

**HAVERSTOCK HOMES PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MAY 2002**



**HAVERSTOCK HOMES PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2002**

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# **HAVERSTOCK HOMES PLC**

## **COMPANY INFORMATION**

<b>The board of directors</b>	Mr A N Zorbas Mr T Zorbas Mrs N Polity-Zorbas
<b>Company secretary</b>	Mr A N Zorbas
<b>Date of incorporation</b>	9 March 1990
<b>Registered office</b>	90 St Vincent Street Glasgow G2 5UB
<b>Auditors</b>	BSG Valentine Chartered Accountants & Registered Auditor Lynton House 7 - 12 Tavistock Square London WC1H 9BQ

# HAVERSTOCK HOMES PLC

## THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2002

The directors present their report and the financial statements of the company for the year ended 31 May 2002.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year was that of developing properties and the letting of property on assured tenancies.

During the year the company acquired a property which it is currently developing with the intention of selling. The directors could not find any suitable properties to buy to let.

### RESULTS AND DIVIDENDS

The trading results for the year, 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 year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.50 each	
	At 31 May 2002	At 1 June 2001 or later date of appointment
Mr A N Zorbas	100,120	100,120
Mr T Zorbas	—	—
Mrs N Polity-Zorbas	—	—

Mrs N Polity-Zorbas was appointed as a director on 19 February 2002.

### POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to agree terms of transactions, including payment terms with suppliers and provided suppliers perform in accordance with the agreed terms. It is the company's normal practice that payment is made accordingly.

At the balance sheet date the company had 3 days of purchases outstanding in trade creditors.

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

select suitable accounting policies, as described on page 10, 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.

**HAVERSTOCK HOMES PLC**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 MAY 2002**

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.

**AUDITORS**

A resolution to re-appoint BSG Valentine 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:  
90 St Vincent Street  
Glasgow  
G2 5UB

Signed by order of the directors



MR A N ZORBAS  
Company Secretary

Approved by the board on ..... 9 April 2003

**HAVERSTOCK HOMES PLC**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31 MAY 2002**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 10.

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 THE DIRECTORS AND THE AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

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. Our responsibilities do not extend to any other information.

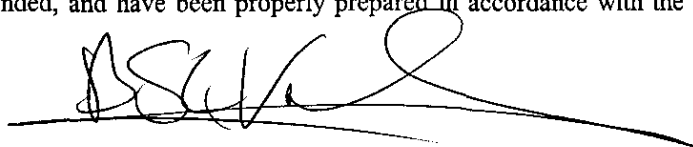
**BASIS OF AUDIT OPINION**

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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Lynton House  
7 - 12 Tavistock Square  
London WC1H 9BQ

BSG VALENTINE  
Chartered Accountants  
& Registered Auditor

9 April 2003

**HAVERSTOCK HOMES PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MAY 2002**

	Note	2002 £	2001 £
<b>TURNOVER</b>		—	—
Administrative expenses		(21,039)	(25,304)
<b>OPERATING LOSS</b>	2	(21,039)	(25,304)
Loss on disposal of fixed assets	5	—	(40,785)
		(21,039)	(66,089)
Interest receivable		4,275	13,521
Loss on disposal of investments	6	—	(8,408)
Interest payable and similar charges	7	(10)	(772)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(16,774)	(61,748)
Tax on loss on ordinary activities	8	—	22,522
<b>LOSS FOR THE FINANCIAL YEAR</b>		(16,774)	(39,226)
Balance brought forward		(14,727)	(23,263)
Transfer from revaluation reserve		—	47,762
Balance carried forward		(31,501)	(14,727)

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

The notes on pages 10 to 14 form part of these financial statements.

**HAVERSTOCK HOMES PLC**  
**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**YEAR ENDED 31 MAY 2002**

	2002	2001
	£	£
Reported loss on ordinary activities before taxation	(16,774)	(61,748)
Realisation of gains recognised in previous periods	<u>—</u>	<u>47,762</u>
Historical cost loss on ordinary activities before taxation	<u>(16,774)</u>	<u>(13,986)</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(16,774)</u>	<u>8,536</u>

The notes on pages 10 to 14 form part of these financial statements.

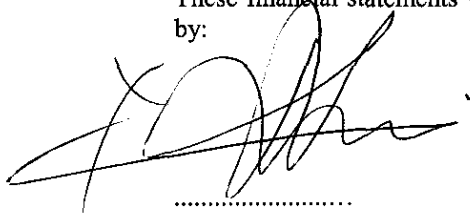
# HAVERSTOCK HOMES PLC

## BALANCE SHEET

AS AT 31 MAY 2002

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,300	1,788
Investments	10	6,805	6,805
		<u>8,105</u>	<u>8,593</u>
<b>CURRENT ASSETS</b>			
Stocks	11	787,740	—
Debtors	12	43,613	57,688
Cash at bank		21,793	347,735
		<u>853,146</u>	<u>405,423</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(497,568)</u>	<u>(33,559)</u>
<b>NET CURRENT ASSETS</b>		<u>355,578</u>	<u>371,864</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>363,683</u>	<u>380,457</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	229,983	229,983
Share premium account		165,201	165,201
Profit and Loss Account		(31,501)	(14,727)
<b>SHAREHOLDERS' FUNDS</b>	16	<u>363,683</u>	<u>380,457</u>

These financial statements were approved by the directors on the 9 April 2003 and are signed on their behalf by:



.....  
MRS N POLITY-ZORBAS

The notes on pages 10 to 14 form part of these financial statements.

**HAVERSTOCK HOMES PLC**

**CASH FLOW STATEMENT**

**YEAR ENDED 31 MAY 2002**

	2002		2001
	£	£	£
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(795,207)</b>		<b>(13,187)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	4,275		13,521
Interest paid	<u>(10)</u>		<u>(772)</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>4,265</b>		<b>12,749</b>
<b>TAXATION</b>	<b>—</b>		<b>12,017</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets	—		(33,751)
Receipts from sale of fixed assets	<u>—</u>		<u>180,965</u>
<b>NET CASH INFLOW FROM CAPITAL EXPENDITURE</b>	<b>—</b>		<b>147,214</b>
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	<b>(790,942)</b>		<b>158,793</b>
<b>FINANCING</b>			
Repayment of bank loans	<u>465,000</u>		<u>—</u>
<b>NET CASH INFLOW FROM FINANCING</b>	<b>465,000</b>		<b>—</b>
<b>(DECREASE)/INCREASE IN CASH</b>	<b><u>(325,942)</u></b>		<b><u>158,793</u></b>

**RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2002	2001
	£	£
Operating loss	(21,039)	(25,304)
Depreciation	488	163
Increase in stocks	(787,740)	—
Decrease in debtors	14,075	5,649
(Decrease)/increase in creditors	(991)	6,305
<b>Net cash outflow from operating activities</b>	<b><u>(795,207)</u></b>	<b><u>(13,187)</u></b>

The notes on pages 10 to 14 form part of these financial statements.

**HAVERSTOCK HOMES PLC**  
**CASH FLOW STATEMENT** *(continued)*  
**YEAR ENDED 31 MAY 2002**

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002		2001	
	£	£	£	£
(Decrease)/increase in cash in the period	(325,942)		158,793	
Net cash (inflow) from bank loans	<u>(465,000)</u>		<u>—</u>	
		(790,942)		158,793
<b>Change in net debt</b>		(790,942)		158,793
<b>Net funds at 1 June 2001</b>		<u>347,735</u>		<u>188,942</u>
<b>Net debt at 31 May 2002</b>		<u>(443,207)</u>		<u>347,735</u>

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jun 2001 £	Cash flows £	At 31 May 2002 £
Net cash:			
Cash in hand and at bank	<u>347,735</u>	<u>(325,942)</u>	<u>21,793</u>
Debt:			
Debt due within 1 year	<u>—</u>	<u>(465,000)</u>	<u>(465,000)</u>
<b>Net debt</b>	<u>347,735</u>	<u>(790,942)</u>	<u>(443,207)</u>

The notes on pages 10 to 14 form part of these financial statements.

**HAVERSTOCK HOMES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment                      -     25% Straight line method

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**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 exceptions:

*Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;*

*Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;*

*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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**HAVERSTOCK HOMES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2002**

**2. OPERATING LOSS**

Operating loss is stated after charging:

	2002	2001
	£	£
Depreciation	488	163
Auditors' remuneration		
- as auditors	2,935	2,100
Net loss on foreign currency translation	<u>4,557</u>	<u>-</u>

**3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of management staff	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	-	4,000
Social security costs	-	-
	<u>-</u>	<u>4,000</u>

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	<u>-</u>	<u>4,000</u>

**5. LOSS ON DISPOSAL OF FIXED ASSETS**

	2002	2001
	£	£
Loss on disposal of fixed assets	<u>-</u>	<u>(40,785)</u>

**6. LOSS ON DISPOSAL OF INVESTMENTS**

	2002	2001
	£	£
Amount W/O investments	<u>-</u>	<u>8,408</u>
Total write off charge	<u>-</u>	<u>8,408</u>

**HAVERSTOCK HOMES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2002**

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £	2001 £
Interest payable on bank borrowing	10	—
Other similar charges payable	<u>—</u>	<u>772</u>
	<u>10</u>	<u>772</u>

**8. TAX ON LOSS ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2002 £	2001 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2001 - 20%)	—	(15,021)
Over/under provision in prior year	<u>—</u>	<u>3,004</u>
Total current tax	—	(12,017)
Deferred tax:		
Decrease in deferred tax provision	<u>—</u>	<u>(10,505)</u>
Tax on loss on ordinary activities	<u>—</u>	<u>(22,522)</u>

**(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 20% (2001 - 20%).

	2002 £	2001 £
Loss on ordinary activities before taxation	<u>(16,774)</u>	<u>(61,748)</u>
Profit/(loss) on ord actvs by rate of tax	—	(12,350)
Expenses not deductible for tax	<u>—</u>	<u>333</u>
Total current tax (note 8(a))	<u>—</u>	<u>(12,017)</u>

**HAVERSTOCK HOMES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2002**

**9. TANGIBLE FIXED ASSETS**

	Computer Equipment £
<b>COST</b>	
At 1 June 2001 and 31 May 2002	<u>1,951</u>
<b>DEPRECIATION</b>	
At 1 June 2001	163
Charge for the year	<u>488</u>
At 31 May 2002	<u>651</u>
<b>NET BOOK VALUE</b>	
At 31 May 2002	<u>1,300</u>
At 31 May 2001	<u>1,788</u>

**10. INVESTMENTS**

**Shares acquired in quoted companies**

	£
<b>COST</b>	
At 1 June 2001 and 31 May 2002	<u>40,413</u>
<b>AMOUNTS WRITTEN OFF</b>	
At 1 June 2001 and 31 May 2002	<u>33,608</u>
<b>NET BOOK VALUE</b>	
At 31 May 2002	<u>6,805</u>
At 31 May 2001	<u>6,805</u>

**Listed investments**

Listed investments having a net book value of £6,805 (2001 - £6,805) are held by the company and had a market value of £4,742 at the end of the year (2001 - £6,805).

**11. STOCKS**

	2002 £	2001 £
Work in progress	<u>787,740</u>	<u>—</u>

**12. DEBTORS**

	2002 £	2001 £
Trade debtors	—	853
Other debtors	<u>43,613</u>	<u>56,835</u>
	<u>43,613</u>	<u>57,688</u>

Included in other debtors is a loan of £28,592 (including interest) recoverable in July 2003 and a debtor relating to corporation tax recoverable of £15,021 (2001: £15,021). The loan is subject to interest at 5% p.a.

# HAVERSTOCK HOMES PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2002

### 13. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	465,000	—
Trade creditors	4,525	—
Other creditors	—	16,104
Directors current accounts	6,249	957
Accruals and deferred income	21,794	16,498
	<u>497,568</u>	<u>33,559</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2002	2001
	£	£
Bank loans and overdrafts	<u>465,000</u>	<u>—</u>

The bank loan is secured by a fixed charge over the development property owned by the company.

### 14. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party.

### 15. SHARE CAPITAL

#### Authorised share capital:

	2002	2001
	£	£
15,000,000 Ordinary shares of £0.50 each	<u>7,500,000</u>	<u>7,500,000</u>

#### Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £0.50 each	<u>459,965</u>	<u>229,983</u>	<u>459,965</u>	<u>229,983</u>

### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Loss for the financial year	(16,774)	(39,226)
Opening shareholders' equity funds	<u>380,457</u>	<u>419,683</u>
Closing shareholders' equity funds	<u>363,683</u>	<u>380,457</u>