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St Mark Homes Capital Plc

Report and Financial Statements

Year Ended

30 September 2001



BDO Stoy Hayward
Chartered Accountants

St Mark Homes Capital Plc

Annual report and financial statements for the year ended 30 September 2001

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Directors

Bernard J Tansey
Sean Ryan
Michael Chicken
William Gair

Secretary and registered office

Barry B Tansey, 109 Wembley Hill Road, Wembley, Middlesex, HA9 8OA

Company number

3515570

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

St Mark Homes Capital Plc

Report of the directors for the year ended 30 September 2001

The directors present their report together with the audited financial statements for the year ended 30 September 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors recommend the payment of a final dividend of £131.23 (2000 - £946.84) per "A" ordinary share.

Principal activities, review of business and future developments

During the year under review the company continued its trade as a builder of residential property.

The company commenced the construction of a Design and Build scheme of 14 residential units at Redmans Road, Whitechapel E1 in December 2000. This contract has been completed after the year end.

The directors have received proposals and carried out due diligence on several other projects but have been unable to commence these schemes during the year because of delays in the planning process.

The directors believe the results for the year are satisfactory.

Policy and practice on the payment of creditors

It is the company's policy to fix terms of payment with their suppliers when agreeing the terms of each business transaction, to ensure the supplier is aware of those and to abide by the agreed terms of payment.

The average trade creditors payment period at 30 September 2001 was 28 days.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	2000 and 2001	
	Ordinary "A" 50p shares	Ordinary 50p shares
Bernard J Tansey	40	50,000
Sean Ryan	20	25,000
Michael Chicken	1	1
William Gair	-	-

St Mark Homes Capital Plc

Report of the directors for the year ended 30 September 2001 (*Continued*)

Treasury policy

Operations have been financed by the issue of shares, the cash from which has been invested in short term cash deposits. In addition, various financial instruments such as trade debtors and creditors arise directly from the company's operations.

Further information on financial instruments is contained in note 20 to the financial statements

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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; 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

Director

Se Rg -

Date:

4/2/02

St Mark Homes Capital Plc

Report of the independent auditors

To the shareholders of St Mark Homes Capital Plc

We have audited the financial statements of St Mark Homes Capital Plc for the year ended 30 September 2001 on pages 5 to 17 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 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 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.

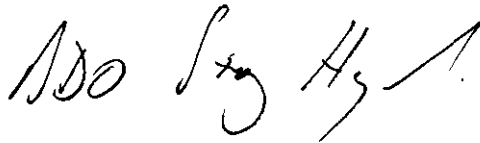
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

St Mark Homes Capital Plc

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', is written over the printed name of the firm.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London

Date: 5/2/02

St Mark Homes Capital Plc

Profit and loss account for the year ended 30 September 2001

	Note	2001 £	2000 £
Turnover	2	1,323,784	2,782,977
Cost of sales		<u>1,103,153</u>	<u>2,319,148</u>
Gross profit		220,631	463,829
Administrative expenses		<u>171,072</u>	<u>171,181</u>
Operating profit	3	49,559	292,648
Other interest receivable and similar income	6	120,980	57,436
Interest payable and similar charges	7	<u>(2,019)</u>	<u>(1,031)</u>
Profit on ordinary activities before taxation		168,520	349,053
Taxation on profit on ordinary activities	8	<u>34,545</u>	<u>75,942</u>
Profit on ordinary activities after taxation for the year		133,975	273,111
Dividends	9	<u>10,630</u>	<u>76,694</u>
Retained profit for the financial year	14	123,345	196,417
Retained profit brought forward		<u>303,495</u>	<u>107,078</u>
Retained profit carried forward		<u>426,840</u>	<u>303,495</u>
Earnings per share	19		
Basic		<u>4.38p</u>	<u>8.89p</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 8 to 17 form part of these financial statements.

St Mark Homes Capital Plc

Balance sheet at 30 September 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	10		5,597		7,334
Current assets					
Debtors	11	1,404,896		1,678,923	
Cash at bank and in hand		2,105,257		1,899,303	
		<u>3,510,153</u>		<u>3,578,226</u>	
Creditors: amounts falling due within one year	12	253,844		446,999	
Net current assets			<u>3,256,309</u>		<u>3,131,227</u>
Total assets less current liabilities			<u>3,261,906</u>		<u>3,138,561</u>
Capital and reserves					
Called up share capital	13		1,536,640		1,536,640
Share premium account	14		1,298,426		1,298,426
Profit and loss account	14		426,840		303,495
Equity shareholders' funds			<u>3,261,906</u>		<u>3,138,561</u>

The financial statements were approved by the Board on

4/2/02



Director

The notes on pages 8 to 17 form part of these financial statements.

St Mark Homes Capital Plc

Cash flow statement for the year ended 30 September 2001

	Note	2001 £	2001 £	2000 As restated £	2000 As restated £
Net cash inflow/(outflow) from operating activities	16		289,305		(370,732)
Returns on investments and servicing of finance					
Interest received		120,980		57,436	
Interest paid		(2,019)		(1,031)	
			118,961		56,405
Taxation					
Corporation tax paid		(76,362)		(27,408)	
			(76,362)		(27,408)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		-		(5,133)	
			-		(5,133)
Equity dividend paid			(76,694)		-
Cash inflow/(outflow) before use of liquid resources and financing			255,210		(346,868)
Management of liquid resources					
Transfers to deposit		(697)		450,427	
			(697)		450,427
Increase in cash	17		254,513		103,559

The notes on pages 8 to 17 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the amounts recoverable on contracts with developers.

The company contracts with developers on a cost plus basis with a guaranteed maximum price. Profit is taken on these contracts while the contract is in progress having regard to:

- the proportion of the total projected contract costs which has been incurred at the balance sheet date
- the anticipated final costs of the development and
- the evidence of the commercial success of the development

Provision is made for all foreseeable losses.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets on a reducing balance basis over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment - 25% per annum

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Rentals paid under operating loans are charged against income as incurred.

2 Turnover, profit before tax and net assets

Turnover, profit before tax and net assets are wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (Continued)

3 Operating profit

	2001	2000
	£	£
This is arrived at after charging:		
Depreciation of tangible fixed assets	1,737	2,445
Hire of plant and machinery - operating leases	20,037	74,977
Auditors' remuneration -audit	4,216	4,350
Auditors' remuneration -non audit services	11,359	5,352
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2001	2000
	£	£
Wages and salaries	105,744	95,695
Social security costs	4,167	6,946
	<u> </u>	<u> </u>
	109,911	102,641
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 8 (2000 - 8).

5 Directors' remuneration

	2001	2000
	£	£
Directors' emoluments	70,325	72,773
	<u> </u>	<u> </u>

6 Other interest receivable and similar income

	2001	2000
	£	£
Bank deposits	120,980	57,436
	<u> </u>	<u> </u>

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

7 Interest payable and similar charges

	2001 £	2000 £
Bank loans and overdrafts	2,019	1,031
	<u> </u>	<u> </u>

8 Taxation on profit on ordinary activities

	2001 £	2000 £
<i>Current tax</i>		
UK corporation tax on profits of the year	34,109	75,942
Under provision for corporation tax in prior year	436	-
	<u> </u>	<u> </u>
Total current tax	34,545	75,942
	<u> </u>	<u> </u>

9 Dividends

	2001 £	2000 £
<i>Equity shares</i>		
"A" Ordinary shares		
Final proposed of £131.23 (2000 - £946.84) per "A" ordinary share	10,630	76,694
	<u> </u>	<u> </u>

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

10 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At 1 October 2000 and 30 September 2001	11,328
<i>Depreciation</i>	
At 1 October 2000	3,994
Provided for the year	1,737
At 30 September 2001	5,731
<i>Net book value</i>	
At 30 September 2001	5,597
At 30 September 2000	7,334

11 Debtors

	2001 £	2000 £
Trade debtors	1,269,710	1,516,251
Other debtors	12,091	71,149
Prepayments and accrued income	123,095	91,523
	1,404,896	1,678,923

All amounts shown under debtors fall due for payment within one year.

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts (secured)	-	49,256
Trade creditors	179,050	223,055
Taxation and social security	6,695	3,235
Proposed dividend	10,630	76,694
Corporation tax	34,109	75,926
Accruals and deferred income	23,360	18,833
	<u>253,844</u>	<u>446,999</u>

13 Share capital

	2001 £	2000 £
<i>Authorised</i>		
<i>Equity share capital</i>		
11,000,000 Ordinary shares of 50p each	5,500,000	5,500,000
81 "A" Ordinary shares of 50p each	40	40
	<u>5,500,040</u>	<u>5,500,040</u>
	2001 £	2000 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
3,073,200 Ordinary shares of 50p each	1,536,600	1,536,600
81 "A" Ordinary shares of 50p each	40	40
	<u>1,536,640</u>	<u>1,536,640</u>

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

13 Share capital (*continued*)

The "A" ordinary shares rank pari passu with the ordinary shares in all respects except for the following:

- (a) Dividends are payable on the "A" ordinary shares, based on a formula depending on the level of available distributable profits as stated in the Articles of Association.
- (b) The 81 "A" ordinary shares rank in priority to the ordinary shares on a winding up.

14 Reserves

	Share premium account £	Profit and loss account £
At 1 October 2000	1,298,426	303,495
Profit for the year	-	123,345
	<hr/>	<hr/>
At 30 September 2001	1,298,426	426,840
	<hr/>	<hr/>

15 Related party disclosures

Related party transactions and balances

(a) Mizen Properties Limited

- Office rental, rates and service charges of £15,739 (2000 : £19,357) were paid to Mizen Properties Limited.
- £16,875 (2000 : £18,225) was paid to Mizen Properties Limited for the provision of project management and engineering services provided by Bernard J Tansey.
- The company completed a building contract with Mizen Properties Limited to build 25 units at Ensign Street, London, E1. The final account was settled for £2,220,000 on 23 October 2001. The company invoiced £4,032 (2000-£1,392,750) during the year and received £nil (2000-£2,160,000) during the year, the balance of £60,000 was received on 13 November 2001.

Bernard J Tansey is a shareholder and director of the company.

(b) Ryan Heaphy & Co Limited

- £28,610 (2000 : £27,527) was paid to the above company for the provision of accountancy, IT, project and quality management services.

Sean Ryan is a shareholder and director of the company.

(c) E-Hub Group Plc

- £1,200 was paid to the above company for IT services.

Sean Ryan is a shareholder and director of the company.

(d) Mizen Homes Limited

- During the period, the company entered into a contract with Mizen Homes Limited to build 14 residential properties at Redmans Road, London, E1 with budgeted cost of £1,200,000 (total contract value £1,440,000). The company has invoiced £1,304,035 during the year, this amount is outstanding at the year end.
- The company completed a building contract with Mizen Homes Limited to build 17 units at 7 Spert Street, London, E14. The final account was settled for £1,560,000 on 23 October 2001. The company invoiced £9,632 (2000-£1,306,227) and received £nil (2000-£1,410,600) during the year, and the balance of £24,400 was received on 22 November 2001.

Barry B Tansey is a shareholder and director of the company.

All transactions above were conducted on normal commercial terms.

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (Continued)

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

	2001	2000
	£	£
Operating profit	49,559	292,648
Depreciation of tangible fixed assets	1,737	2,445
Decrease/(increase) in debtors	274,027	(672,967)
(Decrease)/increase in creditors	(36,018)	7,142
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	289,305	(370,732)
	<hr/>	<hr/>

17 Reconciliation of net cash flow to movement in net funds

	2001	2000
	£	As restated £
Increase in cash	254,513	103,559
Cash outflow/(inflow) from changes in liquid resources	697	(450,427)
	<hr/>	<hr/>
Movement in net funds	255,210	(346,868)
Opening net funds	1,850,047	2,196,915
	<hr/>	<hr/>
Closing net funds	2,105,257	1,850,047
	<hr/>	<hr/>

St Mark Homes Capital Plc

Notes forming part of the financial statements for the year ended 30 September 2001 (*Continued*)

18 Analysis of net funds

	As restated At 1 October 2000 £	Cash flow £	At 30 September 2001 £
Cash at bank and in hand	-	205,257	205,257
Bank overdrafts	(49,256)	49,256	-
		<hr/> 254,513 <hr/>	
Short term cash deposits	1,899,303	697	1,900,000
Total	<hr/> 1,850,047 <hr/>	<hr/> 255,210 <hr/>	<hr/> 2,105,257 <hr/>

The directors have reconsidered the presentation of certain opening cash deposit accounts and have included them within liquid resources.

19 Earnings per share

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue is 3,073,281 (2000-3,073,281) and the earnings, being profit after tax are £133,975 (2000-£273,111).

The 81 "A" ordinary shares have met the conditions based on a formula depending on the level of available distributable profits, as stated in the Articles of Association entitling them to a dividend.

The calculation of diluted earnings per share has not been disclosed as there are no potentially dilutive ordinary shares.

20 Financial instruments

The treasury policy of the company is referred to in the directors' report.

Floating rate financial assets shown as cash at bank and in hand on the balance sheet of £1,900,000 (2000-£1,899,303) comprise cash deposits at monthly rates. There are no fixed rate financial assets.

The company did not have a bank borrowing facility available to it during this or the previous year.

Short term debtors and creditors are not treated as financial assets and liabilities for disclosure purposes.

Amounts for financial assets are stated at fair values. The fair values of financial assets and liabilities are the same as the book values.