

ANTLER HOMES NORTH WEST PLC

Report and Financial Statements

31 March 2002

**Deloitte & Touche
Grosvenor House
66/67 Athol Street
Douglas
Isle of Man
IM99 1XJ**



ANTLER HOMES NORTH WEST PLC

REPORT AND FINANCIAL STATEMENTS 2002

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ANTLER HOMES NORTH WEST PLC

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Robert J Dodd FCCA
Peter A Fitzgerald
Robert F Foster
Geoffrey F Potton
Iain M Ramsay
James Reid MA, ACCA
David P Sheard BA (Hons), ACMA
D Peter Wood C.Eng., MICE

SECRETARY

Robert J Dodd FCCA

REGISTERED OFFICE

The Old Warehouse
37 Church Street
Weybridge
Surrey
KT13 8DG

BANKS

Barclays Bank Plc
London Corporate Banking
PO Box 544
54 Lombard Street
London EC3V 9EX

Investec Bank (UK) Limited
2 Gresham Street
London
EC2V 7QP

SOLICITORS

Hill Dickenson
34 Cuppin Street
Chester
CH1 2BN

Field Cunningham & Co
St Johns Court
70 Quarry Street
Manchester
M3 3EJ

AUDITORS

Deloitte & Touche
Chartered Accountants
Grosvenor House
66/67 Athol Street
Douglas, Isle of Man
IM99 1XJ

ANTLER HOMES NORTH WEST PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

ACTIVITIES

The principal activity of the company continued to be that of property development.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

During the course of the year, the company's activities were hampered by extreme delays in the planning process, with even the slightest amendment requiring a full application: at local level the planning system is almost a non-functioning institution. Even now some sites that were expected to contribute to profit in the year still need planning approval. Consequently, some site starts were later than had been envisaged, resulting in many properties not being far enough advanced in build at the year end to secure contract exchanges from purchasers.

Notwithstanding the above, the company believes that the structure is in place for a good set of results for the new financial year.

RESULTS AND DIVIDENDS

The profit for the year attributable to members amounted to £540,119 (2001: profit £344,471). The directors do not recommend the payment of a dividend (2001: £nil). The profit for the year has been transferred to reserves.

The directors are satisfied that adequate provision has been made to finance the company.

CLOSE COMPANY STATUS

The company is a close company for tax purposes.

CREDITOR DAYS AND PAYMENT TERMS

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All the directors served throughout the year and to date, with the following exceptions:

	Appointed	Resigned
J Reid	1 July 2001	-
A Welsh	-	1 July 2001
M Cox	1 July 2001	12 October 2001
M D Ellis	-	12 October 2001
I G Sanderson	-	9 May 2002
G F Potton	29 April 2002	-
R F Foster	29 April 2002	-

I M Ramsay, D P Wood and P A Fitzgerald retire by rotation and being eligible, offer themselves for re-election.

No director has or had at any time during the year any interest in the shares of the company or any other group undertaking.

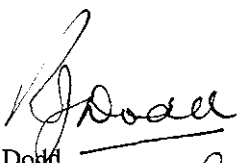
ANTLER HOMES NORTH WEST PLC

DIRECTORS' REPORT

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


R J Dodd
Secretary

P August 2002

ANTLER HOMES NORTH WEST PLC

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTLER HOMES NORTH WEST PLC

We have audited the financial statements of Antler Homes North West Plc for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors

08 AUG 2002

ANTLER HOMES NORTH WEST PLC

PROFIT AND LOSS ACCOUNT Year ended 31 March 2002

	Note	2002 £	2001 £
Turnover	2	8,345,545	6,624,390
Cost of sales		(6,980,434)	(5,441,186)
Gross profit		1,365,111	1,183,204
Administrative expenses		(890,755)	(719,208)
Other operating income	5	74,983	2,942
Operating profit	3	549,339	466,938
Other interest receivable and similar income	6	5,041	201,265
Interest payable and similar charges	7	(6,457)	(249,947)
Profit on ordinary activities before taxation		547,923	418,256
Tax on profit on ordinary activities	8	(7,804)	(73,785)
Profit for the financial year	16	540,119	344,471

The directors consider that the company's activities are continuing. As there are no recognised gains or losses or other movements in shareholders' funds for the current and prior financial years except as stated in the profit and loss account, a Statement of Total Recognised Gains and Losses has not been prepared.

ANTLER HOMES NORTH WEST PLC

BALANCE SHEET

31 March 2002

	Note	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS					
Tangible fixed assets	9	<u>91,807</u>		<u>150,154</u>	
			91,807		150,154
CURRENT ASSETS					
Stocks	10	2,196,146		5,865,172	
Debtors	11	2,099,970		3,849,844	
Cash at bank and in hand		<u>27,567</u>		<u>36,732</u>	
		<u>4,323,683</u>		<u>9,751,748</u>	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank loans and overdrafts	12	3,369,827		2,495,127	
Obligations under hire purchase agreements		34,053		52,447	
Trade creditors		542,222		817,949	
Amount owed to parent undertaking		1,371,307		5,673,510	
Accruals and deferred income		<u>54,500</u>		<u>320,264</u>	
		<u>5,371,909</u>		<u>9,359,297</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,048,226)</u>		<u>392,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(956,419)		542,605
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		<u>(7,599)</u>		<u>(2,046,742)</u>
NET LIABILITIES			<u>(964,018)</u>		<u>(1,504,137)</u>
CAPITAL AND RESERVES					
Called up share capital	15		814,150		814,150
Profit and loss account (deficit)	16		<u>(1,778,168)</u>		<u>(2,318,287)</u>
EQUITY SHAREHOLDERS' DEFICIT			<u>(964,018)</u>		<u>(1,504,137)</u>

These financial statements were approved by the Board of Directors on 8 August 2002.

Signed on behalf of the Board of Directors

I Ramsay

Director

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The directors have confirmed that the parent company has agreed to provide financial support to enable the company to meet any shortfall in the company's ability to meet its liabilities as they fall due. On this basis the directors are satisfied that the going concern basis of preparation of these financial statements continues to remain appropriate.

Tangible fixed assets

Assets are depreciated in equal annual instalments over their estimated useful lives. The rates of depreciation are as follows:

Motor vehicles	25%
Equipment	10 - 33%

Stocks

Developments in progress are included in stocks at the lower of cost and net realisable value. Cost comprises the cost of the property acquired, direct costs, and attributable interest. Net realisable value is the assessed sale price after deducting the cost of completing and selling.

Leases and hire purchase agreements

Assets held under finance leases and hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of such leases and agreements. The amounts by which the lease and hire purchase payments exceed the recorded obligations are treated as finance charges which are amortised over the relevant term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Pension and other post retirement benefits

The company operates a money purchase pension scheme. Contributions are charged to the profit and loss account in the period to which they relate.

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

Turnover

Turnover excludes value added tax and represents:

- (i) the sales value of trading properties sold, including sales where a contract has been signed but not completed before the year end and the building work is substantially complete;
- (ii) management fees receivable.

2. TURNOVER

All of the turnover and profit before tax are derived from the company's principal activity, and arise wholly within the United Kingdom. The directors consider there is only one class of business.

3. OPERATING PROFIT

	2002 £	2001 £
Operating profit is after charging:		
Auditors remuneration:		
Audit fee	7,611	5,018
Other services	4,000	2,100
Depreciation		
Owned assets	11,592	5,224
Assets held on hire purchase agreements	38,311	35,904
	<u>38,311</u>	<u>35,904</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Director's fees and other emoluments	294,377	213,521
Remuneration of highest paid director	<u>98,664</u>	<u>85,636</u>
	2002 £	2001 £
Employee costs during the year:		
Wages and salaries	415,375	170,910
Social security costs	50,442	16,782
Other pension and life insurance costs	41,483	8,882
	<u>507,300</u>	<u>196,574</u>
The average number of persons employed was:	<u>18</u>	<u>13</u>

Directors' fees and other emoluments includes a contribution to the money purchase pension schemes on behalf of 3 directors of £22,194 (2001: £14,102).

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2002

5. OTHER OPERATING INCOME

	2002 £	2001 £
Client extras and sundry income	70,548	-
Profit on disposal of fixed assets	406	-
Net rents from development properties awaiting disposal	4,029	2,942
	<u>74,983</u>	<u>2,942</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Other interest receivable	5,041	201,265
	<u>5,041</u>	<u>201,265</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank loans, overdrafts and other loans repayable within 5 years	131,947	231,226
Finance charges –finance leases and hire purchase contracts	6,440	6,079
Parent undertaking (note 13)	-	243,853
Less: Charged to stock	(131,930)	(231,211)
	<u>6,457</u>	<u>249,947</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Payments made to group companies for losses surrendered	7,804	73,785
	<u>7,804</u>	<u>73,785</u>

Payment is made by the recipient of losses surrendered and calculated at the rate of 30% of the loss surrendered.

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2002

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The above amounts are reconciled to the standard rate of UK corporation tax of 30% (2001: 30%) as follows:

Tax on profit on ordinary activities at standard rate	164,377	125,477
Factors affecting charge:		
Utilisation of brought forward losses	(165,837)	(71,604)
Utilisation of group losses	(7,804)	(60,380)
Depreciation in excess of capital allowances	9,033	5,141
Disallowable expenses	231	1,366
Payments made for group losses utilised	7,804	73,785
	<u>7,804</u>	<u>73,785</u>
Current tax charge for the year	<u>7,804</u>	<u>73,785</u>

Unrelieved losses of £788,047 (2001: £1,340,838) are carried forward and are available to reduce the tax liability in respect of future profits. Deferred tax has been provided in respect of £30,247 (2001: £60,357) of these losses.

9. TANGIBLE FIXED ASSETS

	Motor vehicles, furniture & equipment
Cost	£
At 1 April 2001	207,668
Additions	2,747
Disposals and transfers	(22,203)
	<u>188,212</u>
At 31 March 2002	<u>188,212</u>
Depreciation	
At 1 April 2001	57,514
Charge for the year	49,903
Disposals and transfers	(11,012)
	<u>96,405</u>
At 31 March 2002	<u>96,405</u>
Net book value	
At 31 March 2002	<u>91,807</u>
At 31 March 2001	<u>150,154</u>

The net book value of fixed assets includes £63,248 (2001: £112,750) in respect of assets held under hire purchase agreements.

10. STOCKS

Stocks comprise land and buildings in progress held for development and resale.	2002	2001
	£	£
Cost or net realisable value	<u>2,196,146</u>	<u>5,865,172</u>

Interest capitalised in stock is £117,155 (2001: £92,244).

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2002

11. DEBTORS

	2002 £	2001 £
Due within one year:		
Trade debtors	2,006,535	3,714,789
Other debtors	93,435	135,055
	<u>2,099,970</u>	<u>3,849,844</u>

12. BANK LOANS AND OVERDRAFTS

The bank loans are secured by a first legal charge over each of the company's residential sites, a debenture over the assets of the company and a guarantee limited to the sum of £20,000,000 plus interest and costs from the ultimate parent company. Interest is payable on the loans at 1.75% over Investec Base Rate.

13. CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR

	2002 £	2001 £
Hire purchase agreements (note 14)	7,599	46,742
Amount owed to parent undertaking	-	2,000,000
	<u>7,599</u>	<u>2,046,742</u>

The parent undertaking loan is for an unspecified term with a minimum period of one year from the balance sheet date. Interest is discretionary at 3% over Barclays Bank base rate.

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2002 £	2001 £
Amounts payable:		
Within one year	34,053	52,447
Within two to five years	7,599	46,742
	<u>41,652</u>	<u>99,189</u>

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

15. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Ordinary shares of £1 each		
Authorised 2,000,000 shares	2,000,000	2,000,000
Allotted and fully paid - 814,150 shares	814,150	814,150

16. PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
Balance at 1 April	(2,318,287)	(2,662,758)
Profit for the year	540,119	344,471
Balance at 31 March	(1,778,168)	(2,318,287)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	540,119	344,471
Net increase in shareholders' funds	540,119	344,471
Opening shareholders' funds	(1,504,137)	(1,848,608)
Closing shareholders' funds	(964,018)	(1,504,137)

18. PROPERTY CONTRACT COMMITMENTS

At the balance sheet date, the company had entered into property purchase contracts amounting to £3,363,800 (2001: £2,200,000) which are not accrued in the financial statements. This amount will become payable if planning permission is obtained on the properties concerned.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Antler Homes Plc, a company registered in England and Wales. The ultimate parent company is Antler Property Corporation Limited, a company having been incorporated in Bermuda, discontinued and holding a certificate of continuance in the British Virgin Islands.

Antler Homes Plc is considered to be the controlling party of the company. The ultimate controlling party is considered to be the Trustee of the P S Gower Settlement.

ANTLER HOMES NORTH WEST PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

20. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under Financial Reporting Standard No.8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Antler Homes Plc group.

During the year the company sold to Antler Securities Limited, a sister company, a property for £535,000, and to Antler Homes Cheshire Limited, a fellow subsidiary, a property for £2,200,000. Both transactions were deemed to be at arms length.