

ELITE HOMES GROUP LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002



A07	*A14W7GUA*	0646
COMPANIES HOUSE		19/12/02
A29	*A5X9KGG1*	0493
COMPANIES HOUSE		04/12/02

ELITE HOMES GROUP LIMITED

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ELITE HOMES GROUP LIMITED

COMPANY INFORMATION

Directors	K J Marren, Managing Director C R Topham, Non-executive Chairman G Buchanan, Sales & Marketing Director D J Topham, Non-executive Director
Secretary	K J Marren
Registered office	Monton Lodge 3 Parrin Lane Monton Eccles Manchester M30 8AN
Registered Number	2781237 (England and Wales)
Auditors	Moss & Williamson Chartered Accountants Registered Auditors Booth Street Chambers Ashton-under-Lyne Lancashire OL6 7LQ
Bankers	Co-operative Bank plc PO Box 101 1 Balloon Street Manchester M60 4EP

ELITE HOMES GROUP LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 July 2002

The directors present their report with the financial statements of the group for the year ended 31 July 2002.

Principal activities

The principal activity of the group in the year under review was that of residential property development.

Review of business

The results for the year and financial position of the group are as shown on page 5 of the financial statements.

The group has made a profit before taxation of £1,122,213 (2001: Loss £370,561) from a turnover of £11,775,329 (2001: £7,896,948).

Dividends

No interim dividend was paid during the year. The directors recommend a final dividend payable to the 'A' ordinary shareholders and the 'B' ordinary shareholders of £4.452 per share.

The total distribution of dividends for the year ended 31 July 2002 will be £50,000.

Directors

The directors during the year under review were:

K J Marren
C R Topham
F Knox - resigned 27/3/02
G Buchanan
D J Topham

The directors who held office at the end of the year had the following interests in the ordinary shares of group companies as recorded in the register of directors' share interests.

	Company	Class of share	Interest at end of year	Interest at beginning of year
C R Topham	Elite Homes Group Limited	'A' Ordinary	7,700	7,700
		Preferred Ordinary	118,988	118,988
		'B' Ordinary	700	0
K J Marren	Elite Homes Group Limited	'B' Ordinary	530	530

Share Options

	Number of Options				Exercise Price	Date from which exercisable
	01.08.00	Granted	Exercised	31.07.01		
K J Marren	-	1,345	-	1,345	£0.01	*
G Buchanan	-	312	-	312	£0.01	*

* The options are exercisable when the group's net asset value exceeds £6,000,000.

K J Marren can exercise options totalling 720 at any time after 1 August 2005.

The options all apply to 'B' ordinary shares of £0.01.

ELITE HOMES GROUP LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 July 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 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 judgments 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, Moss & Williamson, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
K.J. MARREN - SECRETARY

Dated: 22 November 2002

ELITE HOMES GROUP LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ELITE HOMES GROUP LIMITED

We have audited the financial statements of Elite Homes Group Limited for the year ended 31 July 2002 on pages five to twenty two. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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 judgments 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 and group's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moss & Williamson

Moss & Williamson
Chartered Accountants
Registered Auditors
Booth Street Chambers
Ashton-under-Lyne
Lancashire
OL6 7LQ

Dated: 19 November 2002

ELITE HOMES GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the Year Ended 31 July 2002

		2002	2001
	Notes	£	£
TURNOVER		11,775,329	7,896,948
Cost of sales		<u>9,637,859</u>	<u>7,312,396</u>
GROSS PROFIT		2,137,470	584,552
Administrative expenses		<u>1,229,288</u>	<u>932,334</u>
		908,182	(347,782)
Other operating income		<u>485,014</u>	<u>141,441</u>
OPERATING PROFIT/(LOSS)	3	1,393,196	(206,341)
Interest receivable and similar income		<u>5,362</u>	<u>48,369</u>
		1,398,558	(157,972)
Interest payable and similar charges	4	<u>276,345</u>	<u>212,589</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,122,213	(370,561)
Tax on profit/(loss) on ordinary activities	5	<u>116,630</u>	<u>9,621</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		1,005,583	(380,182)
Dividends	6	<u>50,000</u>	<u>-</u>
		955,583	(380,182)
Retained profit brought forward		<u>1,500,598</u>	<u>1,880,018</u>
		2,456,181	1,499,836
Bonus issue		-	(101)
Transfer from revaluation reserve		<u>863</u>	<u>863</u>
RETAINED PROFIT CARRIED FORWARD		<u>£2,457,044</u>	<u>£1,500,598</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

ELITE HOMES GROUP LIMITED

**NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 31 July 2002**

	<u>2002</u>	<u>2001</u>
	£	£
REPORTED PROFIT/(LOSS)		
ON ORDINARY ACTIVITIES BEFORE TAXATION	1,122,213	(370,561)
Difference between historical cost depreciation and the actual depreciation charge for the year	<u>863</u>	<u>863</u>
HISTORICAL COST PROFIT/(LOSS)		
ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>£1,123,076</u></u>	<u><u>£(369,698)</u></u>
 Historical cost profit/(loss) for the year retained after taxation and dividends	 <u><u>£956,446</u></u>	 <u><u>£(379,319)</u></u>

ELITE HOMES GROUP LIMITED
CONSOLIDATED BALANCE SHEET
31 July 2002

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		369,285		391,480
CURRENT ASSETS:					
Stocks	9	6,650,496		5,710,945	
Debtors	10	649,963		938,703	
Cash at bank and in hand		<u>109,490</u>		<u>5,231</u>	
		7,409,949		6,654,879	
CREDITORS: Amounts falling due within one year	11	<u>3,475,193</u>		<u>4,119,504</u>	
NET CURRENT ASSETS:			<u>3,934,756</u>		<u>2,535,375</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,304,041		2,926,855
CREDITORS: Amounts falling due after more than one year	12		(1,181,257)		(770,181)
PROVISIONS FOR LIABILITIES AND CHARGES:	15		<u>(10,527)</u>		<u>-</u>
			<u>£3,112,257</u>		<u>£2,156,674</u>
CAPITAL AND RESERVES:					
Called up share capital	16		357,112		357,112
Revaluation reserve	17		61,374		62,237
Consolidation reserve			236,727		236,727
Profit and loss account			<u>2,457,044</u>		<u>1,500,598</u>
SHAREHOLDERS' FUNDS:	21		<u>£3,112,257</u>		<u>£2,156,674</u>
Attributable to:					
Equity shareholders			2,755,257		1,799,674
Non-equity shareholders			<u>357,000</u>		<u>357,000</u>
			<u>£3,112,257</u>		<u>£2,156,674</u>

ON BEHALF OF THE BOARD:


K.J. MARREN - DIRECTOR

Approved by the Board on 22 November 2002

ELITE HOMES GROUP LIMITED
PARENT COMPANY BALANCE SHEET

as at 31 July 2002

	Note	£	2002	£	£	2001	£
Fixed assets							
Investments	8			357,000			357,000
Current assets							
Debtors	10		170,593			120,593	
Creditors: amounts falling due within one year	11		(162,770)			(112,770)	
Net current assets				7,823			7,823
Net assets				364,823			364,823
Capital and reserves							
Called up share capital	16			357,112			357,112
Profit and loss	18			7,771			7,771
Shareholders' funds				364,823			364,823
Attributable to:							
Equity shareholders				7,823			7,823
Non-equity shareholders				357,000			357,000
				364,823			364,823

ON BEHALF OF THE BOARD:



 K. J. MARREN - DIRECTOR

Approved by the Board on 22 November 2002

ELITE HOMES GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2002

	2002		2001
	£	£	£
Net cash inflow/ (outflow) from operating activities	2,348,725		(816,604)
Returns on investment and servicing of finance			
Interest received	5,362		48,369
Interest paid	(256,839)		(212,589)
Net cash (outflow) from returns on investments and servicing of finance	(251,477)		(164,220)
Taxation			
Corporation tax recovered (including advance corporation tax)	-		222,142
	2,097,248		(758,682)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(62,276)		(17,423)
Receipts from sale of tangible fixed assets	25,511		91,894
Net cash (outflow)/ inflow from investing activities	(36,765)		74,471
Equity dividends paid	-		-
	2,060,483		(684,211)
Financing			
Loan repaid in year	(985,889)		-
Increase in loans in year	-		1,088,146
Capital element of finance lease payments	(42,799)		(61,717)
Net cash (outflow)/ inflow from financing	(1,028,688)		1,026,429
Increase in cash	1,031,795		342,218

Further details are given in note 22.

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group accounts consolidate the accounts of Elite Homes Group Limited and all its subsidiary undertakings. These accounts are made up to 31 July 2002.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's accounts, investments in subsidiary and associated undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230 (4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

The result for the year dealt within the financial statements of the company is disclosed in note 18 to these accounts.

Turnover

Turnover represents the amounts excluding VAT derived from the sale of residential property legally completed in the United Kingdom.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold land and buildings	- 2% on cost
Plant and machinery	- 14% - 30% straight line
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 30% on reducing balance
Office equipment	- 22% - 50% on reducing balance

Stocks

Residential development work in progress is stated at the lower of cost and net realisable value. All expenditure relating to forward land, including options, fees etc is written off when incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

1. ACCOUNTING POLICIES (continued)

Hire purchase and leasing commitments

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases net of finance charges are included within creditors. Rentals payable are apportioned between the finance element which is charged to the profit and loss account and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year.

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	1,052,485	705,983
Social security costs	109,775	68,747
Other pension costs	61,851	37,503
	<u>1,224,111</u>	<u>812,233</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Office	18	17
Site	<u>16</u>	<u>15</u>
	<u>34</u>	<u>32</u>

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

3. OPERATING PROFIT/(LOSS)

The operating profit (2001 - operating loss) is stated after charging/(crediting):

	2002 £	2001 £
Hire of plant and machinery	36,219	27,680
Depreciation - owned assets	27,288	38,846
Depreciation - assets on hire purchase contracts or finance leases	24,192	30,725
Loss/(Profit) on disposal of fixed assets	7,480	(6,408)
Auditors' remuneration	5,207	6,000
(Profit) on sale of land	<u>(400,142)</u>	<u>-</u>
Directors' emoluments	291,565	277,178
Directors' pension contributions to money purchase schemes	<u>22,225</u>	<u>19,775</u>

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

Money purchase schemes	<u>4</u>	<u>7</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2002 £	2001 £
Emoluments etc	123,747	85,450
Pension contributions to money purchase schemes	<u>8,516</u>	<u>8,929</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank loans, overdrafts and other loans wholly repayable within five years.	266,666	205,108
Hire purchase	<u>9,679</u>	<u>7,481</u>
	<u>276,345</u>	<u>212,589</u>

5. TAXATION

Analysis of the tax charge

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

	2002 £	2001 £
Current tax:		
UK corporation tax	106,103	-
Underprovision in earlier years	<u>-</u>	<u>9,621</u>
Total current tax	<u>106,103</u>	<u>9,621</u>
Deferred tax:		
Deferred taxation	10,527	-
Tax on profit/(loss) on ordinary activities	<u>116,630</u>	<u>9,621</u>

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

6. DIVIDENDS

	2002 £	2001 £
Equity shares: Final dividend		
'A' Ordinary shares	44,643	-
'B' Ordinary shares	<u>5,357</u>	<u>-</u>
	<u>50,000</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION:			
At 1 August 2001	200,000	213,131	26,606
Additions	-	33,471	1,049
Disposals	<u>-</u>	<u>(30,615)</u>	<u>-</u>
At 31 July 2002	<u>200,000</u>	<u>215,987</u>	<u>27,655</u>
DEPRECIATION:			
At 1 August 2001	5,399	92,711	21,187
Charge for year	2,642	26,443	1,176
Eliminated on disposals	<u>-</u>	<u>(8,572)</u>	<u>-</u>
At 31 July 2002	<u>8,041</u>	<u>110,582</u>	<u>22,363</u>
NET BOOK VALUE:			
At 31 July 2002	<u>191,959</u>	<u>105,405</u>	<u>5,292</u>
At 31 July 2001	<u>194,601</u>	<u>120,420</u>	<u>5,419</u>

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

7. TANGIBLE FIXED ASSETS (continued)

	Motor vehicles	Office equipment	Totals
	£	£	£
COST OR VALUATION:			
At 1 August 2001	62,495	156,668	658,900
Additions	-	27,756	62,276
Disposals	(19,995)	-	(50,610)
At 31 July 2002	42,500	184,424	670,566
DEPRECIATION:			
At 1 August 2001	16,576	131,547	267,420
Charge for year	10,473	10,746	51,480
Eliminated on disposals	(9,047)	-	(17,619)
At 31 July 2002	18,002	142,293	301,281
NET BOOK VALUE:			
At 31 July 2002	24,498	42,131	369,285
At 31 July 2001	45,919	25,121	391,480

Included in land and buildings is freehold land valued at £65,000 (2001 - £65,000) which is not depreciated.

Cost or valuation at 31 July 2002 is represented by:

	Freehold land and buildings	Plant and machinery	Fixtures and fittings
	£	£	£
Valuation in 2001	63,963	-	-
Cost	136,037	215,987	27,655
	200,000	215,987	27,655

	Motor vehicles	Office equipment	Totals
	£	£	£
Valuation in 2001	-	-	63,963
Cost	42,500	184,424	606,603
	42,500	184,424	670,566

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

7. TANGIBLE FIXED ASSETS (continued)

If Freehold land and building had not been revalued they would have been included at the following historical cost:

	2002 £	2001 £
Cost	<u>136,037</u>	<u>136,037</u>
Aggregate depreciation	<u>5,453</u>	<u>3,674</u>

Freehold land and buildings were valued on an open market basis on 28 February 2001 by Lambert Smith Hampton.

The net book value of tangible fixed assets includes £86,848 (2001 - £144,031) in respect of assets held under hire purchase contracts or finance leases.

8. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 August 2001 and 31 July 2002	<u>357,000</u>
NET BOOK VALUE:	
At 31 July 2002	<u>357,000</u>
At 31 July 2001	<u>357,000</u>

	2002 £	2001 £
Unlisted investments	<u>357,000</u>	<u>357,000</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Elite Homes (NW) Limited

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00
Owned by Elite Homes (North) Ltd	

Coreplus Limited

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00
Owned by Elite Homes (North) Ltd	

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

8. FIXED ASSET INVESTMENTS (continued)

Elite Homes (Ettiley Heath) Limited

Nature of business: Dormant

Class of shares:	%
Ordinary	holding
Owned by Elite Homes (North) Ltd	100.00

Monton Lodge Limited

Nature of business: Dormant

Class of shares:	%
Ordinary	holding
	100.00

Elite Homes (North) Limited

Nature of business:

Class of shares:	%
Ordinary	holding
Owned by Monton Lodge Ltd	100.00

9. STOCKS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Work in progress	6,650,496	5,710,045	-	-

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	301,890	86,527	-	-
Other debtors	115,159	215,043	-	-
Prepayments and accrued income	137,857	357,458	-	-
Amounts owed by group undertakings	-	-	170,593	120,593
Amounts owed by related parties	95,057	279,675	-	-
	649,963	938,703	170,593	120,593

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts (see note 13)	-	1,913,425	-	-
Unsecured loan notes (see note 13)	151,000	-	-	-
Unsecured loan (see note 13)	200,000	790,000	-	-
Trade creditors	2,222,520	647,906	-	-
Amounts owed to group undertakings	-	-	112,770	112,770
Hire purchase	26,123	40,926	-	-
Other creditors	57,129	130,725	-	-
Dividend proposed	50,000	-	50,000	-
V.A.T.	339,578	-	-	-
Social security and other taxes	27,951	33,516	-	-
Taxation	106,103	-	-	-
Accrued expenses	294,789	563,006	-	-
	<u>3,475,193</u>	<u>4,119,504</u>	<u>162,770</u>	<u>112,770</u>

Bank loans and overdrafts are secured by way of a fixed charge over the book debts and property of the group and a floating charge over all assets of the group.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Unsecured loan notes (see note 13)	591,257	742,257	-	-
Unsecured loan (see note 13)	590,000	-	-	-
Hire purchase	-	27,924	-	-
	<u>1,181,257</u>	<u>770,181</u>	<u>-</u>	<u>-</u>

The unsecured loan notes of £742,257 are expected to be repaid by a first instalment of £40,000 on 1 August 2002 and thereafter by 19 equal payments of £37,000, on a quarterly basis, commencing on 1 November 2002. Interest is charged at a rate of 3% per annum.

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2002 £	Group 2001 £
Amounts falling due within one year or on demand:		
Bank loans	-	1,913,425
Unsecured loan notes	151,000	-
Unsecured loan	200,000	790,000
	<u>351,000</u>	<u>2,703,425</u>
Amounts falling due between two and five years:		
Unsecured loan notes	591,257	742,257
Unsecured loan	590,000	-
	<u>1,181,257</u>	<u>742,257</u>

14. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	2002 £	Group Operating leases 2001 £
Expiring:		
Within one year	9,017	4,083
Between one and five years	25,682	44,922
	<u>34,699</u>	<u>49,005</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £	Group 2001 £
Deferred tax	10,527	-
	<u>10,527</u>	
	Deferred tax £	
Charge for the year	10,527	
Balance at 31 July 2002	<u>10,527</u>	

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	Group	
	2002	2001
	£	£
Deferred tax provision		
Capital allowances in excess of depreciation	10,527	-
	<u>10,527</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
'A' Ordinary shares of 1p each	103	103
'B' Ordinary shares of 1p each	41	41
Preferred Ordinary shares of £1 each	357,000	357,000
	<u>357,144</u>	<u>357,144</u>
Allotted, called up and fully paid		
'A' Ordinary shares of 1p each	100	100
'B' Ordinary shares of 1p each	12	12
Preferred Ordinary shares of £1 each	357,000	357,000
	<u>357,112</u>	<u>357,112</u>

The order of capital repayments in the event of a distribution or capital reduction is as follows:

- The nominal value of the preferred ordinary shares.
- The balance of the net assets would be distributed to the 'A' and 'B' ordinary shareholders.

17. REVALUATION RESERVE

	Group	
	2002	2001
	£	£
Brought forward	62,237	63,100
Transfer profit and loss account	(863)	(863)
	<u>61,374</u>	<u>62,237</u>

18. COMPANY RESERVE

	Profit and loss account
	£
Company	
At 1 August 2001	7,711
Profit for year	-
	<u>7,711</u>
At 31 July 2002	

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

19. CONTINGENT LIABILITIES

The company has guaranteed the bank loans of its subsidiaries; the amount outstanding at the year-end was Nil (2001: £1,930,726). It has guaranteed unsecured loan notes of £742,257 held within the subsidiaries. There is also a cross-guarantee with Moorfield Properties Limited for bank loans and the amount outstanding at the year-end was £1,555,000 (2001: £1,142,000).

20. RELATED PARTY DISCLOSURES

Included within debtors in note 10 is an amount of £19,906 (2001:£204,293) due from Moorfield Properties Limited, a company controlled by the shareholders of Elite Homes Group Limited. Interest is being charged at 2% above the Co-operative Bank base rate.

Included within debtors in note 10 is an amount of £97,962 (2001:£119,787) due from Monton Land Company Limited, a company controlled by the shareholders of Elite Homes Group Limited and with common directors, of which £72,787 (2001:£72,787) has been provided for.

At the balance sheet date, K J Marren, a director, owed to the company £8,189 (2001:£8,096), which was also the maximum outstanding during the year.

Included within creditors is an amount of £742,257 (2001:£742,257) relating to unsecured loan notes due to Charles Topham & Sons Limited, a company which is subject to common control. Interest charged for the year amounted to £25,133 (2001: £22,396).

Included within creditors is an unsecured loan of £790,000 owed to Charles Topham & Son Limited.

At the balance sheet date, C R Topham, a director, owed to the company £30,000 (2001: £30,381), the maximum amount outstanding during the year was £30,381.

Included within debtors in note 10 is an amount of £19,975 owed by Charles Topham & Sons Limited. This amount relates to the sale of plant and machinery.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit/(Loss) for the financial year	1,005,583	(380,182)
Dividends	(50,000)	-
Net addition/(reduction) to shareholders' funds	955,583	(380,182)
Opening shareholders' funds	2,156,674	2,536,856
Closing shareholders' funds	3,112,257	2,156,674

ELITE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2002

22. CASH FLOW STATEMENT

a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2002 £	2001 £
Operating profit/(loss)	1,393,196	(206,341)
Depreciation charge	51,480	69,570
Loss on sale of tangible fixed assets	7,480	6,408
(Increase) in stocks	(939,551)	(1,020,056)
Decrease in debtors	288,740	551,475
Increase/ (decrease) in creditors	1,547,380	(217,660)
Net cash inflow/(outflow) from operating activities	<u>2,348,725</u>	<u>(816,604)</u>

b) Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
Increase in cash in the year	1,031,795	342,218
Cash (outflow)/inflow from increase in debt and lease financing	1,028,688	(236,429)
Change in net debt resulting from cash flows	<u>2,060,483</u>	<u>105,789</u>
New finance leases	-	20,000
Other	-	790,000
Movement in net debt in the year	<u>2,060,483</u>	<u>(704,211)</u>
Net debt at 1 August 2001	<u>(3,509,373)</u>	<u>(2,805,162)</u>
Net debt at 31 July 2002	<u>(1,448,890)</u>	<u>(3,509,373)</u>

23. ANALYSIS OF NET DEBT

	At 1 August 2001 £	Cash flow £	Other changes £	At 31 July 2002 £
Cash at bank and in hand	5,231	104,259		109,490
Overdrafts	(927,536)	927,536		-
Debt due after 1 year	(742,257)	-	(439,000)	(1,181,257)
Debt due within 1 year	(1,775,889)	985,889	439,000	(351,000)
Finance leases	(68,922)	42,799	-	(26,123)
	<u>(3,509,373)</u>	<u>2,060,483</u>	<u>-</u>	<u>(1,448,890)</u>

ELITE HOMES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2002**

24. CONTROLLING PARTY

The company is controlled by C R Topham, who owns 75% (2001 : 69%) of the equity share capital.

ELITE HOMES GROUP LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT for the Year Ended 31 July 2002

	2002		2001	
	£	£	£	£
Sales		11,775,329		7,896,948
Cost of sales:				
Purchases	9,282,600		6,797,116	
Wages	329,164		428,805	
Social security	26,095		68,747	
Pensions	-		17,728	
		9,637,859		7,312,396
GROSS PROFIT		2,137,470		584,552
Other income:				
Rents received	39,215		56,092	
Profit on sundry sales	13,908		36,034	
Settlement discounts	-		1,409	
Other income	31,749		47,906	
Profit on land sale	400,142		-	
Deposit account interest	5,362		48,369	
		490,376		189,810
		2,627,846		774,362
Expenditure:				
Directors' remuneration	409,418		277,178	
Pension contributions	23,861		19,775	
Wages	313,903		-	
Social security	83,680		-	
Pensions	37,990		-	
Hire of other assets	36,219		27,680	
Sundry expenses	260,050		608,109	
Auditors' remuneration	5,207		6,000	
		1,170,328		938,742
		1,457,518		(164,380)
Finance costs:				
Bank loans, overdrafts and other loans wholly repayable within five years.	266,666		205,108	
Hire purchase	9,679		7,481	
		276,345		212,589
		1,181,173		(376,969)
Depreciation:				
Motor vehicles		51,480		-
Carried forward		1,129,693		(376,969)

ELITE HOMES GROUP LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 31 July 2002**

	<u>2002</u>		<u>2001</u>	
	£	£	£	£
Brought forward		1,129,693		(376,969)
(Loss)/Profit on disposal of fixed assets:				
Motor vehicles		<u>(7,480)</u>		<u>6,408</u>
NET PROFIT/(LOSS)		<u>£1,122,213</u>		<u>£(370,561)</u>