

**Capitol Homes Limited**

**Directors' report and financial  
statements**

**Registered number 2688127**

**31 December 2004**



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## Directors' report

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

### Principal activities

The principal activity of the group is property development.

### Business review

The directors consider the results for the year to be satisfactory.

### Directors and directors' interests

The directors who held office during the year were as follows:

M Croxen  
C Salkeld

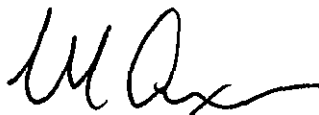
None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or other group undertakings.

The interests of those directors who are directors of the company's parent undertaking, Sterling Capitol Group Limited, are disclosed in the accounts of that company.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for re-appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Martin Croxen LLB FCA  
Director

Sterling House  
Topcliffe Close  
Capitol Park East  
Tingley  
Leeds  
WF3 1DR

20 May 2005

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Neville Street  
Leeds  
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## **Report of the independent auditors to the members of Capitol Homes Limited**

We have audited the financial statements on pages 4 to 8.

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 auditor's 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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

20 May 2005

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Turnover</b>		-	51,411
<b>Cost of sales</b>		-	(37,168)
		<hr/>	<hr/>
<b>Gross profit</b>		-	14,243
Administrative expenses		-	(39)
Other income		10	-
		<hr/>	<hr/>
<b>Operating profit</b>		10	14,204
Interest payable	2	-	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	10	14,204
Tax on profit on ordinary activities	4	-	(2,699)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		10	11,505
		<hr/>	<hr/>

All of the company's activities are continuing.

The company has no recognised gains or losses other than the results disclosed above. Accordingly a statement of total recognised gains and losses has not been prepared.

There is no difference between the profit on ordinary activities before taxation and the results for the year stated above, and their historical cost equivalents.

**Balance sheet**  
*as at 31 December 2004*

	<i>Note</i>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
<b>Creditors: amounts falling due within one year</b>	<b>5</b>	<b>(669,229)</b>	<b>(669,239)</b>
<b>Net liabilities</b>		<b>(669,229)</b>	<b>(669,239)</b>
<b>Capital and reserves</b>			
Called up share capital	6	100	100
Profit and loss account	7	(669,329)	(669,339)
<b>Equity shareholders' deficit</b>	<b>8</b>	<b>(669,229)</b>	<b>(669,239)</b>

These financial statements were approved by the board of directors on 20 May 2005 and were signed on its behalf by:



**Martin Croxen LLB FCA**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

At 31 December 2004, the company's liabilities exceeded its assets. However, the directors have prepared the accounts on the going concern basis of accounting in view of an undertaking by the company's ultimate parent undertaking to continue to provide financial support to the company to enable it to meet its debts as they fall due.

#### *Cash flow statement*

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

#### *Turnover*

Turnover represents the value of legally completed property sales net of related taxes.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

Where the directors consider developments to be substantial with practical completion expected after more than one year from commencement and have been financed by specific identifiable borrowings, the cost of those developments includes interest attributable up to the point of practical completion.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Interest payable

	2004 £	2003 £
Bank interest	-	-
	<hr/>	<hr/>

### 3 Profit on ordinary activities before taxation

	2004 £	2003 £
Staff costs	-	-
Auditors' remuneration	-	-
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Auditors' remuneration and staff costs were borne by the company's intermediate parent undertaking Sterling Capitol plc.



## Notes (continued)

### 4 Taxation

Analysis of tax charge for the year:	2004 £	2003 £
<b>Current tax</b>		
UK corporation tax on profit of the year	-	2,699
<b>Total current tax</b>	-	2,699
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	-	-
<b>Tax on loss on ordinary activities</b>	-	2,699
Factors affecting tax charge for the year:	2004 £	2003 £
Profit on ordinary activities before tax	10	14,204
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	3	4,261
Effects of:		
Other timing differences	-	-
Group relief surrendered not paid	-	-
Marginal relief	3	(1,562)
<b>Current tax charge for the year</b>	-	2,699

Factors that may affect future tax charges:

No provision has been made for deferred tax on losses, as they are not expected to crystallise.

### 5 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to ultimate undertaking	669,229	666,540
Corporation tax	-	2,699
	669,229	669,239

### 6 Called up equity share capital

	2004 £	2003 £
<b>Authorised</b>		
100 ordinary share of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 ordinary share of £1 each	100	100

## Notes (continued)

### 7 Reserves

	Profit and loss account £
At 1 January 2004	(669,339)
Profit for the year	10
	<hr/>
At 31 December 2004	(669,329)
	<hr/>

### 8 Movement in equity shareholders' deficit

The movement in equity shareholders' deficit during the year may be summarised as follows:

	2004 £	2003 £
Profit for the year	10	11,505
	<hr/>	<hr/>
Net increase in equity shareholders' deficit	10	11,505
Opening shareholders' deficit	(669,239)	(680,744)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(669,229)	(669,239)
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### 9 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard No. 8 as a wholly owned subsidiary and has not disclosed transactions with companies that are part of the Sterling Capitol Group Limited group.

During the year Yorkshire Financial Management Limited provided accounting services to the company and other related companies with a total value of £23,760 (2003: £23,340). C Salkeld was a director of this company throughout the period.

### 10 Ultimate parent company

The company's immediate parent undertaking is Sterling Capitol plc, a company registered in England and Wales which is the parent undertaking at the smallest group to consolidate their financial statements.

The ultimate parent undertaking and controlling party is Sterling Capitol Group Limited, which is the parent undertaking of the largest group to consolidate these financial statements. Group accounts have been prepared by this company and will be available from Companies House.