

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003
FOR
P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

Ainsworths
Chartered Accountants
and Registered Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY



**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2003**

DIRECTORS:

Mr P J Livesey
Mrs D A Livesey
Mr R Brocklehurst
Mr P G Richardson
Mr J W Allcock

SECRETARY:

Mrs D A Livesey

REGISTERED OFFICE:

Ashburton Park
Ashburton Road West
Trafford Park
Manchester
M17 1AF

REGISTERED NUMBER:

4190847 (England and Wales)

AUDITORS:

Ainsworths
Chartered Accountants
and Registered Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

BANKERS:

National Westminster Bank Plc
Manchester Deansgate
115 Deansgate
Manchester
Greater Manchester
M3 2BG

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2003**

The Directors present their report with the financial statements of the Company for the year ended 30th June 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of the construction and development of residential property.

REVIEW OF BUSINESS

The results for the year and financial position of the Company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30th June 2003.

FUTURE DEVELOPMENTS

No significant changes to the Company's business are anticipated.

DIRECTORS

The Directors during the year under review were:

Mr P J Livesey
Mrs D A Livesey
Mr R Brocklehurst
Mr P G Richardson
Mr J W Allcock

The Directors holding office at 30th June 2003 did not hold any beneficial interest in the issued share capital of the Company at 1st July 2002 or 30th June 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2003**

AUDITORS

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

ON BEHALF OF THE BOARD:


.....
Mrs D A Livesey - Secretary

Date: 23rd January 2004

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

We have audited the financial statements of P. J. Livesey Country Homes (Southern) Limited for the year ended 30th June 2003 on pages six to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described on page two the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

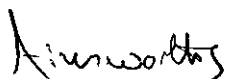
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30th June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ainsworths
Chartered Accountants
and Registered Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Date: 23rd January 2004

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2003**

		Year Ended 30th June 2003 £	Period 30th March 2001 to 30th June 2002 £
	Notes		
TURNOVER		-	-
Administrative expenses		<u>6,430</u>	<u>3,550</u>
OPERATING LOSS	3	(6,430)	(3,550)
Interest receivable and similar income		<u>1,631</u>	<u>-</u>
		(4,799)	(3,550)
Interest payable and similar charges	4	<u>25</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4,824)	(3,550)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(4,824)</u>	<u>(3,550)</u>
DEFICIT FOR THE YEAR		<u>(4,824)</u>	<u>(3,550)</u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the losses for the current year or previous period.

The notes form part of these financial statements

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**BALANCE SHEET
30TH JUNE 2003**

	Notes	2003 £	2002 £
CURRENT ASSETS			
Stocks	6	9,506,344	6,409,633
Debtors	7	4,641,978	1,617,679
Cash at bank		-	257,240
		14,148,322	8,284,552
CREDITORS			
Amounts falling due within one year	8	14,156,695	8,288,101
NET CURRENT LIABILITIES		(8,373)	(3,549)
TOTAL ASSETS LESS CURRENT LIABILITIES		(8,373)	(3,549)
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	(8,374)	(3,550)
SHAREHOLDER'S FUNDS	15	(8,373)	(3,549)

ON BEHALF OF THE BOARD:

.....
P J Livesey - Director

Approved by the Board on 23rd January 2004

The notes form part of these financial statements

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Stocks

Stock and work-in-progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of overheads.

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

Cash flow statement

The Company is exempt from the requirement to produce a cash flow statement as it is a wholly owned subsidiary.

2. STAFF COSTS

There were no staff costs for the year ended 30th June 2003 nor for the period ended 30th June 2002.

3. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 30th June 2003	Period 30th March 2001 to 30th June 2002
	£	£
Auditors' remuneration	<u>1,500</u>	<u>1,500</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30th June 2003	Period 30th March 2001 to 30th June 2002
	£	£
Bank interest	<u>25</u>	<u>-</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30th June 2003 nor for the period ended 30th June 2002.

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003**

6. STOCKS

	2003 £	2002 £
Work-in-progress	<u>9,506,344</u>	<u>6,409,633</u>

Stocks include interest capitalised on borrowings related to the properties concerned.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Amounts owed by group undertakings	<u>4,641,978</u>	<u>1,617,679</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts (see note 9)	4,452,052	910,000
Trade creditors	2,190,000	3,977,500
Amounts owed to group undertakings	<u>7,514,643</u>	<u>3,400,601</u>
	<u>14,156,695</u>	<u>8,288,101</u>

9. LOANS

An analysis of the maturity of loans is given below:

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	855,552	-
Bank loans - less than one year	<u>3,596,500</u>	<u>910,000</u>
	<u>4,452,052</u>	<u>910,000</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2003 £	2002 £
Bank overdraft	855,552	-
Bank loans	<u>3,596,500</u>	<u>910,000</u>
	<u>4,452,052</u>	<u>910,000</u>

The bank overdraft and loans are secured by a floating charge over the Company's assets. The bank loans bear interest at 1.875% above base per annum and are repayable by varying amounts linked mainly to the sale of completed properties. As the timing of repayments is linked to the sale of properties it is not possible to accurately calculate the amounts which fall to be repaid in more than one year and all loans have been disclosed as due within one year.

**P. J. LIVESEY COUNTRY HOMES (SOUTHERN)
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003**

11. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2003 £	2002 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2003 £	2002 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

12. RESERVES

	Profit and loss account £
At 1st July 2002	(3,550)
Deficit for the year	<u>(4,824)</u>
At 30th June 2003	<u>(8,374)</u>

13. ULTIMATE PARENT COMPANY

The parent Company is P. J. Livesey South Limited, a Company which is incorporated in England.

The ultimate holding Company is P. J. Livesey Group Limited, a Company which is incorporated in England. Copies of the financial statements of both Companies are available from Companies House.

14. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of the parent undertaking and fellow subsidiaries. At 30th June 2003 the bank borrowings were £12,412,624. (2002 - £8,776,274).

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2003 £	2002 £
Loss for the financial year	(4,824)	(3,550)
Share issue	<u>-</u>	<u>1</u>
Net reduction of shareholder's funds	(4,824)	(3,549)
Opening shareholder's funds	<u>(3,549)</u>	<u>-</u>
Closing shareholder's funds	<u>(8,373)</u>	<u>(3,549)</u>
Equity interests	<u>(8,373)</u>	<u>(3,549)</u>