

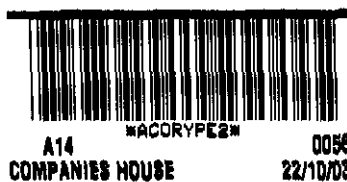
Office

ROXYLIGHT HOMES LIMITED

**CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2002



Company no: 2938389

ROXYLIGHT HOMES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

Company registration number: 2938389

Registered office: The Clock House
Frogmoor
HIGH WYCOMBE
Buckinghamshire
HP13 5DL

Directors: J L Miller
D C L Miller

Secretary: A Lakhani

Bankers: National Westminster Bank plc
Abbey Gardens
4 Abbey Street
READING
Berkshire
RG1 3BA

Solicitors: Jeffrey Green Russell
Apollo House
56 New Bond Street
LONDON
W1Y 0SX

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
1 Westminster Way
OXFORD
Oxfordshire
OX2 0PZ

ROXYLIGHT HOMES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

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ROXYLIGHT HOMES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report together with financial statements for the year ended 31 December 2002.

Principal activity

The group is principally engaged in one activity, namely building and estate management.

Business review

The group's profit for the year was £1,543,000 (2001: loss £257,000). Preference dividends amounted to £50,000 (2001: £50,000 preference dividends). Unpaid preference dividends have been added back in reserves.

Directors

The present membership of the Board is J L Miller and D C L Miller, both of whom served throughout the year.

The directors and their families had no interest in the shares of the company as at 31 December 2002 and 1 January 2002.

The interests of the directors in the ultimate parent undertaking is shown in the financial statements of that company.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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 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, 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, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A Lakhani
Secretary

7 October 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**ROXYLIGHT HOMES LIMITED**

We have audited the financial statements of RoxyLight Homes Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

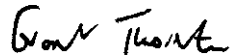
Basis of opinion

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 group'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 affairs of the company and the group at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD
21 October 2003

ROXYLIGHT HOMES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards up to and including FRS 19, and under the historical costs convention, except that a freehold property is shown at its revalued amount.

The principal accounting policies of the group have remained unchanged from the previous year, except for FRS 19, and are set out below. There has been no material effect resulting from this change.

BASIS OF CONSOLIDATION

These group financial statements consolidate those of the company and of its subsidiary undertakings (see note 8) drawn up to 31 December 2002. The results of subsidiaries acquired or disposed of during the year have been included from the date of acquisition or to the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities, which exist at the date of acquisition, are recorded at their fair values reflecting their condition at that time.

JOINT VENTURES

The group financial statements incorporate joint ventures under the equity method of accounting. The company balance sheet shows the investment in the joint venture at cost.

TURNOVER

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for the sale of houses and land.

Sales of houses are recognised when a legally binding unconditional contract has been exchanged and construction is substantially complete.

DEPRECIATION

Land and buildings are stated at valuation and all other tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives.

The rates applicable are:

Freehold buildings	50 years
Leasehold improvements	period of the lease
Plant and equipment	3 – 5 years

STOCKS AND WORK IN PROGRESS

Land and developments held as trading stock are valued on the basis of direct costs plus attributable overheads, including attributable finance costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stocks.

ROXYLIGHT HOMES LIMITED

PRINCIPAL ACCOUNTING POLICIES

DEFINED CONTRIBUTION PENSION SCHEME

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

GOODWILL

Goodwill arising from the acquisition of subsidiary undertakings, representing the difference between the purchase consideration and fair value of net assets acquired, has, for acquisitions made after 31 December 1997, been capitalised in accordance with the requirements of Financial Reporting Standard number 10 (FRS 10).

Goodwill is amortised on a straight-line basis over its estimated useful economic life. Purchased goodwill accounted for in accounting periods ending before 23 December 1998, the implementation date of FRS 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

ROXYLIGHT HOMES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Continuing operations		2002 £'000	2001 £'000
		Ongoing 2002 £'000	Acquisitions 2002 £'000		
Turnover	1	17,310	2,050	19,360	18,621
Cost of sales		<u>(14,801)</u>	<u>(990)</u>	<u>(15,791)</u>	<u>(16,225)</u>
Gross profit		2,509	1,060	3,569	2,396
Administrative expenses		(1,786)	-	(1,786)	(2,258)
Other operating income		<u>75</u>	<u>91</u>	<u>166</u>	<u>-</u>
Operating profit		<u>798</u>	<u>1,151</u>	<u>1,949</u>	138
Net interest payable	2			<u>(385)</u>	<u>(862)</u>
Profit/(loss) on ordinary activities before taxation	1			1,564	(724)
Tax on ordinary activities	4			<u>(21)</u>	<u>467</u>
Profit/(loss) on ordinary activities after taxation				1,543	(257)
Dividends	5			<u>(50)</u>	<u>(50)</u>
Retained profit/(loss) for the year transferred to/(from) reserves	14			<u>1,493</u>	<u>(307)</u>

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

The accompanying accounting policies and notes form an integral part of these financial statements.

ROXYLIGHT HOMES LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

	Note	£'000	2002 £'000	£'000	2001 £'000
Fixed assets					
Tangible assets	7		1,558		1,598
Investments	8		<u>10</u>		<u>10</u>
			1,568		1,608
Current assets					
Stock	9	10,761		10,340	
Debtors	10	5,708		4,317	
Cash at bank and in hand		<u>435</u>		<u>28</u>	
		16,904		14,685	
Creditors: amounts falling due within one year	11	<u>(11,546)</u>		<u>(10,908)</u>	
Net current assets			<u>5,358</u>		<u>3,777</u>
Total assets less current liabilities			6,926		5,385
Creditors: amounts falling due after more than one year	12		<u>(1,900)</u>		<u>(1,902)</u>
Net assets			<u>5,026</u>		<u>3,483</u>
Capital and reserves					
Called up share capital	13		500		500
Profit and loss account	14		1,743		200
Capital reserve	14		2,196		2,196
Revaluation reserve	14		<u>587</u>		<u>587</u>
			<u>5,026</u>		<u>3,483</u>
Equity shareholders' funds			4,267		2,774
Non-equity interests			<u>759</u>		<u>709</u>
			<u>5,026</u>		<u>3,483</u>

The financial statements were approved by the Board of Directors on 7 October 2003

D C L Miller

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

ROXYLIGHT HOMES LIMITED

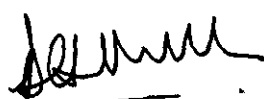
BALANCE SHEET AT 31 DECEMBER 2002

	Note	£'000	2002 £'000	£'000	2001 £'000
Fixed assets					
Investments	8		1,626		1,626
Current assets					
Debtors	10	250		251	
Cash at bank and in hand		3		6	
		<u>253</u>		<u>257</u>	
Creditors: amounts falling due within one year	11	<u>(1,773)</u>		<u>(1,777)</u>	
Net current liabilities			<u>(1,520)</u>		<u>(1,520)</u>
Total assets less current liabilities			<u>106</u>		<u>106</u>
Net assets			<u>106</u>		<u>106</u>
Capital and reserves					
Called up share capital	13		500		500
Profit and loss account	14		<u>(394)</u>		<u>(394)</u>
Shareholders' funds			<u>106</u>		<u>106</u>
Equity shareholders' funds			<u>(653)</u>		<u>(603)</u>
Non-equity interests			<u>759</u>		<u>709</u>
			<u>106</u>		<u>106</u>

The financial statements were approved by the Board of Directors on 7 October 2003

D C L Miller

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

ROXYLIGHT HOMES LIMITED**CONSOLIDATED CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £'000	2001 £'000
Net cash inflow from operating activities	16	982	3,204
Returns on investments and servicing of finance			
Interest received		1	2
Interest paid		(386)	(864)
Income from investments		-	7
Net cash outflow from returns on investments and servicing of finance		(385)	(855)
Taxation			
Corporation tax received/(paid)		321	(42)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(44)	(19)
Sale of tangible fixed assets		-	5
Net cash inflow from capital expenditure and financial investment		(44)	(14)
Acquisitions and disposals			
Purchase of investments		-	(5)
Net cash outflow from acquisitions and disposals		-	(5)
Financing			
Receipts from borrowings		-	671
Repayments of borrowings		(2)	(3,578)
Capital element of finance leases		-	(21)
Net cash outflow from financing		(2)	(2,928)
Increase/(decrease) in cash in the period	17	872	(640)

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit/(loss) on ordinary activities before taxation is attributable to one activity, namely building and estate management. This is carried on in a single geographical market.

The profit/(loss) on ordinary activities before taxation is stated after:

	2002 £'000	2001 £'000
Auditors' remuneration:		
Audit services	44	30
Non-audit services	15	29
Depreciation – owned assets	82	84
Hire of plant and machinery	98	103
Other operating lease rentals	-	110
Loss on sale of fixed assets	2	-

2. NET INTEREST

	2002 £'000	2001 £'000
On bank loans, overdrafts and other loans repayable within five years, otherwise than by instalments.	386	864
Interest receivable	(1)	(2)
	<u>385</u>	<u>862</u>

3. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £'000	2001 £'000
Wages and salaries	1,183	1,484
Social security costs	106	135
Other pension costs	40	55
	<u>1,329</u>	<u>1,674</u>

The average number of employees of the group during the period was 26 (2001: 41).

Remuneration in respect of directors was as follows:

	2002 £'000	2001 £'000
Emoluments	<u>20</u>	<u>20</u>

No directors participated in the money purchase scheme during the year (2001: Nil).

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

4. TAXATION

The tax credit is based on the profit/(loss) for the year and represents:

	2002 £'000	2001 £'000
Corporation tax at 30% (2001: 30%)	21	(250)
Adjustments in respect of prior year:	-	(217)
	<u>21</u>	<u>(467)</u>

Factors affecting tax charge for the period:

The tax assessed on the group is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%).

	2002 £'000	2001 £'000
Profit/(loss) on ordinary activities before tax	<u>1,674</u>	<u>(724)</u>
Profit/(loss) on ordinary activities by rate of tax	502	(217)
Utilisation of losses	(558)	(15)
Expenses disallowed	127	31
Other	(50)	(49)
Adjustment in respect of prior year	-	(217)
	<u>21</u>	<u>(467)</u>

The group has tax losses available, which can be offset against future taxable profits. A deferred tax asset has not been recognised due to the uncertainties surrounding the timing of reversals.

5. DIVIDENDS

	2002 £'000	2001 £'000
Preference dividend of 10p per share (2001: 10p)	<u>50</u>	<u>50</u>

6. PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year amounted to £nil (2001: loss £39,000).

ROXYLIGHT HOMES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2002****7. TANGIBLE FIXED ASSETS**

The Group	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2002	1,550	381	1,931
Additions	-	44	44
Disposals	-	(6)	(6)
At 31 December 2002	<u>1,550</u>	<u>419</u>	<u>1,969</u>
Depreciation			
At 1 January 2002	55	278	333
Provided in the year	20	62	82
Disposals	-	(4)	(4)
At 31 December 2002	<u>75</u>	<u>336</u>	<u>411</u>
Net book amount at 31 December 2002	<u>1,475</u>	<u>83</u>	<u>1,558</u>
Net book amount at 31 December 2001	<u>1,495</u>	<u>103</u>	<u>1,598</u>

The figures stated above for cost of valuation include a valuation as follows:

	Land and buildings £'000
At cost	969
At valuation (March 1999)	<u>581</u>
	<u>1,550</u>

The land and buildings were revalued in March 1999 by the directors. The basis of this valuation was open market value with the surplus being transferred to reserves.

The effect of the revaluation has been to increase the depreciation charge for the year by £17,000 (2001: £17,000).

No provision has been made for deferred taxation in respect of the estimated corporation taxation payable on disposal at this valuation, because, in the opinion of the directors, this asset is unlikely to be disposed of in the foreseeable future.

If land and buildings had not been revalued, it would have been included on the historical basis at the following amounts:

	Land and buildings £'000
At cost	969
Accumulated depreciation	<u>(15)</u>
Net book amount at 31 December 2002	<u>954</u>
Net book amount at 31 December 2001	<u>957</u>

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

8. FIXED ASSETS INVESTMENTS

The Group	Investment in joint venture £'000
Net book value at 31 December 2001 and 31 December 2002	<u>10</u>

The joint venture in which the group had an interest is Saxon VCT Limited, of which the group holds 50%.

Company	Shares in group undertakings £'000
Cost	
At 1 January 2002 and 31 December 2002	<u>1,626</u>

At 31 December 2002 the group or the company held 20% or more of the nominal value of any class of share capital, all of which were incorporated in England and Wales, details as follows:

	Class of share capital held	Proportion held	Nature of business held
Held by Roxylight Homes Limited:			
Saxon Developments Limited	Ordinary	100%	
Zaburn Properties Limited	Ordinary	100%	
Held by Saxon Developments Limited:			
Roxylight Midland Limited	Ordinary	100%	Investment company
Roxylight Properties Limited (held by Roxylight Midland Limited and Saxon Developments Limited)	Ordinary 'A' and 'B'	100%	Property development
Edmond Properties Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development
Saxon Bond Urban Limited	Ordinary	100%	Investment company
Saxon Bond Urban One Limited (held by Saxon Bond Urban Limited)	Ordinary	50%	Property development
Saxon Bond Urban Two Limited (held by Saxon Bond Urban Limited)	Ordinary	100%	Property development
Saxon Bond Urban Three Limited (held by Saxon Bond Urban Limited)	Ordinary	100%	Property development

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	Class of share capital held	Proportion held	Nature of business held
Saxon Bond Urban Four Limited (held by Saxon Bond Urban Limited)	Ordinary	100%	Property development
Saxon Bond Urban Five Limited (held by Saxon Bond Urban Limited)	Ordinary	100%	Property development
Edmond Homes Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development
Sunguard Homes Limited (held by Roxylight Properties Limited)	Ordinary	100%	Property development
Sneinton Space Management Limited (held by Roxylight Properties Limited)	Ordinary 'A' and 'B' Deferred	100%	Property management
Tower Gate Homes Limited	Ordinary	100%	Property development
Saxon VCT Limited (held by Tower Gate Homes Limited and Saxon Developments Limited)	Ordinary	50%	Property development

There are further companies all of which are wholly owned, dormant and registered in England and Wales.

9. STOCKS

	2002 £'000	2001 £'000
Land and developments held as trading stock	<u>10,761</u>	<u>10,340</u>

10. DEBTORS

	The Group		The Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade debtors	590	2,442	-	-
Amounts owed from group undertakings	-	-	250	251
Amounts owed from related parties	3,237	1,132	-	-
Amounts owed by parent undertaking	1,002	460	-	-
Other debtors	846	265	-	-
Prepayments and accrued income	33	18	-	-
	<u>5,708</u>	<u>4,317</u>	<u>250</u>	<u>251</u>

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	7,401	7,866	-	-
Trade creditors	294	1,393	-	2
Retentions	466	617	-	-
Amounts owed to related parties	1,250	15	-	-
Amounts owed to group undertakings	-	-	1,773	1,769
Corporation tax	664	322	-	-
Social security and other taxes	236	145	-	-
Accruals and deferred income	941	550	-	6
Other creditors	294	-	-	-
	<u>11,546</u>	<u>10,908</u>	<u>1,773</u>	<u>1,777</u>

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

	The Group	
	2002	2001
	£'000	£'000
Bank loans	1,650	1,652
Amounts owed to related parties	250	250
	<u>1,900</u>	<u>1,902</u>

Borrowings are repayable as follows:

	The Group	
	2002	2001
	£'000	£'000
Within one year		
Bank and other borrowings	7,401	7,866
After two and within five years		
Amounts owed to related parties	250	250
After five years		
Bank and other borrowings	1,650	1,652
	<u>9,301</u>	<u>9,768</u>

The bank loans and overdrafts are secured by fixed and floating charges over all the group's assets and by first legal mortgages over certain land held in stock by the group.

ROXYLIGHT HOMES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

13. SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted, called up and fully paid		
550 'A' ordinary shares of £1 each and 450 'B' ordinary shares of £1 each	1	1
499,450 cumulative redeemable preference shares of £1 each	499	499
	<u>500</u>	<u>500</u>

PREFERENCE SHARES

The preference shares are non-equity shares which carry an entitlement to a fixed cumulative dividend at the rate of 10% (gross) per annum in priority to any payment of dividends to ordinary shareholders. Holders of preference shares have no voting rights. Preference shareholders have the right on a winding-up to receive, in priority to any other class of shares, an amount equal to the par value per share together with any arrears of dividends.

Total arrears of cumulative preference dividends as at 31 December 2002 were £260,000 (2001: £210,000).

ORDINARY SHARES

The ordinary shares rank pari-passu in all respects. However, where holders of a class of shares are not present at a meeting the voting rights of other holders of the same class of shares shall be increased pro rata as though all the holders were present. The holders of each class of shares may appoint a maximum of two directors who cannot be removed from office by the holders of the other class of shares.

14. RESERVES

The Group	Revaluation reserve £'000	Capital reserve £'000	Profit and loss account £'000
At 1 January 2002	587	2,196	200
Retained profit for the year	-	-	1,493
Unpaid preference dividend	-	-	50
	<u>587</u>	<u>2,196</u>	<u>1,743</u>
At 31 December 2002			

The Company	Profit and loss account £'000
At 1 January 2002	(394)
Retained loss	(50)
Unpaid preference dividend	50
	<u>(394)</u>
At 31 December 2002	

ROXYLIGHT HOMES LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2002****15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002 £'000	2001 £'000
Profit/(loss) for the financial year	1,543	(257)
Dividends	(50)	(50)
Unpaid preference dividend	50	50
Net increase/(decrease) in shareholders' funds	1,543	(257)
Shareholders' funds at 1 January 2002	3,483	3,740
Shareholders' funds at 31 December 2002	5,026	3,483

16. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £'000	2001 £'000
Operating profit	1,949	138
Depreciation	82	84
(Increase)/decrease in stock	(421)	2,407
(Increase)/decrease in debtors	(1,391)	1,511
Increase/(decrease) in creditors	761	(936)
Loss on sale of fixed assets	2	-
Net cash inflow from operating activities	982	3,204

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002 £'000	2001 £'000
Increase/(decrease) in cash in the year	872	(640)
Cash outflow from financing	2	2,907
Cash outflow from finance leases in the year	-	21
Movement in net debt in the year	874	2,288
Net debt at 1 January 2002	(9,490)	(11,778)
Net debt at 31 December 2002	(8,616)	(9,490)

ROXYLIGHT HOMES LIMITED

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18. ANALYSIS OF CHANGES IN NET DEBT

The Group	At 1 January 2002 £'000	Cash flow £'000	At 31 December 2002 £'000
Cash in hand at bank	28	407	435
Overdraft	(7,866)	465	(7,401)
	(7,838)	872	(6,966)
Debt	(1,652)	2	(1,650)
	(9,490)	874	(8,616)

19. CAPITAL COMMITMENTS

Neither the group or the company had any capital commitments at 31 December 2002 or 31 December 2001.

20. CONTINGENT LIABILITIES

The company is party to a multilateral guarantee in respect of its bank borrowings and those of its group undertakings.

The group had no contingent liabilities at 31 December 2002 and 31 December 2001.

21. LEASING COMMITMENTS

The group has operating lease commitments amounting to £73,000 (2001: £243,000).

The leases to which these payments relate expire as follows:

	2002 Other £'000	2001 Other £'000
In one year or less	10	7
Between one and five years	63	91
	73	98

22. PENSIONS

Defined Contribution Schemes

Saxon Developments Limited operates a defined contribution pension scheme for the benefit of its employees. Edmond Holdings Limited operates two defined contribution pension schemes for the benefit of its employees. The assets of the schemes are administered by trustees in funds independent from those companies.

ROXYLIGHT HOMES LIMITED

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23. ULTIMATE PARENT UNDERTAKING

The ultimate parent company and controlling related party of Roxylight Homes Limited is Doverline Limited, a company registered in England and Wales.

24. RELATED PARTY TRANSACTIONS

During the year the company and the group entered into the following transactions with related parties:

Related party	Nature of transaction	Income/ (expenditure) £'000	2002 debtor/(creditor) £'000	2001 debtor/(creditor) £'000
Doverline Limited	Loan + loan waiver	110	1,002	-
Roxylight Group Services Limited	Management fee	(240)	618	454
	Rent	33	-	-
	Salaries recharged	39	-	-
	Loan	115	(64)	-
	Loan	-	110	-
Leongreen Limited	Counter Indemnity	250	350	100
Galleondeal Limited	Management fee	-	-	70
Roxylight Limited	Loan	-	1,197	-
	Loan	-	180	-
	Rent charges	-	-	228
Law Mining Limited	Loan	369	469	100
Swan Court Property Limited	Loan	-	(250)	(250)
	Loan	-	180	178
R O'Rourke & Son Limited	Loan	-	(1,000)	-
Bond Group plc	Costs paid on its behalf	-	21	-
R Chalcraft	Loan	-	(151)	-
Sneinton Market Development Limited	Loan	-	25	-
	Loan	-	(5)	-
Bond Project Services Limited	Management services	(30)	-	-
Bond Homes (Salford) Limited	Costs paid on its behalf	-	(11)	-
Stone Market Limited	Loan	-	66	-
Saxon VCT Limited	Developers fee	11	7	13

As a wholly owned subsidiary of Roxylight Homes Limited, the company is exempt from the requirements of FRS 8, to disclose transactions with other members of the group.