Company No. 1929521 (England and Wales)

SOUND INVESTMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2002

AUHMEJTX
A16 0484
COMPANIES HOUSE 04/04/03

SOUND INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 to 10
The following pages do not form part of the financial statements	
Accountants' report to the directors	12
Detailed profit and loss account	13
Notes to the detailed profit and loss account	14

SOUND INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	R Y F Horney M J L Horney B S Bunt
Company secretary	B S Bunt
Registered office	Rayford House School Road Hove East Sussex BN3 5HX
Accountants	Windsor Stebbing Marsh Chartered Accountants Pinnacle House 17-25 Hartfield Road Wimbledon London SW19 3SE

SOUND INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2002

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an investment, management and property development company.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2002	At 1 October 2001
R Y F Horney	999	999
M J L Horney	1	1
B S Bunt	–	–

R Y F Horney has an interest in 1 Ordinary share (representing 50% of the total issued share capital) which he owns jointly with Sound Investments Limited, of the following subsidiary companies:

Rayford Homes Sussex Limited
Rayford House Management Limited
Sound Developments (Tunbridge Wells) Limited
Sound Developments Limited
Sound Developments (Battle) Limited

M J L Horney has an interest in 1 Ordinary share (representing 1% of the total issued share capital) jointly owned with Sound Investments Limited, of the subsidiary company, Unique Occasions Limited.

SMALL COMPANY PROVISIONS

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

Signed by order of the directors

B S BUNT
Company Secretary

Date 26/3/03

SOUND INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
TURNOVER		–	–
Cost of sales		8,639	–
GROSS LOSS		(8,639)	–
Administrative expenses		77,610	*75,445*
Other operating income		(13,431)	*(32,548)*
OPERATING LOSS	2	(72,818)	*(42,897)*
Loss on disposal of fixed assets	3	–	*(19,051)*
		(72,818)	*(61,948)*
Income from shares in group undertakings	4	311,867	–
Interest receivable		10,455	*21,595*
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		249,504	*(40,353)*
Tax on profit/(loss) on ordinary activities	5	–	*(8,828)*
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		249,504	*(31,525)*
Balance brought forward		8,204	*(4,771)*
Transfer from revaluation reserve		–	*44,500*
Balance carried forward		257,708	*8,204*

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 5 to 10 form part of these financial statements.

SOUND INVESTMENTS LIMITED

BALANCE SHEET

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS					
Tangible assets	6		2,568		*822*
Investments	7		133,513		*13*
			136,081		*835*
CURRENT ASSETS					
Debtors	8	83,867		*360,312*	
Cash at bank and in hand		45,204		*593*	
		129,071		*360,905*	
CREDITORS: Amounts falling due within one year	9	6,444		*352,536*	
NET CURRENT ASSETS			122,627		*8,369*
TOTAL ASSETS LESS CURRENT LIABILITIES			258,708		*9,204*
CAPITAL AND RESERVES					
Called-up equity share capital	11		1,000		*1,000*
Profit and Loss Account			257,708		*8,204*
SHAREHOLDERS' FUNDS	12		258,708		*9,204*

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and

(ii) preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 26/3/03 and are signed on their behalf by:

.....
R Y F HORNEY

The notes on pages 5 to 10 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

The financial statements have also been prepared in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	25% per annum on a straight line basis
Fixtures & Fittings	-	25% per annum on a straight line basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Investments

Investments are included at costs less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2. OPERATING LOSS

Operating loss is stated after charging:

	2002	2001
	£	£
Depreciation	**1,676**	*822*

3. LOSS ON DISPOSAL OF FIXED ASSETS

	2002 £	2001 £
Loss on disposal of fixed assets	–	*(19,051)*

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2002 £	2001 £
Dividends receivable from group undertakings	**311,867**	–

5. TAX ON PROFIT OR (LOSS) ON ORDINARY ACTIVITIES

Taxation

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 20/19% (2001 - 20%)	–	*(7,100)*
Adjustment in respect of previous years: Corporation tax	–	*(1,728)*
Total current tax	–	*(8,828)*
Tax on loss on ordinary activities	–	*(8,828)*

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2001 - 20%).

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	**249,504**	*(40,353)*
Profit/(loss) on ordinary activities by rate of tax	**47,406**	*(8,071)*
Dividends receivable not taxable	**(59,255)**	–
Capital allowances in excess of depreciation	**(409)**	*(108)*
Losses carried forward to future periods	**12,258**	–
Tax effect of items disallowable for tax	–	*3,810*
Losses carried back to previous periods	–	*4,369*
Adjustments in respect of previous periods	–	*(8,828)*
Total current tax	–	*(8,828)*

6. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Total £
COST			
At 1 October 2001	**3,286**	**2,279**	**5,565**
Additions	**3,422**	**–**	**3,422**
At 30 September 2002	**6,708**	**2,279**	**8,987**
DEPRECIATION			
At 1 October 2001	**2,465**	**2,278**	**4,743**
Charge for the year	**1,676**	**–**	**1,676**
At 30 September 2002	**4,141**	**2,278**	**6,419**
NET BOOK VALUE			
At 30 September 2002	**2,567**	**1**	**2,568**
At 30 September 2001	*821*	*1*	*822*

7. INVESTMENTS

	£
COST:	
At 1 October 2001	**13**
Additions	**133,500**
At 30 September 2002	**133,513**
NET BOOK VALUE:	
At 30 September 2002	**133,513**
At 30 September 2001	*13*

7. INVESTMENTS *(continued)*

The company owns 100% of the issued ordinary share capital of the companies listed below, except for Complete Finance Limited, of which it owns 50% of the ordinary issued share capital.

The capital and reserves and profit and loss for the subsidiaries as at their financial year ending with, or last before, the financial year of the Sound Investments Limited were as follows:

	2002 £	*2001 £*
Aggregate capital and reserves:		
Rayford Homes Sussex Limited (Dormant)	**2**	*2*
Unique Occasions Limited (Dormant)	**(2,370)**	*(2,370)*
Rayford House Management Limited	**2**	*2*
Sound Developments (Tunbridge Wells) Limited	**(1,854)**	*(3,993)*
Sound Developments Limited (Dormant)	**2**	*2*
Sound Developments (Battle) Limited (Dormant)	**2**	*2*
Complete Finance Limited	**(41,946)**	*2,326*
Profit and (loss) for the year:		
Rayford Homes Sussex Limited (Dormant)	**–**	*563*
Unique Occasions Limited (Dormant)	**–**	*–*
Rayford House Management Limited	**–**	*–*
Sound Developments (Tunbridge Wells) Limited	**2,139**	*(3,045)*
Sound Developments Limited (Dormant)	**–**	*950*
Sound Developments (Battle) Limited (Dormant)	**–**	*–*
Complete Finance Limited	**(44,272)**	*2,324*

8. DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	**81,356**	*351,096*
Other debtors	**–**	*7,100*
Prepayments and accrued income	**2,511**	*2,116*
	83,867	*360,312*

9. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Amounts owed to group undertakings	**1,140**	–
Other creditors:		
Other creditors	**–**	*4,023*
Directors current accounts	**–**	*342,239*
Accruals and deferred income	**5,304**	*6,274*
	6,444	*352,536*

10. RELATED PARTY TRANSACTIONS

Rayford Homes Sussex Limited

Sound Investments Limited owns 100% of the issued share capital of this company, of which R Y F Horney, M J L Horney and B S Bunt are directors.

As at 30 September 2002, Sound Investments Limited owed £2 (2001: £2) to Rayford Homes Sussex Limited.

Rayford House Management Limited

Sound Investments Limited owns 100% of the issued share capital of this company, of which R Y F Horney, M J L Horney and B S Bunt are directors.

During the year, Sound Investments Limited was paid managing agent fees of £2,403 (2001: £3,694) and paid Rayford House Management Limited service charges of £2,878 (2001: £2,015). The service charges payable are calculated on the same basis as for other occupants of Rayford House. As at 30 September 2002, Sound Investments Limited was due £2,028 (2001: £2,399) by Rayford House Management Limited.

Sound Developments (Tunbridge Wells) Limited

Sound Investments Limited owns 100% of the issued share capital of this company, of which R Y F Horney, M J L Horney and B S Bunt are directors. Sound Developments (Tunbridge Wells) Limited was formed to enter into a joint venture with Buxton Homes S.E. Limited and Rayford Investments (Tunbridge Wells) Limited to develop a site at Tunbridge Wells, Kent.

During the year Sound Investments Limited received dividends of £196,561 from this company.

Sound Developments Limited

Sound Investments Limited owns 100% of the issued share capital of this company, of which R Y F Horney, M J L Horney and B S Bunt are directors. This company was formed to enter into a joint venture with Kingsmead Holdings Limited and Rayford Investments Limited to develop a site at Weedon, Northants.

As at 30 September 2002, Sound Investments Limited owed £1,139 (2001: £2,161) to Sound Developments Limited.

Complete Finance Limited

Sound Investments Limited owns 50% of the issued share capital of this company, of which R Y F Horney and B S Bunt are directors. This company was formed as a jointly owned venture with Rayford Homes Limited, of which the immediate family of R Y F Horney and M J L Horney are directors.

During the year Sound Investments Limited received dividends of £115,306 from the Complete Finance Limited. As at 30 September 2002 Sound Investments Limited was due £79,328 (2001: £77,683) by Complete Finance Limited.

Bryart Developments Limited

During the year, the company was provided with services from Bryart Developments Limited, of which B S Bunt is a director and shareholder, to the value of £15,000 (2001: £19,750).

11. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
1,000 Ordinary shares of £1 each	**1,000**	*1,000*

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	**1,000**	*1,000*

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit/(Loss) for the financial year	**249,504**	*(31,525)*
Opening shareholders' equity funds	**9,204**	*40,729*
Closing shareholders' equity funds	**258,708**	*9,204*

13. CONTROL

The company was controlled throughout the current and previous year by the director R Y F Horney by virtue of his 99.9% holding of the ordinary shares of the company.