

Company Registration No. 1660121

GOLDCREST HOMES PLC

Report and Financial Statements

31 March 2004



REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS

Officers and professional advisors	1
Chairman's Statement	2
Chief Executive's Review	4
Environmental Statement	6
Corporate Social Responsibility Policy	7
Ten year record	8
Directors' report	9
Statement of directors' responsibilities	11
Independent auditors' report	12
Consolidated profit and loss account	13
Consolidated balance sheet	14
Company balance sheet	15
Cash flow statement	16
Notes to the accounts	17

GOLDCREST HOMES PLC

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Sir Peter Thompson (Chairman)* †
M Collins (Chief Executive)* †
D Steer (Development Director)
S E Leach ACA (Finance Director)*
A Roake (Planning & Design Director)
Miss P A Henderson (Marketing Director)
G K Maddrell (Non-Executive)* †
Dr K Mourad FRCR (Non-Executive)
Miss O M Collins (Non-Executive)
Miss S A Collins (Non-Executive)

* indicates member of audit committee

† indicates member of remuneration committee

SECRETARY

M Collins

REGISTERED OFFICE

Goldcrest House
3 Hurlingham Business Park
Sullivan Road
London
SW6 3DU

BANKERS

Barclays Bank plc
PO Box 544
54 Lombard Street
London
EC3V 9EX

SOLICITORS

Lawrence Graham
190 Strand
London
WC2R 1JN

AUDITORS

Nexa Audit Limited
Registered Auditors
No 1 Riding House Street
London
W1A 3AS

TAX ADVISORS

Smith & Williamson Limited
Chartered Accountants
No 1 Riding House Street
London
W1A 3AS

CHAIRMAN'S STATEMENT

This has been another year of profitable growth and progress for the company. The financial highlights are:

- Revenues of £17.63m
- Profit before tax of £5.18m – 19% growth over 2003
- 3 planning consents obtained
- 2 new major sites being developed
- 3 sites sold for a value of £11.6m with the benefit of planning consents
- Basic earnings per share advanced 14.7% to 36.7 pence
- Dividends increased by 13.9% to 17.25 pence

How these results have been achieved is reported in more detail in the Chief Executive's report.

CORPORATE STRUCTURE

I feel I should clarify the corporate structuring as referred to in these accounts.

The company decided some years ago to balance its activities so as to give equal weight to its land trading and property development skills. This meant that for a number of years the company would be increasing the amount of land that it retained for development, which in turn meant that profit recognition on this land would be considerably delayed. We therefore decided to pursue the property development activities through joint venture companies in which the shareholders in Goldcrest Homes were invited to participate. This structuring allows the increased value through obtaining planning permission to be recognised through the profit and loss account in the same period in which the permission is granted as opposed to when the development is sold. As the company develops and sells the properties, so the necessity for joint venture structures of this kind will diminish.

SHAREHOLDER MATTERS

Firstly, dividends at 17.25 pence per share which gives a generous 8.4% yield at the new valuation price of £2.04 per share. The internal trading price of the shares has advanced by 5.2%.

The employee share scheme has been active with members of staff continuing to subscribe for shares under the generous terms approved by the shareholders. It is a fundamental belief of the company that involving employees in the ownership of the company is a fine incentive to the staff and aligns their interests with the interests of shareholders.

CHAIRMAN'S STATEMENT (CONTINUED)

THE BOARD

In the year we have welcomed Geoffrey Maddrell as a Non-Executive Director to the Board. He has wide-ranging experience as the Chairman/Director of many companies and brings particular knowledge of the property world through his chairmanship of Westbury Homes and Unite.

We welcome David Steer who was appointed Development Director in December. He has vast experience in the housebuilding sector following his time at Crest Nicholson.

CORPORATE GOVERNANCE

We are a private company but seek to comply with the best corporate governance practices suitably adapted for the smaller company. We have an active Audit and Remuneration Committee with the whole Board effectively acting as the nomination committee. In addition we now have two experienced Non-Executive Directors with a particular focus on shareholder interests.

We review at least every 18 months the long term direction and the external threats to the business by way of a full day Strategic Review in which all Directors are fully involved.

EMPLOYEES

These results would not have been achieved without the dynamic leadership provided by the Chief Executive, supported by a dedicated group of Executive Directors. They in turn need the enthusiastic support of all members of staff, which has been readily given. I know the shareholders would wish me to express to the whole team, our thanks for another good year of progress successfully implemented.

OUTLOOK

There are the usual external threats associated with the London house building market, coupled with rising interest rates, but we nevertheless believe that the company will continue its 14 year growth record into the current year's trading, which has started satisfactorily.

A handwritten signature in black ink, appearing to read 'P. Thompson', with a long horizontal flourish extending to the right.

Sir Peter Thompson

Chairman

CHIEF EXECUTIVE'S REVIEW

TRADING REVIEW

Goldcrest Homes is a driven developer of residential and mixed use schemes, totally focused on meeting all stakeholders' needs and aspirations, whilst robustly addressing the huge planning and technical difficulties involved in city centre development.

During the year competition for the acquisition of land remained intense, particularly land with planning consent. We maintained our policy of buying land without planning consent, which allowed us to maintain our margin and, equally importantly, to design the appropriate product ourselves.

Our policy of developing land to the stage of planning consents enables us carefully to select which sites we should develop out and which sites we should sell.

Demand for our developed land remained very good, with some excellent prices achieved. Demand for apartments has slowed down towards the end of the year, as we enter the downward curve of the cycle. With the exception of certain hotspots values will be static for the coming year and industry margins will be under pressure, but there is still business to be done and profit growth can be maintained. As in previous years Goldcrest has no unsold built units.

From our ten year financial summary (page 8) it can be seen that we have continued our annual growth in profits. As a company we focus on profit and earnings per share growth unlike others in the industry who focus on turnover or the number of homes sold.

DEVELOPMENT PORTFOLIO

In July 2003 we acquired **Effra Primary School** from the London Borough of Lambeth. Planning permission was recently granted by the planning inspectorate for 119 apartments and, whilst we were disappointed planning permission was not forthcoming from the local planning authority, the London Borough of Lambeth, there is some comfort in our successful application for costs awarded against the London Borough of Lambeth. The site was purchased for £4.8 million and was transferred to a 'joint venture' at £6.75 million in March 2004. We recently reviewed our development programme and this site will now be sold. We expect it to attract offers around £9 million.

Last year we also acquired a site from British Rail, next to Stratford Town Centre, **Windmill Lane**. It is very close to the shopping centre and the underground station and will contribute towards the regeneration of Stratford, a proposed centre for the 2012 Olympics. The site was acquired for £1.72 million in September 2003. The local planning authority, the London Borough of Newham, resolved to grant outline planning consent for residential development in January 2004. Current applications for 124 units are subject to an appeal to be heard on 30 November 2004. In March 2004 the site was transferred to a 'joint venture' at £5.75 million. Upon the grant of planning consent the Directors believe this site value will be in excess of £8 million.

CHIEF EXECUTIVE'S REVIEW (CONT)

An important site in South West London, **Colliers Wood High Street**, was acquired in March 2004 for a consideration of £3.65 million. Negotiations on our planning application for a mixed used scheme of 90 units are currently taking place with the London Borough of Merton. Should these negotiations be successful there will be a significant uplift in the value of this important site.

A small site in Weybridge at **Portmore Park Road** was acquired from Surrey County Council in June 2003 for £1.26 million. The planning application for 14 luxury apartments is currently being considered by the local planning authority. Upon the obtaining of this planning permission the site's value will be enhanced significantly.

Our development pipeline includes the final phase of **The Angelis at Graham Street, Islington**, a substantial development of 55 apartments.

Nearby in **Britannia Walk**, close to Old Street tube station, we have a significant mixed use development of 43 apartments/live work units/commercial units. The commercial phase is sold out and the second phase will be launched this summer.

Our development of luxury apartments, **Lanherne Gate**, in a prime part of Wimbledon, London SW19, launched in May 2004. The first phase has sold out and whilst this is a high value luxury product there is little competition in Wimbledon.

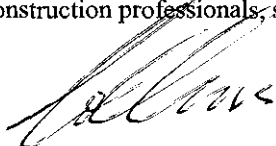
The gross development value of these three developments is in excess of £50 million and totals 149 units.

Our pipeline of sites moving through the planning process is potentially 228 plots. Our development programme is fully funded by our banking partner, Barclays Bank Plc, who have funded 133 acquisitions since November 1986 when our partnership commenced.

FUNDING

The company has had a cash outflow of £24 million relating to the investment in stock and work in progress and an increase in debtors over last year. This has been financed by extra borrowings.

All this would not be possible without the Goldcrest Team of architects, designers, land developers, marketers, construction professionals, supported by an excellent finance and administration team.



Michael Collins
Chief Executive

ENVIRONMENTAL STATEMENT

Goldcrest Homes is committed to the protection and enhancement of the built and natural environment and seeks to operate in an environmentally responsible manner at all times. The company works closely with environmental consultants RPS to achieve various aspects of this corporate responsibility. Goldcrest Homes commitment to the environment is demonstrated in the day to day activities and specifically through the following actions:

1. Promotion of brownfield redevelopment. Goldcrest Homes is frequently involved in bringing disused and redundant urban sites back into use through innovative redevelopment projects. Sites acquired for development may be contaminated through historical industrial activities. Goldcrest Homes addresses these problems via strategic site investigation and remediation wherever necessary.
2. Sustainable remediation schemes. Wherever possible Goldcrest Homes seeks to deliver sustainable remedial options causing the least impact to the natural environment.
3. Utilisation of environmentally sound design methods in development projects, optimising resource utilisation and efficiency at all times.
4. Use of sustainable building materials e.g. recycled materials, certified sustainable timbers, energy from renewable sources etc.
5. Recycling of office paper is routine at Goldcrest Homes offices and is an easily achievable but effect waste management strategy. Goldcrest Homes similarly purchases office paper from a recycled source.
6. Office resource consumption is minimised through various activities promoted by Goldcrest Homes. These range from encouraging staff car sharing / use of public transport / cycling to work through to ensuring lights and equipment are turned off at the end of the working day / when not in use.

Goldcrest Homes seeks wherever possible to ensure that the companies it deals with have a similarly high standard of environmental responsibility.

CORPORATE SOCIAL RESPONSIBILITY POLICY

"Where people live has a major effect on their life. If where they live is well-planned, well-designed and well-managed, their quality of life is likely to be a great deal better." Extract from the foreword to "Better Places to Live: by design", Lord Falconer of Thoroton QC and Sir Stuart Lipton, 2001, CABE/ODPM.

We all deserve decent homes in decent neighbourhoods. At Goldcrest Homes we are passionate about building decent homes for our customers and improving the neighbourhoods in which we build those homes.

We believe it is a fundamental goal for our business that we build homes in a socially responsible way which;

- regenerates neglected urban areas;
- achieves the highest intensity of use compatible with local context, design considerations and accessibility by public transport;
- provides a mixture of uses to meet the needs of an urban lifestyle;
- improves the local environment for the benefit of our customers and society at large;

We achieve this goal in a number of ways.

- We only redevelop "brownfield" land; land that has been previously used for development, which has become redundant.
- We follow design guidance from central and local government, such as Planning Policy Guidance 3 – Housing (ODPM), the London Plan (GLA), "By Design" (CABE/ODPM), all of which give guidance on how to maximise the potential of land through a design-led approach to development.
- We regularly meet with local residents and user groups active in the vicinity of our developments to better understand their vision for their neighbourhood and to explain how we work with the community to ensure our proposals would enhance the environment.
- We design vibrant and exciting places to live, work and play, which in themselves enhance and improve the environment in which they are located.
- We provide "affordable" housing so that people on low and middle incomes can benefit from our developments. Normally we provide affordable housing without recourse to government subsidy.
- We contribute financially to a range of projects carried out by the local council in the vicinity of our developments, such as schemes to improve road safety, street tree planting, improvements to local parks, contribution to new school places.

We support the aims of the Prince's Trust 1% Club and regularly contribute financially to a range of projects carried out by charitable organisations in the vicinity of our developments.

TEN YEAR RECORD

Summary consolidated results £'000	1994	1995	1997 18 months	1998	1999	2000	2001	2002	2003	2004
Turnover	5,586	5,880	9,758	9,812	14,958	11,397	21,276	24,940	2,840	17,630
Operating profit/(loss)	883	1,250	1,857	2,056	2,696	3,115	4,480	3,761	(1,175)	911
Income from disposal of investments	-	-	-	-	-	-	-	875	5,948	5,570
Interest receivable	28	39	83	136	58	45	15	36	83	48
Interest (payable)	(155)	(164)	(438)	(383)	(505)	(453)	(1,162)	(1,010)	(521)	(1,353)
PROFIT BEFORE TAXATION	756	1,125	1,502	1,809	2,249	2,707	3,333	3,662	4,335	5,176
Taxation	(261)	(415)	(518)	(575)	(730)	(781)	(1,019)	(1,112)	(1,293)	(1,524)
Profit after taxation	495	710	984	1,234	1,519	1,926	2,314	2,550	3,042	3,652
Minority Interest	-	-	-	-	-	-	-	-	(116)	(249)
Profit for the financial year	495	710	984	1,234	1,519	1,926	2,314	2,550	2,926	3,403
Dividend	(317)	(217)	(258)	(596)	(707)	(902)	(1,088)	(1,239)	(1,406)	(1,606)
Retained profit for the year	178	493	726	638	812	1,024	1,226	1,311	1,520	1,797
Net assets										
Stock and debtors	3,668	3,765	7,850	7,486	14,103	9,747	30,569	31,778	20,616	44,549
Net debt	(1,024)	(1,010)	(3,219)	(2,730)	(7,066)	(3,017)	(19,026)	(17,809)	(12,234)	(36,099)
Other assets/(liabilities)	(1,405)	(1,023)	(2,173)	(1,660)	(3,032)	(1,401)	(4,488)	(5,215)	2,308	4,033
	1,239	1,732	2,458	3,096	4,005	5,329	7,055	8,754	10,690	12,483
Ratios (note)										
Basic earnings per share	£3.34	£4.78	£6.63	£8.31	£10.05	£12.64	£14.88	£0.30	£0.32	£0.37
Dividend per share	£2.14	£1.46	£1.74	£4.02	£4.68	£5.88	£7.00	14.00p	15.15p	17.25p
Dividend cover	1.6	3.3	3.8	2.1	2.1	2.1	2.1	2.1	2.1	2.0
Net asset value per share	£8.35	£11.67	£16.56	£20.86	£26.49	£34.28	£45.38	£0.98	£1.15	£1.34

Note:

On 21 March 2002 each £1 ordinary share was divided into 50 2p ordinary shares

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Group's principal activities for the year under review were that of residential house building, land development and sales.

A summary of the results of the year's trading is shown on page 12 of the financial statements. A review of the Group's business and future developments is included within the Chairman's statement.

RESULTS AND DIVIDENDS

The profit for the year after taxation and minority interests amounted to £3,403,000 (2003: £2,926,000).

The directors recommend that the profit for the year be dealt with as follows:

	£'000
Ordinary dividends	
- Interim dividend paid of 7.25p (2003 - 6.84p) per share	673
- Second interim dividend proposed of 10.00p (2003 - 8.31p) per share	933
Transfer to reserves	1,797
	<hr/>
	3,403
	<hr/>

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and their interests in the issued share capital at the beginning and end of the year were as follows:

		Executive Share Options			2p Ordinary shares	
		2004	Granted in year	Exercised in year	Fully paid 2004	2003
Sir Peter Thompson	- Beneficial interests	208,150	69,400	-	138,750	777,333
	- Non-beneficial interests	-	-	-	-	120,047
M Collins		500,000	166,667	-	333,333	6,693,937
D Steer		103,092	103,092	-	-	-
S E Leach		147,112	55,556	-	91,556	55,426
A Roake		126,250	42,917	-	83,333	644
Miss P A Henderson		141,666	47,222	-	94,444	-
G K Maddrell		15,464	15,464	-	-	644
Dr K Mourad FRCR		-	-	-	-	102,700
Miss O M Collins		-	-	-	-	84,300
Miss S A Collins		-	-	-	-	84,300
T L Carvall		-	-	-	89,650	129,825
						185,500

On 2 December 2003 D Steer was appointed as development director. On 23 December 2003 Trevor Carvall resigned as a director.

Sir Peter Thompson's non-beneficial interests arise through two discretionary trusts in favour of his children and grandchildren.

Miss O M Collins, Dr. K Mourad, Miss S A Collins retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (CONTINUED)

SUPPLIERS

Contractors are paid 14 days after monthly valuation. Other suppliers are paid on average 45 days after receipt of invoice.

CHARITABLE DONATIONS

During the period the Group contributed £21,455 (2003 - £22,190) to charitable organisations, £6,821 to local charities serving the communities in which the group operates and £14,634 to other charities. The Group made no political donations.

AUDITORS

Deloitte & Touche resigned as auditors during the year and Nexia Audit Limited were appointed. Nexia Audit Limited have expressed their willingness to continue in office as auditors. A resolution to reappoint Nexia Audit Limited will be proposed at the forthcoming Annual General Meeting

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



M Collins
Director

4 August 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Audit

— · Limited · —

Independent auditors' report to the shareholders of Goldcrest Homes PLC

We have audited the accounts of Goldcrest Homes PLC for the year ended 31 March 2004 on pages 13 to 31.

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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

24 August 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2004

	Note	2004 £'000	2003 £'000
TURNOVER	1	17,630	2,840
Cost of sales		(13,664)	(1,914)
GROSS PROFIT		3,966	926
Administrative expenditure		(3,055)	(2,101)
OPERATING PROFIT / (LOSS)		911	(1,175)
Income from disposal of investments	9	5,570	5,948
Interest receivable		48	83
Interest payable	4	(1,353)	(521)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	5,176	4,335
Tax on profit on ordinary activities	5	(1,524)	(1,293)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,652	3,042
Minority interest		(249)	(116)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		3,403	2,926
Dividends	6	(1,606)	(1,406)
RETAINED PROFIT FOR THE YEAR	19	1,797	1,520
Earnings per share - basic	7	£0.37	£0.32
- fully diluted	7	£0.33	£0.30

All gains and losses are recognised in the profit and loss account. Accordingly no statement of total recognised gains and losses is required.

CONSOLIDATED BALANCE SHEET
31 March 2004


	Note	2004 £'000	2003 (restated) £'000
FIXED ASSETS			
Tangible assets	8	495	194
CURRENT ASSETS			
Stocks	10	28,560	17,113
Debtors	11	15,989	3,503
Cash at bank and in hand		23	62
		<u>44,572</u>	<u>20,678</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdraft	12	(33,578)	(11,250)
Other creditors	12	(7,417)	(3,248)
		<u>(40,995)</u>	<u>(14,498)</u>
NET CURRENT ASSETS		<u>3,577</u>	<u>6,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,072</u>	<u>6,374</u>
CREDITORS: amounts falling due after more than one year			
Loan stock	13	(2,536)	(1,024)
Other creditors	13	-	(10)
		<u>(2,536)</u>	<u>(1,034)</u>
		1,536	5,340
Minority interests		10,947	5,350
NET ASSETS		<u>12,483</u>	<u>10,690</u>
CAPITAL AND RESERVES			
Called up share capital	17	187	186
Own shares in ESOP trust		(119)	(11)
Share premium account	19	2,097	1,994
Profit and loss account	19	10,318	8,521
EQUITY SHAREHOLDERS' FUNDS	20	<u>12,483</u>	<u>10,690</u>

COMPANY BALANCE SHEET
31 March 2004

	Note	2004 £'000	2003 (restated) £'000
FIXED ASSETS			
Tangible assets	8	495	194
Investments	9	819	817
		<u>1,314</u>	<u>1,011</u>
CURRENT ASSETS			
Stocks	10	160	2,051
Debtors	11	24,795	17,562
Cash at bank and in hand		10	8
		<u>24,965</u>	<u>19,621</u>
CREDITORS: amounts falling due within one year			
Bank loans and overdraft	12	(1,172)	(1,333)
Other creditors	12	(10,304)	(7,547)
		<u>(11,476)</u>	<u>(8,880)</u>
NET CURRENT ASSETS		<u>13,489</u>	<u>10,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,803</u>	<u>11,752</u>
CREDITORS: amounts falling due after more than one year			
Loan stock	13	(2,536)	(1,024)
Other creditors	13	-	(10)
		<u>(2,536)</u>	<u>(1,034)</u>
NET ASSETS		<u>12,267</u>	<u>10,718</u>
CAPITAL AND RESERVES			
Called up share capital	17	187	186
Own shares in ESOP trust		(119)	(11)
Share premium account	19	2,097	1,994
Profit and loss account	19	10,102	8,549
EQUITY SHAREHOLDERS' FUNDS	20	<u>12,267</u>	<u>10,718</u>

These financial statements were approved by the Board of Directors on 4 August 2004.

Signed on behalf of the Board of Directors


M Collins
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Net cash (outflow)/inflow from operating activities	23	(19,408)	7,636
Returns on investments and servicing of finance	23	(1,305)	(665)
Taxation		(1,623)	(913)
Capital expenditure	23	(387)	(59)
Acquisitions and disposals	23	198	422
Equity dividends paid		(1,444)	(1,273)
Net cash (outflow)/inflow before financing		(23,969)	5,148
Financing	23	22,893	(5,008)
(Decrease)/increase in cash in the year		<u>(1,076)</u>	<u>140</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

1. ACCOUNTING POLICIES

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

The following accounting policies are consistent with those used in previous years, except with regard to the Employee Share Ownership Plan. This change in policy to adopt UITF Abstract 38 "Accounting for ESOP trusts" is to comply with accounting best practice. The accounting policy for the Employee Share Ownership Plan is set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of Goldcrest Homes plc and all its subsidiary undertakings. No profit and loss account for Goldcrest Homes plc has been presented as permitted by Section 230 of the Companies Act 1985.

Turnover

Turnover comprises amounts receivable for properties sold and services provided in the normal course of business excluding value added tax.

Profit recognition

Developed units for sale are treated as sold and profits are recognised when unconditional contracts are exchanged and the building work is substantially complete. For other disposals profits are recognised when contracts are exchanged and the contract is unconditional on the date the accounts are signed.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	-	over term of lease
Fixtures, fittings and equipment	-	over 5 years
Computer equipment	-	over 4 years
Motor vehicles	-	over 4 years

Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts which result in the transfer of substantially all the risks and rewards of ownership are capitalised as tangible fixed assets at the estimated present value of underlying minimum lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract so as to produce a constant periodic rate of charge on the outstanding balance of the net

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

obligation in each period. Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

Employee Share Ownership Plan

The company's accounts include the Goldcrest Employee Share Ownership Plan. The directors consider that the company has control of the shares held by the trust and bears their benefits and risks. Shares held by the trust are shown as a deduction to shareholders' funds. In previous years the shares held by the ESOP trust were accounted for within other debtors. This was not strictly in accordance with accounting standards and accordingly the prior year balance sheet has been restated to reflect the financial position as if UITF38 was in place at 31 March 2003.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes cost of acquisition, construction costs, professional fees and directly attributable overhead expenditure but excludes interest.

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

In the company balance sheet, investments in subsidiaries are stated at cost less provision for impairment in value.

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	2004 £'000	2003 £'000
Depreciation: owned fixed assets	70	52
Depreciation: assets under finance leases	16	8
Operating lease rentals - motor vehicles	9	25
- land and buildings	122	34
Directors' emoluments		
- fees	37	25
- remuneration	795	498
Loss on disposal of fixed assets	-	12
Auditors' remuneration		
- audit services	27	22
- non-audit services	14	46
- non-audit services (paid to related company of the auditors)	15	-

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Number of employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2004	2003
Office and management	29	23

Employment costs (including directors)

	2004 £'000	2003 £'000
Wages and salaries	1,362	979
Social security costs	187	111
	<u>1,549</u>	<u>1,090</u>

The amounts in respect of the highest paid director are as follows:

	2004 £'000	2003 £'000
Emoluments	325	107

4. INTEREST PAYABLE

	2004 £'000	2003 £'000
On loans and overdrafts repayable:		
Within five years not repayable by instalments	1,219	379
Interest on loan stock	129	92
Other interest payable	5	50
	<u>1,353</u>	<u>521</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2004

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004	2003
	£'000	£'000
Current tax		
UK corporation tax	1,605	1,281
Adjustments in respect of prior years		
- UK corporation tax	(5)	(14)
Total current tax	1,600	1,267
Deferred tax		
Origination and reversal of timing differences	(76)	26
Total deferred tax (note 11)	(76)	26
Total tax on profit on ordinary activities	1,524	1,293

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2004	2003
	£'000	£'000
Group profit on ordinary activities before tax	5,176	4,335
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2003 30%)	1,553	1,300
Effects of:		
Expenses not deductible for tax purposes	42	8
Depreciation in excess capital allowances	1	(2)
Income subject to tax in a different period	-	(25)
Other timing differences	13	-
Effect of small companies rate	(4)	-
Adjustments to tax charge in respect of previous periods	(5)	(14)
Group current tax charge for the year	1,600	1,267

Deferred tax asset is recognised as follows:

	2004	2003
	£'000	£'000
Group		
Accelerated capital allowances	16	15
Income subject to tax in a different period	318	243
Deferred tax asset	334	258
Company		
Accelerated capital allowances	16	15
Deferred tax asset	16	15

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

6. DIVIDENDS

	2004	2003
	£'000	£'000
Ordinary shares:		
- Interim dividend paid of 7.25p (2003 – 6.84p) per share	673	635
- Second interim dividend declared of 10.00p (2003 – 8.31p) per share	933	771
	<u>1,606</u>	<u>1,406</u>

No final dividend is proposed.

7. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the attributable profit of £3,403,000 (2003: £2,926,000) by 9,262,000 (2003: 9,157,108) being the basic weighted average number of ordinary shares in issue during the year.

The diluted earnings per share has been calculated using the attributable profit of £3,403,000 (2003: £2,926,000) by 10,433,522 (2003: 9,980,385) calculated as follows:

	2004	2003
Weighted average number of shares	9,318,302	9,163,218
Less: own shares in the ESOP trust	<u>(56,302)</u>	<u>(6,110)</u>
Basic weighted average number of shares	9,262,000	9,157,108
Dilutive potential ordinary shares:		
Employee share options	<u>1,171,522</u>	<u>823,277</u>
	<u>10,433,522</u>	<u>9,980,385</u>
Basic earnings per share	£0.37	£0.32
Diluted earnings per share	£0.33	£0.30

NOTES TO THE ACCOUNTS
Year ended 31 March 2004

8. TANGIBLE FIXED ASSETS

Group	Leasehold improve- ments £'000	Fixtures, fittings, and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2003	40	115	247	86	488
Additions	314	14	39	20	387
Disposals	-	(16)	(15)	-	(31)
At 31 March 2004	354	113	271	106	844
Depreciation					
At 1 April 2003	24	82	152	36	294
Charge for the year	13	13	44	16	86
Disposals	-	(16)	(15)	-	(31)
At 31 March 2004	37	79	181	52	349
Net book value					
Owned assets	317	34	90	-	441
Leased assets	-	-	-	54	54
At 31 March 2004	317	34	90	54	495
Owned assets	16	33	95	-	144
Leased assets	-	-	-	50	50
At 31 March 2003	16	33	95	50	194

NOTES TO THE ACCOUNTS
Year ended 31 March 2004

8. TANGIBLE FIXED ASSETS (CONTINUED)

Company	Leasehold improve- ments £'000	Fixtures, fittings, and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2003	40	99	232	86	457
Additions	314	14	39	20	387
Disposals	-	-	-	-	-
At 31 March 2004	354	113	271	106	844
Depreciation					
At 1 April 2003	24	66	137	36	263
Charge for the year	13	13	44	16	86
Disposals	-	-	-	-	-
At 31 March 2004	37	79	181	52	349
Net book value					
Owned assets	317	34	90	-	441
Leased assets	-	-	-	54	54
At 31 March 2004	317	34	90	54	495
Owned assets	16	33	95	-	144
Leased assets	-	-	-	50	50
At 31 March 2003	16	33	95	50	194

9. FIXED ASSET INVESTMENTS

GROUP

Income from disposal of investments

During the year, income arose on the disposal of investments of £5,570,000 (2003 - £5,948,000).

On 31 March 2004, Goldcrest Homes (Effra) Limited issued £99,999 of £1 shares, of which the Group subscribed to £999 of voting shares. This resulted in the Group's equity interest in the company reducing from 100% to 1%. As noted in note 21 the balance of non-voting shares issued were subscribed for by a number of directors. The disposal of its 99% interest in Goldcrest Homes (Effra) Limited gave rise to a profit to the Group of £1,641,000 based upon the net assets at the date of disposal.

On 31 March 2004, Goldcrest Homes (Windmill) Limited issued £99,999 of £1 shares, of which the Group subscribed to £999 of voting shares. This resulted in the Group's equity interest in the company reducing from 100% to 1%. As noted in note 21 the balance of non-voting shares issued were subscribed for by a number of directors. The disposal of its 99% interest in Goldcrest Homes (Windmill) Limited gave rise to a profit to the Group of £3,929,000 based upon the net assets at the date of disposal.

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

9. FIXED ASSET INVESTMENTS (CONTINUED)

The principal subsidiaries are:

	Percentage holding	Issued ordinary share capital
Goldcrest Homes (Balham) Limited	100	£2
Goldcrest Homes (Princes Way) Limited	100	£2
Goldcrest Homes (Larkhall) Limited	100	£2
Goldcrest Homes (Britannia) Limited	1	£99,999
Goldcrest Homes (Heathfield) Limited	100	£1
Goldcrest Homes (The Downs) Limited	1	£100,000
Goldcrest Advertising and Design Limited	100	£2
Goldcrest Homes (Graham) Limited	43	£1,890,002
Goldcrest Homes (Graham Developments) Limited (i)	100	£1
Goldcrest Homes (Britannia Developments) Limited (iii)	100	£1
Goldcrest Homes (Downs Development) Limited (iv)	100	£1
Goldcrest Homes (Haringey Park) Limited	100	£1
Goldcrest Homes (Staines Road) Limited	100	£1
Goldcrest Homes (Construction) Limited (ii)	100	£2
Goldcrest Homes (Effra) Limited	1	£100,000
Goldcrest Homes (Portmore) Limited	100	£1
Goldcrest Homes (Windmill) Limited	1	£100,000
Goldcrest Homes (Effra Developments) Limited (v)	100	£1
Goldcrest Homes (Portesbery) Limited	100	£1
Goldcrest Homes (Colliers Wood) Limited	100	£1
Goldcrest Homes (Windmill Developments) Limited (vi)	100	£1

- (i) Wholly owned subsidiary of Goldcrest Homes (Graham) Limited.
- (ii) Wholly owned subsidiary of Goldcrest Homes (London) Limited.
- (iii) Wholly owned subsidiary of Goldcrest Homes (Britannia) Limited.
- (iv) Wholly owned subsidiary of Goldcrest Homes (The Downs) Limited.
- (v) Wholly owned subsidiary of Goldcrest Homes (Effra) Limited.
- (vi) Wholly owned subsidiary of Goldcrest Homes (Windmill) Limited.

All the above companies are incorporated in Great Britain and operate in the United Kingdom. All companies are involved in housebuilding and property development except Goldcrest Homes (London) Limited which is a holding company.

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

9. FIXED ASSET INVESTMENTS (CONTINUED)

COMPANY

Investments in subsidiary undertakings

	2004	2003
	£'000	£'000
Shares at cost in Goldcrest Homes (Graham) Limited	815	815
Shares at cost in Goldcrest Homes (Britannia) Limited	1	1
Shares at cost in Goldcrest Homes (The Downs) Limited	1	1
Shares at cost in Goldcrest Homes (Effra) Limited	1	-
Shares at cost in Goldcrest Homes (Windmill) Limited	1	-
Shares at cost in Goldcrest Property Limited	250	250
Provision for impairment in value	(250)	(250)
	<hr/>	<hr/>
Shares in subsidiary undertakings	819	817
	<hr/>	<hr/>

10. STOCKS

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Stock – land	20,413	14,472	-	870
Work in progress	8,147	2,641	160	1,181
	<hr/>	<hr/>	<hr/>	<hr/>
	28,560	17,113	160	2,051
	<hr/>	<hr/>	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£'000	(restated)	2004	(restated)
		£'000	£'000	£'000
Trade debtors	14,398	2,383	65	578
Amounts owed by Group undertakings	-	-	24,448	16,524
Deferred tax (note 5)	334	258	16	15
Corporation tax	-	-	11	-
Other debtors	1,119	656	120	243
Prepayments	138	206	135	202
	<hr/>	<hr/>	<hr/>	<hr/>
	15,989	3,503	24,795	17,562
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Obligations under finance leases	8	12	8	12
Bank loans (secured)	32,475	11,184	184	1,319
Bank overdraft (secured)	1,103	66	988	14
Trade creditors	148	345	-	97
Other creditors	130	91	17	1
Accruals and deferred income	3,235	199	282	33
Amounts owed to Group undertakings	-	-	8,991	6,581
Corporation tax	1,759	1,782	-	10
Other taxes and social security costs	1,204	48	73	42
Proposed dividend	933	771	933	771
	<u>40,995</u>	<u>14,498</u>	<u>11,476</u>	<u>8,880</u>

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

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Obligations under finance leases	-	10	-	10
Loan stock (unsecured)	2,536	1,024	2,536	1,024
	<u>2,536</u>	<u>1,034</u>	<u>2,536</u>	<u>1,034</u>

14. LOANS

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Bank loans				
Wholly repayable within one year	32,475	11,184	184	1,319
	<u>32,475</u>	<u>11,184</u>	<u>184</u>	<u>1,319</u>
Loan stock				
Wholly repayable within one year	-	-	-	-
Between two and five years	2,536	1,024	2,536	1,024
	<u>2,536</u>	<u>1,024</u>	<u>2,536</u>	<u>1,024</u>
Aggregate amounts repayable				
Within one year	32,475	11,184	184	1,319
Between two and five years	2,536	1,024	2,536	1,024
	<u>35,011</u>	<u>12,208</u>	<u>2,720</u>	<u>2,343</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

14. LOANS (CONTINUED)

Security

Bank loans and overdrafts are secured by a legal charge over the Group's stock of land for development and a floating charge over all other assets.

Loan Stock

£733,000 of the Loan Stock is repayable in June 2007, £291,000 repayable in September 2007, £1,509,000 repayable in December 2008 and £3,000 repayable in March 2009. Of the £2,536,000 outstanding at 31 March 2004, £1,465,000 is owed to directors and their spouses and dependants.

15. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Obligations under finance lease contracts				
Amounts payable:				
Within one year	8	12	8	12
Between one and two years	-	10	-	10
	<u>8</u>	<u>22</u>	<u>8</u>	<u>22</u>

16. COMMITMENTS UNDER OPERATING LEASES

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Annual commitments under non-cancellable operating leases are as follows:				
Land and buildings:				
Expiring in over five years	<u>122</u>	<u>-</u>	<u>122</u>	<u>-</u>

17. CALLED UP EQUITY SHARE CAPITAL

	2004	2003
	£	£
Authorised:		
50,000,000 (2003: 50,000,000) 2p ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid		
9,333,731 (2003: 9,280,221) 2p ordinary shares	<u>186,674</u>	<u>185,604</u>

During the year the company allotted 53,510 2p ordinary shares at £1.94 per share in order to finance the normal course of business, of which the following were allotted to directors or their spouses and dependants:

	Shares
Sir Peter Thompson	6,444
A Roake	644
G Maddrell	644

T Carvall disposed of 30,000 shares to the Employee Share Ownership Plan on 8 December 2003. He also disposed of 12,837 shares to M Collins and 12,838 shares to Sir Peter Thompson on 5 January 2004.

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

18. SHARE OPTIONS

Options have been granted under an Approved Executive Share Option Scheme and an Unapproved Executive Share Option Scheme to subscribe for Ordinary Shares of Goldcrest Homes plc as follows:

Scheme	No of options	Grant date	Subscription price per share	Exercise period
Approved scheme	14,250	October 1999	£1.40	In general options can be exercised if there has been a compound growth in EPS of 15% per annum but not earlier than 3 or later than 10 years after grant of option.
	19,350	April 2000	£1.40	
	12,500	August 2000	£1.40	
	9,406	April 2002	£1.80	
	23,926	September 2002	£1.80	
	15,463	February 2004	£1.94	
Unapproved scheme	41,075	October 1998	£0.70	
	536,066	April 2002	£1.80	
	111,593	September 2002	£1.80	
	381,762	April 2003	£1.80	
	15,464	December 2003	£1.94	
	87,629	February 2004	£1.94	

19. RESERVES

Group	Share premium account £'000	Profit and loss account £'000
At 1 April 2003	1,994	8,521
On issue of shares	103	-
Retained profit for the year	-	1,797
At 31 March 2004	2,097	10,318

Company	Share premium account £'000	Profit and loss account £'000
At 1 April 2003	1,994	8,549
On issue of shares	103	-
Retained profit for the year	-	1,553
At 31 March 2004	2,097	10,102

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

20. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2004	2003
	£'000	£'000
Profit for the financial year	3,403	2,926
Purchase of own shares in ESOP trust	(108)	-
Dividend paid on equity shares	(673)	(635)
Dividend payable on equity shares	(933)	(771)
New shares issued	104	427
	<hr/>	<hr/>
Net addition to shareholders' funds as previously stated	1,793	1,947
Prior year adjustment – own shares held in ESOP trust	-	(11)
	<hr/>	<hr/>
Net addition to shareholders' funds	1,793	1,936
Opening equity shareholders' funds	10,690	8,754
	<hr/>	<hr/>
Closing equity shareholders' funds	12,483	10,690
	<hr/>	<hr/>

21. RELATED PARTY TRANSACTIONS

On 30 March 2004 contracts were exchanged for the sale of freehold property at Haringey Park to Limerick and Cairo Limited, a company of which Michael Collins, Chief Executive, is the principal director and a 25% shareholder. The contracts were conditional upon planning permission being granted and this took place on 30 April 2004. The sale was on an arms length basis for £3million approved in a meeting of the Board of Directors with Michael Collins not taking part. The amount is included within trade debtors and has yet to be received. The gross profit from this transaction represents 22% of consolidated gross profit.

On 1 April 2003 the company entered into a 16 year lease with Michael Collins for its new offices at 3 Hurlingham Business Park. The annual rent amounts to £122,100.

On 31 March 2004 Goldcrest Homes (Effra) Limited and Goldcrest homes (Windmill) Limited then both wholly owned subsidiaries, issued 99,000 non-voting £1 shares each resulting in 99% ownership transferring to a minority interest including Michael Collins (the Chief Executive), Sir Peter Thompson (the non-Executive Chairman), Stephen Leach (the Finance Director), David Steer (the Development Director), Adam Roake (the Planning & Design Director) and Oona Collins and Sally Collins (both non-Executive Directors). The investment was offered to all shareholders on 31 March 2004. 97% of the cash for these transaction had been received by 30 June 2004.

Details of other transactions with related parties are given in Notes 17 and 14.

22. CONTINGENT LIABILITIES

The company is party to a cross-guarantee and debenture for the bank borrowings of its subsidiary companies. At 31 March 2004 the borrowings of these companies totalled £32,291,567.

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

23. NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

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

	2004	2003
	£'000	£'000
Operating profit/(loss)	911	(1,175)
Depreciation	86	60
Loss on disposal of fixed asset	-	12
(Increase) in stock	(11,921)	(8,065)
(Increase)/decrease in debtors	(12,518)	19,216
Increase/(decrease) in creditors	4,034	(2,412)
	<u>(19,408)</u>	<u>7,636</u>

Returns on investment and servicing of finance

	2004	2003
	£'000	£'000
Interest received	48	83
Loan interest paid	(1,348)	(740)
Finance lease interest paid	(5)	(8)
	<u>(1,305)</u>	<u>(665)</u>

Capital Expenditure

	2004	2003
	£'000	£'000
Purchase of tangible fixed assets	(387)	(69)
Sales of tangible fixed assets	-	10
	<u>(387)</u>	<u>(59)</u>

Acquisitions and disposals

	2004	2003
	£'000	£'000
Sale of shares in subsidiary undertakings	198	422

Financing

	2004	2003
	£'000	£'000
Issue of ordinary share capital	104	427
Increase/(decrease) in short term borrowings	21,291	(6,428)
Increase in loan stock	1,512	1,024
Capital element of finance lease rental payments	(14)	(31)
	<u>22,893</u>	<u>(5,008)</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

24. ANALYSIS AND RECONCILIATION OF NET DEBT

	1 April 2003 £'000	Cashflow £'000	31 March 2004 £'000
Cash at bank and in hand	62	(39)	23
Overdrafts	(66)	(1,037)	(1,103)
		(1,076)	
Debt due after 1 year	(1,024)	(1,512)	(2,536)
Debt due within 1 year	(11,184)	(21,291)	(32,475)
Finance leases	(22)	14	(8)
Net debt	<u>(12,234)</u>	<u>(23,865)</u>	<u>(36,099)</u>
		2004 £'000	2003 £'000
(Decrease)/increase in cash in the year		(1,076)	140
Cash inflow from debt and lease financing		(22,789)	5,435
Movement in net debt in the year		(23,865)	5,575
Net debt at 1 April 2003		(12,234)	(17,809)
Net debt at 31 March 2004		<u>(36,099)</u>	<u>(12,234)</u>