

Company Registration No. 3778310 (England and Wales)

FERNHAM HOMES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2003

**REGISTRAR'S COPY
OF ACCOUNTS**

Cavendish

Chartered Certified Accountants
61 Chandos Place
London
WC2N 4HG

Reference: 5074



FERNHAM HOMES LIMITED

COMPANY INFORMATION

Directors	I D Fern M C Canham D E Masters (Appointed 13 November 2002)
Secretary	A D Canham
Company number	3778310
Registered office	61 Chandos Place London WC2N 4HG
Auditors	Cavendish Chartered Certified Accountants 61 Chandos Place London WC2N 4HG
Business address	20/20 Business Park Liphook Way Maidstone Kent ME16 0LQ
Bankers	Natwest Bank plc 3 High Street Maidstone Kent ME14 1XU

FERNHAM HOMES LIMITED

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FERNHAM HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2003

The directors present their report and financial statements for the year ended 31 May 2003.

Principal activities

The principal activity of the company during the year was the redevelopment of land acquired on behalf of the joint venture participators.

Directors

The following directors have held office since 1 June 2002:

I D Fern

M C Canham

D E Masters

(Appointed 13 November 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 May 2003	1 June 2002
I D Fern	50	50
M C Canham	50	50
D E Masters	50	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cavendish be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

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



I D Fern

Director

1 March 2004

FERNHAM HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FERNHAM HOMES LIMITED

We have audited the financial statements of Fernham Homes Limited on pages 3 to 7 for the year ended 31 May 2003. 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.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the 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 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 the directors' report 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cavendish

2 March 2004

Chartered Certified Accountants
Registered Auditors

61 Chandos Place
London
WC2N 4HG

FERNHAM HOMES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2003

		Year ended 31 May 2003 £	Year ended 31 May 2002 £
	Notes		
Turnover		2,921,250	1,341,000
Cost of sales		(2,614,860)	(1,076,130)
Gross profit		306,390	264,870
Administrative expenses		(59,009)	(59,187)
Operating profit	2	247,381	205,683
Other interest receivable and similar income		59	25
Interest payable and similar charges		(73,971)	(34,542)
Profit on ordinary activities before taxation		173,469	171,166
Tax on profit on ordinary activities	3	(33,133)	(38,500)
Profit on ordinary activities after taxation	8	140,336	132,666

FERNHAM HOMES LIMITED

BALANCE SHEET AS AT 31 MAY 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		35,357		42,500
Investments			1		1
			<u>35,358</u>		<u>42,501</u>
Current assets					
Stocks		2,283,573		1,160,848	
Debtors	5	148,092		70,220	
Cash at bank and in hand		66,457		207,483	
		<u>2,498,122</u>		<u>1,438,551</u>	
Creditors: amounts falling due within one year	6	<u>(2,172,014)</u>		<u>(1,259,972)</u>	
Net current assets			<u>326,108</u>		<u>178,579</u>
Total assets less current liabilities			<u>361,466</u>		<u>221,080</u>
Capital and reserves					
Called up share capital	7		150		100
Profit and loss account	8		361,316		220,980
Shareholders' funds			<u>361,466</u>		<u>221,080</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).

The financial statements were approved by the Board on 1 March 2004


D E Masters
Director


M C Canham
Director

FERNHAM HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2003

1 Accounting policies

1.1 Accounting convention

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

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.2 Turnover

Turnover represents amounts receivable from the sales of property.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	11,785	13,500
Auditors' remuneration	2,000	1,000
	<u>13,785</u>	<u>14,500</u>

3 Taxation

	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	40,000	38,500
Adjustment for prior years	(6,867)	-
	<u>33,133</u>	<u>38,500</u>

FERNHAM HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2003

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 June 2002	70,000
Additions	4,642
At 31 May 2003	74,642
Depreciation	
At 1 June 2002	27,500
Charge for the year	11,785
At 31 May 2003	39,285
Net book value	
At 31 May 2003	35,357
At 31 May 2002	42,500

The net book value of tangible fixed assets includes £24,000 (2002- £32,000) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £8,000 (2002- £10,000) for the year.

5 Debtors

	2003 £	2002 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	60,002	-
Other debtors	88,090	70,220
	148,092	70,220

FERNHAM HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2003

6	Creditors: amounts falling due within one year	2003 £	2002 £
	Bank loans (Secured)	1,233,156	506,329
	Net obligations under hire purchase contracts	5,110	20,444
	Trade creditors	560,462	362,909
	Corporation tax	40,000	57,750
	Other creditors	333,286	312,540
		<u>2,172,014</u>	<u>1,259,972</u>

The bank loans are secured by a Mortgage Debenture incorporating a fixed and floating charge over all the assets of the company.

7	Share capital	2003 £	2002 £
	Authorised		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>100</u>
	Allotted, called up and fully paid		
	150 Ordinary shares of £1 each	<u>150</u>	<u>100</u>

8	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 June 2002	220,980
	Retained profit for the period	<u>140,336</u>
	Balance at 31 May 2003	<u>361,316</u>

9 Related party transactions

The company paid £1,073,573 during the year to A B Canham & Sons a firm of builders for whom the director, M C Canham, is a partner. At the year end the company owed £166,980 to A B Canham & Sons for their building services.

The company paid £71,321 for materials during the year to Ferns Surfacing Limited a company for whom I D Fern is a director.