

Capitol Homes Limited  
Directors' report and accounts  
for the year ended 31 December 2000

Registered Number 2688127



# Capitol Homes Limited

## Financial statements

for the year ended 31 December 2000

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# Capitol Homes Limited

## Directors' report for the year ended 31 December 2000

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 2000.

### Principal activity and business review

The principal activity of the group is property development.

The directors expect the company's level of activity to increase during the coming year and are satisfied that the increased level of activity envisaged will eliminate the accumulated deficit and restore the company's asset base.

### Results and dividends

The company's results are as follows:

	2000	1999
	£	£
Accumulated deficit, beginning of year	(418,538)	(388,777)
Loss for the financial year	(69,566)	(29,761)
Accumulated deficit, end of year	(488,104)	(418,538)

### Directors and their interests

The directors who served during the period are as follows:

RS Murray (resigned 31 March 2000)

M Croxen

CJ Dalzell (appointed 31 March 2000, resigned 27 April 2001)

ML Armstrong (appointed 27 April 2001)

None of the directors have any interests required to be disclosed under Section 234 of the Companies Act 1985.

The interests of the directors in the share capital of the ultimate parent undertaking, Sterling Capitol PLC, are disclosed in that company's accounts.

# Capitol Homes Limited

## Directors' responsibilities

Company law requires the directors to prepare accounts 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 of the company for that year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the accounts 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.

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**By order of the Board**



M Croxen  
Secretary

24 July 2001

# Capitol Homes Limited

## Auditors' report to the members of Capitol Homes Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2 of the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### 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 at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
24 July 2001

# Capitol Homes Limited

## Profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	1	150,449	205,900
Cost of sales		(219,555)	(235,265)
Gross loss		(69,106)	(29,365)
Administrative expenses		(460)	(231)
Operating loss		(69,566)	(29,596)
Interest receivable		-	-
Interest payable	2	-	(165)
Loss on ordinary activities before and after taxation	3	(69,566)	(29,761)
Tax on profit on ordinary activities	4	-	-
Loss for the financial year		(69,566)	(29,761)
Accumulated deficit, beginning of year		(418,538)	(388,777)
Accumulated deficit, end of year		(488,104)	(418,538)

Turnover and operating profit are derived from continuing operations.

There were no recognised gains or losses other than the loss for the financial year.

The accompanying notes are an integral part of this profit and loss account.

# Capitol Homes Limited

## Balance sheet as at 31 December 2000

	Note	2000 £	1999 £
<b>Current assets</b>			
Stocks	5	326,694	527,998
		326,694	527,998
<b>Creditors: amounts falling due within one year</b>	6	(814,698)	(946,436)
<b>Net current liabilities</b>		(488,004)	(418,438)
<b>Capital and reserves</b>			
Called up share capital	7	100	100
Profit and loss account	9	(488,104)	(418,538)
<b>Equity shareholders' deficit</b>		(488,004)	(418,438)

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 4 to 9 were approved by the board of directors on 24 July 2001 and were signed on its behalf by:



M Croxen  
Director

# Capitol Homes Limited

## Accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the year is set out below:

### **Basis of accounting**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not prepared a cash flow statement, as permitted by Financial Reporting Standard Number 1, because its parent company, Sterling Capitol PLC has produced a consolidated cash flow statement including the cash flows of the company.

As at the year end the company had net liabilities of £488,004 (1999: £418,438). However, the directors have prepared the accounts on the going concern basis because an undertaking has been received from the company's parent undertaking, Sterling Capitol PLC, to continue to provide financial support to the company to enable it to meet its debts as they fall due for the foreseeable future.

### **Stock**

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 to those borrowings up to the point of practical completion.

### **Turnover**

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



# Capitol Homes Limited

## Notes to the financial statements for the year ended 31 December 2000

### 1 Segment information

All of the company's turnover and operating profit before interest are derived from its principal activity in the United Kingdom.

### 2 Interest payable

Interest payable comprises:

	2000	1999
	£	£
Bank interest	-	165

### 3 Loss on ordinary activities before taxation

	2000	1999
	£	£
Staff costs	-	-
Auditors' remuneration	-	-

Auditor's remuneration and staff costs were borne by the company's ultimate parent undertaking Sterling Capitol PLC.

The average monthly number of persons (including directors) employed by the company was 2 (1999: 2). None of the directors received any emoluments for their services to the company.

### 4 Tax on loss on ordinary activities

Tax on profit on ordinary activities comprises UK corporation tax of £Nil (1999: £Nil).

In the directors' opinion no provision is required for deferred taxation.

# Capitol Homes Limited

## 5 Stocks

The net book value of stocks comprises:

	2000	1999
	£	£
Properties held for development	326,694	527,998

## 6 Creditors - Amounts falling due within one year

	2000	1999
	£	£
Amounts due to ultimate parent undertaking	814,697	946,434
Corporation tax	1	2
	814,698	946,436

## 7 Called up share capital

	2000	1999
	£	£
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100

# Capitol Homes Limited

## 8 Movement in equity shareholders' funds

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

	2000 £	1999 £
Loss for the financial year	(69,566)	(29,761)
Net reduction in equity shareholders' deficit	(69,566)	(29,761)
Opening equity shareholders' deficit	(418,438)	(388,677)
Closing equity shareholders' deficit	(488,004)	(418,438)

## 9 Reserves

The company's reserve comprises its profit and loss account which cannot be distributed.

## 10 Ultimate parent company

The company's ultimate parent company is Sterling Capitol PLC, a company registered in England and Wales. Group accounts have been prepared by this company and are not normally available to the public.

Transactions with other companies within the Sterling Capitol Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related Party Disclosures".