	6,500	6,500
Pension costs	<u>12,536</u>	<u>12,000</u>
Directors' emoluments	52,314	98,130
Directors' pension contributions to money purchase schemes	<u>12,536</u>	<u>12,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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CHERWELL ESTATES LIMITED

**Notes to the Financial Statements
for the Year Ended 30 April 2004**

3. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	30.4.04	30.4.03
	£	£
Current tax:		
UK corporation tax	<u>-</u>	<u>16,946</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>16,946</u>

4. DIVIDENDS

	30.4.04	30.4.03
	£	£
Interim - share type 1	<u>20,000</u>	<u>-</u>

5. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u>	<u>Plant and machinery etc</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 May 2003	6,100	23,034	29,134
Additions	<u>-</u>	<u>75,038</u>	<u>75,038</u>
At 30 April 2004	<u>6,100</u>	<u>98,072</u>	<u>104,172</u>
DEPRECIATION:			
At 1 May 2003	-	22,394	22,394
Charge for year	<u>-</u>	<u>19,077</u>	<u>19,077</u>
At 30 April 2004	<u>-</u>	<u>41,471</u>	<u>41,471</u>
NET BOOK VALUE:			
At 30 April 2004	<u>6,100</u>	<u>56,601</u>	<u>62,701</u>
At 30 April 2003	<u>6,100</u>	<u>640</u>	<u>6,740</u>

6. FIXED ASSET INVESTMENTS

The company holds 100% of the share capital of Avrabond Limited

CHERWELL ESTATES LIMITED

**Notes to the Financial Statements
for the Year Ended 30 April 2004**

**7. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.4.04 £	30.4.03 £
Trade debtors	-	330,000
Other debtors	20,000	3,578
Amount owed by subsidiary comp	144,870	380,381
Amount owed by group companies	511	589,579
Prepayments	1,000	-
Debtors	5,672	-
Cherwell Land & Homes Ltd	349,330	-
Cherwell (Queensmere) Ltd	220,000	-
Cherwell (Sudbrooke) Ltd	409,173	-
	<u>1,150,556</u>	<u>1,303,538</u>

8. CURRENT ASSET INVESTMENTS

	30.4.04 £	30.4.03 £
Listed investments	<u>-</u>	<u>15,000</u>

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.4.04 £	30.4.03 £
Bank loans and overdrafts	1,430,315	950,765
Finance leases	10,764	-
Trade creditors	10,021	6,893
Directors Loan	76,725	196,263
Other creditors	303,943	459,653
Accrued expenses	6,500	13,000
Cherwell Land & Homes Ltd	-	75,000
Cherwell Investments Ltd	373,436	-
Social security & other taxes	19,276	15,026
Taxation	(11)	16,935
	<u>2,230,969</u>	<u>1,733,535</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.4.04 £	30.4.03 £
Bank loans	-	99,851
Finance leases	<u>39,402</u>	<u>-</u>
	<u>39,402</u>	<u>99,851</u>

CHERWELL ESTATES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2004

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.4.04 £	30.4.03 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

12. REVALUATION RESERVE

	30.4.04 £	30.4.03 £
Brought forward	<u>6,000</u>	<u>6,000</u>

13. ULTIMATE PARENT COMPANY

In the opinion of the directors Cherwell Group Limited is the company's ultimate parent undertaking and Mr T G Holroyd and Mr A J Thompson equally control 100% of the shares of Cherwell Group Limited are the ultimate controllers of the company.

14. CONTINGENT LIABILITIES

The company has given a guarantee to the bankers of its member group company, Cherwell Investments Limited, in the amount of £3,500,000

The company has given a guarantee to the Bank of Ireland in respect of its subsidiary company Avrabond Limited in the amount of £1,500,000.

The directors have given a guarantee to the Bank of Ireland in the amount of £155,000.

15. RELATED PARTY DISCLOSURES

The balance owing to the company as at 30 April 2004 by its parent company Cherwell Group Limited was £511. (£511-2003)

The balance owing by the company as at 30 April 2004 to its parent company's subsidiary undertaking, Cherwell Investments Limited was £373,436 (owing to the company £589,579 - 2003).

The balance owing to the company as at 30 April 2004 by its subsidiary undertaking, Avrabond Limited was £144,870 (£380,381 - 2003).

The company owes its directors, Mr T G Holroyd and Mr A J Thompson as at 30 April 2004 £38,415 (£18,543 - 2003) and £38,310 (£77,720 - 2003) respectively.

The company received a management fee from Cherwell Investments for administration services rendered.

Mr T G Holroyd and Mr A J Thompson are also directors of Cherwell Land & Homes Group Limited. The balance owing by the group as at 30 April 2004 was £978,503 (owing to the group £75,000 - 2003).

CHERWELL ESTATES LIMITED

**Trading and Profit and Loss Account
for the Year Ended 30 April 2004**

	<u>30.4.04</u>		<u>30.4.03</u>	
	£	£	£	£
Sales		880,000		3,005,000
Cost of sales:				
Opening valuation	939,523		1,429,222	
Cost of Sales	<u>1,158,609</u>		<u>1,130,448</u>	
	2,098,132		2,559,670	
Closing valuation	<u>(1,279,599)</u>		-	
		818,533		2,559,670
GROSS PROFIT		61,467		445,330
Other income:				
Management Fees	50,000		50,000	
Rents received	16,358		2,959	
Deposit account interest	96		12	
Other interest receivable	<u>9,831</u>		-	
		76,285		52,971
		137,752		498,301
Expenditure:				
Directors' remuneration	49,241		95,250	
Social security	5,627		10,149	
Pension contributions	12,536		12,000	
Wages	22,424		55,473	
Social security	2,253		4,357	
Computer Expenses	679		1,371	
Telephone	5,499		8,533	
Post & stationery	1,446		2,502	
Motor expenses	13,683		15,884	
Rental Fees	2,791		185	
Sundry expenses	169		58	
Auditors remuneration	6,500		6,500	
Subscriptions	155		150	
Medical Insurance	3,073		2,880	
Book-keeping	4,300		4,300	
Legal & Professional Fees	8,670		2,865	
Donations & Sponsorships	8,773		-	
Entertainment	1,532		8,049	
Security costs	-		1,450	
Insurance	4,136		3,919	
Light & heat	<u>514</u>		<u>1,072</u>	
		154,001		236,947
Carried forward		(16,249)		261,354

This page does not form part of the statutory financial statements

CHERWELL ESTATES LIMITED

**Trading and Profit and Loss Account
for the Year Ended 30 April 2004**

	<u>30.4.04</u>		<u>30.4.03</u>	
	£	£	£	£
Brought forward		(16,249)		261,354
Finance costs:				
Bank loan interest	87,630		88,166	
Interest on other loans	95,645		84,458	
Corporation tax interest	(360)		-	
Corporation Tax Interest	-		1,323	
Hire purchase	1,621		-	
Bank charges & finance fees	<u>15,486</u>		<u>9,908</u>	
		<u>200,022</u>		<u>183,855</u>
		(216,271)		77,499
Depreciation:				
Motor vehicles	17,999		4,406	
Computer equipment	<u>1,079</u>		<u>318</u>	
		<u>19,078</u>		<u>4,724</u>
NET (LOSS)/PROFIT		<u><u>£(235,349)</u></u>		<u><u>£72,775</u></u>