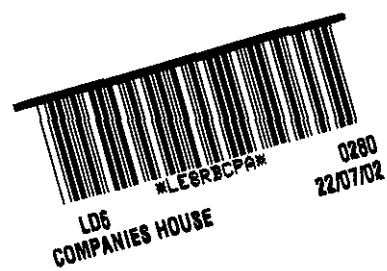


Goldcrest Homes plc

Financial statements 31 March 2002
together with directors' and auditors' reports

Registered number: 1660121



Company information

Directors

Sir Peter Thompson (Chairman)* †
M Collins (Chief Executive)* †
T L Carvall (Construction Director)
S E Leach ACA (Finance Director)* †
A Roake (Planning & Design Director)
Dr K Mourad FRCR (Non-Executive)
Miss O M Collins (Non-Executive)
Miss S A Collins (Non-Executive)

* indicates member of audit committee

† indicates member of remuneration committee

Secretary

M Collins

Registered office

Goldcrest House
7 Hurlingham Business Park
Sullivan Road
London
SW6 3DU

Auditors

Arthur Andersen
180 Strand
London
WC2R 1BL

Bankers

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

Solicitors

Lawrence Graham
190 Strand
London
WC2R 1JN

Chairman's statement

Dear Shareholder,

Your directors are pleased to report that Goldcrest has enjoyed another year of record profits giving the group 10 years of successive growth in profit before tax.

Results

Group profit before taxation at £3.66 million was 10% higher than the comparable figure of £3.33 million in 2001. Because of the need to raise new equity to fund future growth the basic earnings per share remained constant at 30p (2001: £14.88 which equated to 30p allowing for the share split). It has grown at a compound annual rate of 24% over the last 10 years. Shareholders' funds increased to £8.7 million, which included £388,000 of share options exercised by the directors.

Dividend

The Company paid an interim dividend of £3.42 per share. Following the share split of 50 2p Ordinary shares for 1 £1 Ordinary share, it is proposed that a final dividend of 7.16p per share will be paid in July for those shareholders on the register on 28 March 2002. This equates to a £7.00 per share total dividend, maintaining the established formula for distribution of $\frac{1}{3}$ of the profit before tax in dividends.

Property Review

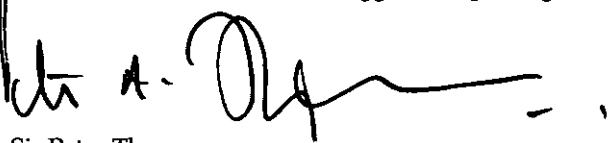
The London property market remained strong throughout the period despite the events of 11 September 2001. The continuing low interest rates and short supply of new housing will, we believe, sustain values in the next 12 months.

Financing

Our financing position remains solid. The company is continuing to raise equity finance for the acquisition of new sites. Our banks have agreed loan facilities that raise our bank facility to £30 million.

Outlook

Our capability to have a broad range of ever larger site acquisitions and obtain planning permission on them has increased over the last few years. The strategic objectives we have set focus us on being a residential/mixed use developer of selected larger sites. We will continue to buy more sites than we need for our own developments and obtain on all of them enhanced planning permission. The balance we will sell on to other housebuilders. In this way we will be able to sustain our aggressive profit growth into the future.



Sir Peter Thompson
Chairman

Ten Year Record

31 March 2002

Summary consolidated results £000	1992	1993	1994	1995	1997 (18 mths)	1998	1999	2000	2001	2002
Turnover	2,771	3,691	5,586	5,880	9,758	9,812	14,958	11,397	21,276	24,940
Operating profit	578	594	883	1,250	1,857	2,056	2,696	3,115	4,480	3,761
Other Income	-	53	28	39	83	136	58	45	15	911
Interest (net)	(104)	(124)	(155)	(164)	(438)	(383)	(505)	(453)	(1,162)	(1,010)
Profit before taxation	474	523	756	1,125	1,502	1,809	2,249	2,707	3,333	3,662
Taxation	(163)	(167)	(261)	(415)	(518)	(575)	(730)	(781)	(1,019)	(1,112)
Profit after taxation	311	356	495	710	984	1,234	1,519	1,926	2,314	2,550
Dividend	(213)	(300)	(317)	(217)	(258)	(596)	(707)	(902)	(1,088)	(1,239)
Retained profit for the year	98	56	178	493	726	638	812	1,024	1,226	1,311
Net assets										
Stock and debtors	1,300	3,557	3,668	3,765	7,850	7,486	14,103	9,747	30,569	31,778
Net debt	(338)	(1,354)	(1,024)	(1,010)	(3,219)	(2,730)	(7,066)	(3,017)	(19,026)	(17,809)
Other assets/liabilities	43	(1,142)	(1,405)	(1,023)	(2,173)	(1,660)	(3,032)	(1,401)	(4,488)	(5,215)
	1,005	1,061	1,239	1,732	2,458	3,096	4,005	5,329	7,055	8,754
Ratios										
Earnings per share	£2.10	£2.40	£3.34	£4.78	£6.63	£8.31	£10.05	£12.64	£14.88	£14.88*
Dividend per share – interim	£1.64	£2.02	£1.23	£0.66	£0.80	£2.02	£1.80	£2.68	£3.12	£3.42
- final	£0.00	£0.00	£0.91	£0.80	£0.94	£2.00	£2.88	£3.20	£3.88	£3.58*
Dividend cover	1.5	1.2	1.6	3.3	3.8	2.1	2.1	2.1	2.1	2.1
Net asset value per share	£6.77	£7.15	£8.35	£11.67	£16.56	£20.86	£26.49	£34.28	£45.38	£49.16*

* for comparison these figures are shown prior to the share split on 21 March 2002.

Directors' Report

31 March 2002

Financial statements

The directors present their annual report and Group financial statements together with the auditors' report for the year ended 31 March 2002.

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 the group and of the profit or loss of the group for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Principal activities and review of the business

The Group's principal activities for the year under review were that of residential house building, land development and sales.

A summary of the results of the year's trading is shown on page 7 of the financial statements. A review of the Group's business and future developments is included within the Chairman's statement.

Results and dividends

The profit for the year after taxation amounted to £2,550,000 (2001: £2,314,000).

The directors recommend that the profit for the year be dealt with as follows:

	£'000
Ordinary dividends	
- Interim dividend paid of £ 3.42 (2001 - £3.12) per share	601
- Final dividend proposed of 7.16p (2001 - £3.88) per share	638
Transfer to reserves	1,311
	2,550

Directors' report (continued)

Directors and their interests

The directors who held office during the year and their interests in the issued share capital at the beginning and end of the year were as follows:

	Executive Share Options		2p Ordinary shares Fully paid	£1 Ordinary shares Fully paid
	2002	2001	2002	2001
M Collins	-	7,420	6,681,100	126,256
Sir Peter Thompson	- Beneficial interests	5,550	702,000	8,490
	- Non-beneficial interests	-	89,300	1,786
M D Sierens	-	-	282,700	5,654
Dr K Mourad FRCR	-	-	102,700	2,054
Miss O M Collins	-	-	84,300	1,686
Miss S A Collins	-	-	84,300	1,686
T L Carvall	102,200	3,710	83,300	-
S E Leach	82,150	2,500	42,850	-
A Roake	19,350	387	-	-

On 21 March 2002 each £1 Ordinary share was split into 50 2p Ordinary shares.

On 27 November 2001 Michael Sierens resigned as director. On 1 January 2002 Adam Roake was appointed Planning and Design Director. David Hodgson resigned as director on 11 June 2002.

Sir Peter Thompson's non-beneficial interests arise through two discretionary trusts in favour of his children and grandchildren.

Stephen Leach and Trevor Carvall retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Charitable donations

During the period the Group contributed £8,696 (2001 - £3,438) to charitable organisations, £2,750 to local charities serving the communities in which the group operates and £5,946 to other charities. The Group made no political donations.

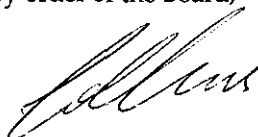
Directors' report (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that the directors appoint new auditors of the company will be put to the Annual General Meeting.

Goldcrest House
7 Hurlingham Business Park
Sullivan Road
London SW6 3DU

By order of the Board,



M Collins

17 June 2002

Secretary

Independent Auditors' report

To the shareholders of Goldcrest Homes plc

We have audited the financial statements of Goldcrest Homes plc for the year ended 31 March 2002 which comprise the Profit and loss account, Balance sheets, Cash flow statement and the related notes numbered 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company and Group at 31 March 2002 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
180 Strand
London
WC2R 1BL

17 June 2002

Consolidated profit and loss account

For the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Turnover	1	24,940	21,276
Cost of sales		(18,106)	(13,982)
Gross profit		6,834	7,294
Administrative expenses		(3,073)	(2,814)
Operating profit		3,761	4,480
Interest receivable		36	15
Income from sale of investment	9	875	-
Interest payable	4	(1,010)	(1,162)
Profit on ordinary activities before taxation	2	3,662	3,333
Tax on profit on ordinary activities	5	(1,112)	(1,019)
Profit on ordinary activities after taxation		2,550	2,314
Dividends	6	(1,239)	(1,088)
Retained profit for the year	19	1,311	1,226
Earnings per share - Basic	7	£0.30	£14.88
- Fully diluted	7	£0.25	£12.47

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented. The results for both years derive from the continuing activities of the Group.

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated balance sheet

31 March 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	8	<u>207</u>	<u>206</u>
Current Assets			
Stocks	10	9,048	11,533
Debtors	11	22,730	19,036
Cash at bank and in hand		<u>726</u>	<u>84</u>
		<u>32,504</u>	<u>30,653</u>
Bank loans and overdraft	12	(17,922)	(19,585)
Other creditors	12	<u>(5,940)</u>	<u>(3,596)</u>
		<u>(23,862)</u>	<u>(23,181)</u>
Net current assets		8,642	7,472
Creditors: Amounts falling due after more than one year			
Convertible Loan Stock	13	-	(560)
Other creditors	13	<u>(35)</u>	<u>(63)</u>
		<u>(35)</u>	<u>(623)</u>
Net assets		<u>8,814</u>	<u>7,055</u>
Capital and reserves			
Called-up share capital	17	178	162
Share premium account	19	1,575	1,203
Profit and loss account	19	<u>7,001</u>	<u>5,690</u>
Shareholders' funds - all equity	20	8,754	7,055
Minority interest - equity		<u>60</u>	<u>-</u>
Total Capital Employed		<u>8,814</u>	<u>7,055</u>

The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet

31 March 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	8	207	206
Investments	9	955	-
		<u>1,162</u>	<u>206</u>
Current Assets			
Stocks	10	1,222	7,291
Debtors	11	22,520	22,902
Cash at bank and in hand		716	83
		<u>24,458</u>	<u>30,276</u>
Creditors: Amounts falling due within one year			
Bank loans and overdraft	12	(9,088)	(14,513)
Other creditors	12	(8,707)	(8,566)
		<u>(17,795)</u>	<u>(23,079)</u>
Net current assets		<u>6,663</u>	<u>7,197</u>
Total assets less current liabilities		<u>7,825</u>	<u>7,403</u>
Creditors: Amounts falling due after more than one year			
Convertible Loan Stock	13	-	(560)
Other creditors	13	(35)	(63)
		<u>(35)</u>	<u>(623)</u>
Net assets		<u>7,790</u>	<u>6,780</u>
Capital and reserves			
Called-up share capital	17	178	162
Share premium account	19	1,575	1,203
Profit and loss account	19	6,037	5,415
Shareholders' funds - all equity		<u>7,790</u>	<u>6,780</u>

The financial statements on pages 7 to 25 were approved by the Board on 17 June 2002.

M Collins

Chief Executive

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow/(outflow) from operating activities	23	4,278	(15,031)
Returns on investments and servicing of finance	24	(1,245)	(722)
Taxation		(755)	(812)
Capital expenditure	25	(60)	(82)
Acquisitions and disposals	26	935	-
Equity dividends paid		<u>(1,204)</u>	<u>(982)</u>
Cash inflow /(outflow) before financing		1,949	(17,629)
Financing	27	<u>(2,169)</u>	<u>16,552</u>
(Decrease) in cash in the year		<u>(220)</u>	<u>(1,077)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to the financial statements (continued)

1 Accounting policies

A summary of the principal accounting policies is set out below. They have all been applied consistently throughout the year and preceding year, with the exception of the policy for taxation as explained in 1(h) below due to the adoption by the Group of FRS 19 "Deferred Tax".

a) Basis of accounting

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

b) Basis of consolidation

The Group financial statements consolidate the financial statements of Goldcrest Homes plc and all its subsidiary undertakings. No profit and loss account for Goldcrest Homes plc has been presented as permitted by Section 230 of the Companies Act 1985.

c) Turnover

Turnover comprises amounts receivable for properties sold and services provided in the normal course of business excluding value added tax.

d) Profit recognition

Properties are treated as sold and profits are recognised when contracts are exchanged and the building work is substantially complete.

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	-	over term of lease
Fixtures, fittings and equipment	-	over 5 years
Computer equipment	-	over 4 years
Motor vehicles	-	over 4 years

f) Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts which result in the transfer of substantially all the risks and rewards of ownership are capitalised as tangible fixed assets at the estimated present value of underlying minimum lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period. Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements (continued)

1 Accounting policies (continued)

g) *Stock and work in progress*

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes cost of acquisition plus all attributable direct expenditure but excludes interest.

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

h) *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i) *Investments*

In the company balance sheet, investments in subsidiaries are stated at cost less provision for impairment in value.

Notes to the financial statements (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Depreciation: owned fixed assets	50	31
Depreciation: assets under finance leases	9	34
Operating lease rentals	48	52
Directors' emoluments		
- Fees	15	15
- Remuneration	576	492
Auditors' remuneration		
- Audit services	21	18
- Non-audit services	16	9

3 Employees

Number of employees

The average weekly number of persons (including directors) employed by the company during the year was:

	2002 Number	2001 Number
Office and management	24	22
Construction	1	1
	25	23

Employment costs (including directors)

	2002 £'000	2001 £'000
Wages and salaries	1,065	1,076
Social security costs	133	111
	1,198	1,187

The amounts in respect of the highest paid director are as follows:

	2002 £'000	2001 £'000
Emoluments	200	200

Share Incentive Plan

The company operates a scheme for the employees, which was approved by the Inland Revenue on 10 April 2001.

Notes to the financial statements (continued)

4 Interest payable

	2002 £'000	2001 £'000
On loans and overdrafts repayable:		
Within five years not by instalments	944	1,084
Other interest payable	66	78
	<u>1,010</u>	<u>1,162</u>

5 Tax on profit on ordinary activities

The tax charge comprises:

	2002 £'000	2001 £'000
Current tax		
UK corporation tax	<u>1,398</u>	<u>1,044</u>
Adjustments in respect of prior years		
- UK corporation tax	<u>(1)</u>	<u>(25)</u>
Total current tax	<u>1,397</u>	<u>1,019</u>
Deferred tax		
Origination and reversal of timing differences	<u>(285)</u>	<u>-</u>
Total deferred tax (note 11)	<u>(285)</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>1,112</u>	<u>1,019</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2002 £'000	2001 £'000
Group profit on ordinary activities before tax	<u>3,662</u>	<u>3,333</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001 30%)	1,099	1,000
Effects of:		
Expenses not deductible for tax purposes	28	35
Capital allowances in excess of depreciation	3	9
Income subject to tax in a different period	268	-
Adjustments to tax charge in respect of previous periods	<u>(1)</u>	<u>(25)</u>
Group current tax charge for period	<u>1,397</u>	<u>1,019</u>

Notes to the financial statements (continued)

5 Tax on profit on ordinary activities(continued)

Deferred tax asset is recognised as follows:

	2002 £'000	2001 £'000
Group		
Accelerated capital allowances	17	-
Income subject to tax in a different period	268	-
Deferred tax asset	<u>285</u>	<u>-</u>
 Company		
Accelerated capital allowances	17	-
Deferred tax asset	<u>17</u>	<u>-</u>

6 Dividends

	2002 £'000	2001 £'000
Ordinary shares:		
- Interim dividend paid of £ 3.42 (2001 - £3.12) per share	601	485
- Final dividend proposed of 7.16p (2001 - £3.88) per share	638	603
	<u>1,239</u>	<u>1,088</u>

The final dividend was proposed after the share split of 50 2p ordinary shares for every 1 £1 ordinary share.

Notes to the financial statements (continued)

7 Earnings per share

Basic earnings per share has been calculated by dividing the attributable profit of £2,550,000 by 8,567,784 being the weighted average number of ordinary shares in issue during the year (2001 - £2,314,000 - 155,514 being the weighted average number of ordinary shares in issue during the year).

The diluted earnings per share has been calculated using the attributable profit of £2,550,000 (2001 - £2,314,000) by 9,227,556 (2001 - 185,587) calculated as follows:

	2002	Restated 2001	2001
Basic weighted average number of shares	8,567,784	7,775,700	155,514
Dilutive potential ordinary shares:			
Employee share options	659,772	1,092,100	21,842
Convertible loan stock	-	411,550	8,231
	<u>9,227,556</u>	<u>9,279,350</u>	<u>185,587</u>
Basic earnings per share	£0.30	£0.30	£14.88
Diluted earnings per share	£0.25	£0.25	£12.47

The comparative Earnings per share is adjusted to reflect the share split on 21 March 2002.

8 Tangible fixed assets

Group	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2001	27	88	158	134	407
Additions	12	23	25	-	60
At 31 March 2002	<u>39</u>	<u>111</u>	<u>183</u>	<u>134</u>	<u>467</u>
Depreciation					
At 1 April 2001	-	56	100	45	201
Charge for the year	11	13	26	9	59
At 31 March 2002	<u>11</u>	<u>69</u>	<u>126</u>	<u>54</u>	<u>260</u>
Net book value					
Owned assets	28	42	57	-	127
Leased assets	-	-	-	80	80
At 31 March 2002	<u>28</u>	<u>42</u>	<u>57</u>	<u>80</u>	<u>207</u>
Owned assets	27	32	58	-	117
Leased assets	-	-	-	89	89
At 31 March 2001	<u>27</u>	<u>32</u>	<u>58</u>	<u>89</u>	<u>206</u>

Notes to the financial statements (continued)

8 Tangible fixed assets (continued)

Company	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2001	27	72	143	134	376
Additions	12	23	25	-	60
At 31 March 2002	39	95	168	134	436
Depreciation					
At 1 April 2001	-	40	85	45	170
Charge for the year	11	13	26	9	59
At 31 March 2002	11	53	111	54	229
Net book value					
Owned assets	28	42	57	-	127
Leased assets	-	-	-	80	80
At 31 March 2002	28	42	57	80	207
Owned assets	27	32	58	-	117
Leased assets	-	-	-	89	89
At 31 March 2001	27	32	58	89	206

9 Fixed asset investments

Investment in subsidiary undertakings

	2002 £'000	2001 £'000
Shares at cost in Goldcrest Homes (Graham) Ltd	955	-
Shares at cost in Goldcrest Property Ltd	250	250
Provision for impairment in value	(250)	(250)
Shares in subsidiary undertaking	955	-

On 28 March 2002, Goldcrest Homes (Graham) Limited issued £1,890,000 of £1 shares, of which the Group subscribed for £955,000. This resulted in the Group's equity interest in the company reducing from 100% to 50.8%. As described in note 21 the balance of shares issued were subscribed for by a number of directors. The disposal of its 49.2% interest in Goldcrest Homes (Graham) Limited gave rise to a profit to the group of £875,000 based on the net assets at the date of disposal.

Notes to the financial statements (continued)

9 Fixed asset investments (continued)

The principal subsidiaries are:

	Percentage holding	Issued ordinary share capital
Goldcrest Homes (London) Limited	100	£100
Goldcrest Homes (Balham) Limited	100	£2
Goldcrest Homes (Princes Way) Limited	100	£2
Goldcrest Homes (Larkhall) Limited	100	£2
Goldcrest Homes (Britannia) Limited	100	£1
Goldcrest Homes (Northwest) Limited	100	£1
Goldcrest Homes (The Downs) Limited	100	£2
Goldcrest Homes (North) Limited	100	£2
Goldcrest Advertising and Design Limited	100	£2
Goldcrest Homes (Graham) Limited	51	£1,890,002
Goldcrest Homes (Graham Developments) Limited(i)	100	£1
Goldcrest Homes (Construction) Limited (ii)	100	£2

(i) Wholly owned subsidiary of Goldcrest Homes (Graham) Limited.

(ii) Wholly owned subsidiary of Goldcrest Homes (London) Limited.

(iii) All the above companies are registered in England and Wales and operate in the United Kingdom. All companies are involved in housebuilding and property development.

10 Stocks

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Stock - land	8,378	10,434	870	6,234
Work in progress	670	1,099	352	1,057
	<u>9,048</u>	<u>11,533</u>	<u>1,222</u>	<u>7,291</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

Notes to the financial statements (continued)

11 Debtors

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade debtors	21,250	18,898	10,356	12,875
Amounts owed by Group undertakings	-	-	12,008	9,971
Deferred Tax	285	-	17	-
Other debtors	1,084	113	28	31
Prepayments	111	25	111	25
	<u>22,730</u>	<u>19,036</u>	<u>22,520</u>	<u>22,902</u>

12 Creditors: Amounts falling due within one year

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Obligations under finance leases	18	22	18	22
Bank loans (secured)	17,052	19,577	8,284	14,513
Bank overdraft (secured)	870	8	804	-
Trade creditors	2,727	842	1,030	825
Other creditors	21	3	21	3
Accruals	407	819	227	642
Amounts owed to Group undertakings	-	-	5,863	5,577
Corporation tax	1,402	1,045	187	632
Loan Stock (unsecured)	560	-	560	-
Other taxes and social security costs	167	262	163	262
Dividend proposed	638	603	638	603
	<u>23,862</u>	<u>23,181</u>	<u>17,795</u>	<u>23,079</u>

13 Creditors: Amounts falling due after more than one year

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Obligations under finance leases	35	63	35	63
Loan stock (unsecured)	-	560	-	560
	<u>35</u>	<u>623</u>	<u>35</u>	<u>623</u>

Notes to the financial statements (continued)

14 Loans

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
<i>Bank loans</i>				
Wholly repayable within one year	17,052	19,577	8,284	14,513
	<u>17,052</u>	<u>19,577</u>	<u>8,284</u>	<u>14,513</u>
<i>Loan stock</i>				
Wholly repayable within one year	560	-	560	-
Between one and two years	-	560	-	560
	<u>560</u>	<u>560</u>	<u>560</u>	<u>560</u>
<i>Aggregate amounts repayable:</i>				
Within one year	17,612	19,577	8,844	14,513
Between one and two years	-	560	-	560
Between two and five years	-	-	-	-
	<u>17,612</u>	<u>20,137</u>	<u>8,844</u>	<u>15,073</u>

Security

Bank loans and overdrafts are secured by a legal charge on the Group's stock of land for development and a floating charge on all other assets.

Loan stock

The Loan Stock is repayable in full on 30 September 2002. Of the £559,920 outstanding at 31 March 2002 £509,920 was owed to directors and their spouses and dependants.

Notes to the financial statements (continued)

15 Obligations under finance leases

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Obligations under finance lease contracts				
Amounts payable:				
Within one year	18	22	18	22
Between one and two years	18	22	18	22
Between two and five years	17	41	17	41
	<u>53</u>	<u>85</u>	<u>53</u>	<u>85</u>

16 Commitments under operating leases

	Group		Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Motor vehicle leases which expire:				
Within one year	30	37	30	37
Between one and two years	15	20	15	20
Between two and five years	2	5	2	5
	<u>47</u>	<u>62</u>	<u>47</u>	<u>62</u>

17 Called up equity share capital

	2002	2001
	£	£
<i>Authorised</i>		
50,000,000 (2001 - 1,000,000) 2p (2001 - £1) Ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted and fully paid</i>		
8,905,600 (2001 - 162,619) 2p (2001 - £1) Ordinary shares	<u>178,112</u>	<u>162,619</u>

During the year the company allotted 15,493 £1 ordinary shares with a nominal value of £15,493 and at a premium of £372,300 in order to finance acquisition of land in the normal course of business, of which the following were allotted to directors or their spouses and dependants: -

Sir Peter Thompson	5,550
M Collins	7,420
T Carvall	1,666
S Leach	857

On 21 March 2002 each £1 Ordinary Share was split into 50 2p Ordinary shares.

Notes to the financial statements (continued)

18 Share options

Options have been granted under an Approved Executive Share Option Scheme and an Unapproved Executive Share Option Scheme to subscribe for Ordinary Shares of Goldcrest Homes plc as follows:

Scheme	No. of options	Grant Date	Subscription price per share	Exercise period
Approved scheme	14,250	Oct 1999	£1.40	Not earlier than 3 or later than 10 years after grant of option, which was subject to the pre-tax profit for the year ended 31 March preceding the date of exercise exceeding a specified amount.
	19,350	Apr 2000	£1.40	
	12,500	Aug 2000	£1.40	
Unapproved scheme	194,950	Apr 1997	£0.36	
	82,150	Oct 1998	£0.70	

During the year 2,523 approved share options and 12,970 unapproved share options were exercised.

19 Reserves

	Share premium Account £'000	Profit and loss Account £'000
Group		
At 1 April 2001	1,203	5,690
On issue of shares	372	-
Retained profit for the year	-	1,311
At 31 March 2002	1,575	7,001
Company		
At 1 April 2001	1,203	5,415
On issue of shares	372	-
Retained profit for the year	-	622
At 31 March 2002	1,575	6,037

Notes to the financial statements (continued)

20 Reconciliation of movements in group shareholders' funds

	2002 £'000	2001 £'000
Profit for the financial year	2,550	2,314
Dividend paid on equity shares	(601)	(485)
Dividend payable on equity shares	(638)	(603)
New shares issued	388	500
Net addition to shareholders' funds	1,699	1,726
Opening equity shareholders' funds	7,055	5,329
Closing equity shareholders' funds	8,754	7,055

21 Related party transactions

On 26 October 2001 and 21 November 2001 unconditional contracts were exchanged for the sale of the freeholds of two sites to Michael Collins, the Chief Executive of the Company. Completion is scheduled for September 2002 or earlier. The sales were made on an arms length basis for a total of £100,000 approved in a meeting of the Board of Directors with Michael Collins not taking part in the meeting. This amount is included within trade debtors.

On 25 January 2002 unconditional contracts were exchanged for the sale of an apartment to Ahmed Collins. Completion is scheduled for 30 July 2002. The sale was made on an arm's length basis for £362,000. £362,000 is included within trade debtors.

On 29 October 2001 the Company enforced the terms of a claw back agreement dated 30 March 2001 regarding the sale of a site to Michael Collins in the previous financial year. The claw back amounted to £105,000 and is included within trade debtors.

The aggregate gross profit arising on the three transactions represents 4.3% of the consolidated gross profit for the year.

On 28 March 2002 Goldcrest Homes (Graham) Limited, then a wholly owned subsidiary, issued 935,000 £1 shares resulting in 49.2% ownership transferring to a minority interest including Michael Collins (the Chief Executive), Sir Peter Thompson (the non-executive Chairman), Stephen Leach (the Finance Director), Trevor Carvall (the Technical Director) and Oona Collins and Sally Collins (both non-executive Directors). The investment was offered to all shareholders on the register on 28 March 2002.

Michael Sierens, a director of the Company for part of the year is a practising architect under the name of M D Sierens Building & Design Services and also a Director/shareholder of Michael Sierens Associates Limited; both these companies act as one of the Company's architects and such receive fees for their services. The total paid during the year was £12,425.

Notes to the financial statements (continued)

22 Commitments

At 31 March 2002, the company had exchanged contracts on a property and was committed to pay the balance of the purchase price of £4.55 million. This transaction is scheduled for completion on 4 August 2002.

23 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2002 £'000	2001 £'000
Operating profit	3,761	4,480
Depreciation	59	65
Decrease/(Increase) in stock	2,485	(5,215)
(Increase) in debtors	(3,694)	(15,607)
Increase in creditors	1,667	1,246
Net cash inflow/(outflow) from operating activities	<u>4,278</u>	<u>(15,031)</u>

24 Returns on investment and servicing of finance

	2002 £'000	2001 £'000
Interest received	36	15
Loan interest paid	(1,275)	(726)
Finance lease interest paid	(6)	(11)
	<u>(1,245)</u>	<u>(722)</u>

25 Capital expenditure

	2002 £'000	2001 £'000
Purchase of tangible fixed assets	(60)	(82)
Sale of tangible fixed assets	-	-
	<u>(60)</u>	<u>(82)</u>

26 Acquisitions and disposals

	2002 £'000	2001 £'000
Sale of share in subsidiary undertaking	<u>935</u>	<u>-</u>

Notes to the financial statements (continued)

27 Financing

	2002 £'000	2001 £'000
Issue of ordinary share capital	388	500
(Decrease)/increase in short term borrowings	(1,965)	15,511
(Decrease)/increase in convertible loans	(560)	560
Capital element of finance lease rental payments	(32)	(19)
	<u>(2,169)</u>	<u>16,552</u>

28 Analysis and reconciliation of net debt

	Movements		
	1 April 2001 £'000	Cashflow £'000	Other Non- Cash Changes £'000
Cash at bank and in hand	84	642	-
Overdrafts	(8)	(862)	-
	<u>76</u>	<u>(220)</u>	<u>-</u>
Debt due after 1 year	560	(560)	-
Debt due within 1 year	(19,577)	1,965	-
Finance leases	(85)	32	-
	<u>(19,102)</u>	<u>1,437</u>	<u>-</u>
	<u>(19,026)</u>	<u>1,217</u>	<u>-</u>
		2002 £'000	2001 £'000
(Decrease) in cash in the year		(220)	(1,077)
Cash inflow/(outflow) from debt and lease financing		1,437	(14,932)
Change in net debt resulting from cash flows		1,217	(16,009)
New finance leases		-	-
Movement in net debt in the year		1,217	(16,009)
Net debt at 1 April 2001		(19,026)	(3,017)
Net debt at 31 March 2002		<u>(17,809)</u>	<u>(19,026)</u>