

financial statements

Homes & Mortgages Limited

For the period ended 31 December 2003

Company registration number: 4687439



Homes & Mortgages Limited

Financial Statements

Period ended 31 December 2003

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Homes & Mortgages Limited

Officers and Professional Advisers

The Board of Directors

A T Cozzolino
N D Hall
N J Pattison
S C Hubbard
S G Rillstone

Company Secretary

A T Cozzolino

Registered Office

7 Cheyne Walk
Northampton
Northants
NN1 5PT

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers

Bank of Scotland
14 Friar Lane
Leicester
LE1 5RA

Homes & Mortgages Limited

The Directors' Report

Period ended 31 December 2003

The directors present their report and the financial statements of the company for the period ended 31 December 2003.

Principal activities and business review

The company was incorporated on 5 March 2003.

The principal activity of the company during the period was that of a holding company.

Results and dividends

The trading results for the period, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2003	At 1 January 2003
A T Cozzolino	Ordinary shares	10,000	—
N D Hall	Ordinary shares	10,000	—
N J Pattison	Ordinary shares	10,000	—
S C Hubbard	Ordinary shares	10,000	—
S G Rillstone	Ordinary shares	10,000	—

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 at the end of the period and of the profit or loss for the period then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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. The directors 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.

Homes & Mortgages Limited

The Directors' Report *(continued)*

Period ended 31 December 2003

Auditors

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
7 Cheyne Walk
Northampton
Northants
NN1 5PT

Signed by order of the directors



A T Cozzolino
Company Secretary

Approved by the directors on 8 March 2004

Homes & Mortgages Limited

Independent Auditors' Report to the Shareholders

Period ended 31 December 2003

We have audited the financial statements of Homes & Mortgages Limited for the period ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

Homes & Mortgages Limited

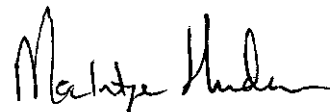
Independent Auditors' Report to the Shareholders *(continued)*

Period ended 31 December 2003

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 2003 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Peterbridge House
The Lakes
Northampton
NN4 7HB



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

15 March 2004

Homes & Mortgages Limited

Profit and Loss Account

Period from 5 March 2003 to 31 December 2003

	Note	2003 £
Turnover		—
Administrative expenses		—
Operating loss, being loss on ordinary activities before taxation	1	—
Tax on loss on ordinary activities		—
Loss on ordinary activities after taxation, being loss for the financial period		—

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

Homes & Mortgages Limited

Balance Sheet

31 December 2003

	Note	2003 £
Fixed assets		
Investments	2	1,037,105
Creditors: amounts falling due within one year	3	917,105
Total assets less current liabilities		<u>120,000</u>
Capital and reserves		
Called-up share capital	5	80,000
Share premium account	6	40,000
		<u>120,000</u>
Shareholders' funds:	7	
Equity		£90,000
Non-equity		£30,000
		<u>£120,000</u>

These financial statements were approved by the directors on 8 March 2004 and are signed on their behalf by:



A T Cozzolino
Director

The accounting policies and notes on pages 8 to 11 form part of these financial statements.

Homes & Mortgages Limited

Accounting Policies

Period ended 31 December 2003

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Deferred taxation

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 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, with the following exception:

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Homes & Mortgages Limited

Notes to the Financial Statements

Period ended 31 December 2003

1. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the period.

2. Investments

	Shares in group undertakings £
Cost	
Additions	1,037,105
At 31 December 2003	<u>1,037,105</u>
Net book value	
At 31 December 2003	<u>1,037,105</u>

As at 31 December 2003 the company owned 100% of the issued share capital of the following companies:

Homes & Mortgages Estate Agents Limited
Carters (Estate Agents) Limited
Pattison Lane Limited
Home Mortgage Choice Limited

The aggregate capital and reserves together with the profit or loss for the period ended 31 December 2003 for the subsidiaries are as follows:

	Capital and Reserves £	Profit before tax £
Homes & Mortgages Estates Limited	(253,244)	35,847
Carters (Estate Agents) Limited	75,706	144,021
Pattison Lane Limited	(188,320)	76,728
Home Mortgage Choice Limited	661,003	(42,679)

3. Creditors: amounts falling due within one year

	2003 £
Amounts owed to group undertakings	<u>917,105</u>

Homes & Mortgages Limited

Notes to the Financial Statements

Period ended 31 December 2003

4. Related party transactions

At 31 December 2003 the company owed Home Mortgage Choice Limited £877,604 and £39,501 to Carters (Estate Agents) Limited, both of which are wholly owned subsidiaries of the company. All company transactions have been financed by group companies.

The Directors have given limited personal guarantees to the Bank of Scotland in respect of the loan held by Home Mortgage Choice Limited.

The company has given an unlimited guarantee to Bank of Scotland in favour of all other group companies. Group borrowings at 31 December 2003 were £1,210,000.

Bank of Scotland hold a legal charge over the assets of the group.

5. Share capital

Authorised share capital:

	2003 £
70,000 Ordinary shares of £1 each	70,000
30,000 Preference shares of £1 each	30,000
	<u>£100,000</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	50,000	50,000
Preference shares of £1 each	30,000	30,000
	<u>£80,000</u>	<u>£80,000</u>

The terms of the preference shares are:-

- Fixed preferential dividend of 5% per annum out of distributable profits.
- There are no voting rights or rights to participate in further profits.
- At any time during the period commencing one month before and expiring one month after each of the sixth, seventh, eight and ninth anniversary of the adoption of the Articles of Association the company may redeem some or all of the Preference Shares in issue. Additionally after 9 September 2013 the shares may be redeemed after giving notice.
- The shares are redeemable at par.
- Repayment of capital is in preference to the ordinary shareholders.

The preference shares are non equity.

Homes & Mortgages Limited

Notes to the Financial Statements

Period ended 31 December 2003

6. Share premium account

	2003 £
Premium on shares issued in the period	40,000
Balance carried forward	<u>£40,000</u>

7. Reconciliation of movements in shareholders' funds Equity shareholders' funds

	£	2003	£
New equity share capital subscribed	50,000		
Premium on new share capital subscribed	<u>40,000</u>		
			<u>90,000</u>
Net addition to funds			<u>90,000</u>
Closing shareholders' equity funds			<u>£90,000</u>

Non-equity shareholders' funds

New non-equity share capital subscribed	30,000
Closing shareholders' non-equity funds	<u>£30,000</u>
Total shareholders' funds	<u>120,000</u>

8. Cashflow

The company did not operate a bank account during the period. All transactions were financed by group companies.