Company Registration No. 971914

Deloitte & Touche

CODEV HOMES LIMITED

Report and Financial Statements

31 December 2000

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



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COMPANIES HOUSE 25/07/01

CODEV HOMES LIMITED

Deloitte
& Touche

REPORT AND FINANCIAL STATEMENTS 2000

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DIRECTOR'S REPORT

The director submits his annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company is house building.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

Due to the continuing scarcity in suitable sites in the West Midlands, the director has widened the area of the company's activities and in so doing has successfully concluded negotiations for the acquisition of a major residential development site in Mid-Wales. During the year the company completed the sale of part of its existing land stocks and retained a long leasehold interest.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends have been paid or proposed during the year. The profit for the year of £192,422 (1999 - loss £82,359) has been deducted from the accumulated deficit on the profit and loss account.

DIRECTORS AND THEIR INTERESTS

The director who served throughout the year was:

P T Southall

The director had no interest in the shares of the company.

The director at the balance sheet date was a director of the ultimate parent company, Birmingham Properties Group Limited, and his interest in shares are shown in the director's report of that company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

P T SOUTHALL

Director

20 June 2001

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STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

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AUDITORS' REPORT TO THE MEMBERS OF

CODEV HOMES LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the uncertainty as to the continuation of support by the company's banker. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

2 July 2001

Deloitte Touche Tohmatsu

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Deloitte & Touche

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER	1	569,500	1,500
Cost of sales		(302,403)	(1,300)
Gross profit		267,097	200
Administrative expenses		(67,977)	(58,579)
OPERATING PROFIT/(LOSS)	3	199,120	(58,379)
Rent receivable		20,058	11,467
Interest receivable		177	-
Interest payable and similar charges	4	(26,933)	(35,447)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		192,422	(82,359)
Tax on profit on ordinary activities	5	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		192,422	(82,359)
Deficit brought forward		(727,218)	(644,859)
Deficit carried forward		(534,796)	(727,218)

All activities derive from continuing operations.

There are no other recognised gains or losses other than the profit for the financial year and loss for the prior year. Accordingly, a statement of total recognised gains is not given.

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BALANCE SHEET
31 December 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	6		1,395		727
CURRENT ASSETS					
Stocks	7	361,670		573,461	
Debtors	8	30,320		6,790	
Cash in hand		86,814		-	
		478,804		580,251	
CREDITORS: amounts falling due within one year	9	(514,995)		(808,196)	
NET CURRENT LIABILITIES			(36,191)		(227,945)
TOTAL ASSETS LESS CURRENT LIABILITIES			(34,796)		(227,218)
CAPITAL AND DEFICIENCY					
Called up share capital	11		500,000		500,000
Profit and loss account			(534,796)		(727,218)
EQUITY SHAREHOLDERS' DEFICIENCY	12		(34,796)		(227,218)

These financial statements were approved by the Board of Directors on 20th June 2001

Signed on behalf of the Board of Directors

P T SOUTHALL

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Despite net current liabilities of £36,191 (1999 - £227,945) and net liabilities of £34,796 (1999 -£227,218) disclosed in the balance sheet at 31 December 2000, the company has proved its ability to meet its day to day working capital requirements through an overdraft facility which is repayable on demand. In view of the underlying value of the current land stocks the company is confident of maintaining bank support. In the circumstances the director is confident that the company constitutes a going concern and consequently the financial statements have been drawn up on this basis. The financial statements do not include any adjustments that would result from a withdrawal of support by the company's bankers.

Turnover

Sales of houses and property are recognised when contracts have been legally completed. Contracting sales are recognised on issue of architects' certificates. Management charges are recognised on a receivable basis.

Tangible fixed assets

Provision for depreciation on fixed assets has been made to write off the cost of the assets over their expected useful lives as follows:

Plant and machinery	20% per annum on cost
Office furniture	10% per annum on cost

Stocks and work in progress

Freehold and long leasehold land for development is valued at the lower of cost and net realisable value.

Material stocks are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost and net realisable value including an appropriate proportion of overheads.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pension costs

The company operated a defined contribution money purchase scheme for some of its directors and employees. The scheme is currently being wound up.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Directors' emoluments		
Management remuneration	-	2,434
	No	**No**
Average number of persons employed was	2	2
	£	**£**
Staff costs during the year (including directors)		
Wages and salaries	24,976	22,000
Social security costs	2,163	2,165
	27,139	24,165

3. OPERATING PROFIT/(LOSS)

	2000	1999
Operating profit/(loss) is after charging:	£	£
Depreciation	608	352
Auditors' remuneration		
Audit services	1,750	1,000

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans, overdrafts and other loans repayable within five years	26,933	40,894
Waiver of loan interest	-	(5,447)
	26,933	35,447

5. TAXATION

There is no charge to UK corporation tax on the profit on ordinary activities for the year, as adjusted for taxation purposes, due to losses of £17,058 (1999: £nil) surrendered by another group company and the utilisation of £175,633 (1999: £nil) tax losses brought forward.

Losses for taxation purposes of approximately £1,373,000 (1999 - £1,549,000) are available to carry forward for use in future periods against profits of the same trade.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Office furniture £	Total £
Cost			
At 1 January 2000	1,760	12,677	14,437
Additions	1,276	-	1,276
At 31 December 2000	3,036	12,677	15,713
Accumulated depreciation			
At 1 January 2000	1,034	12,676	13,710
Charge for the year	608	-	608
At 31 December 2000	1,642	12,676	14,318
Net book value			
At 31 December 2000	1,394	1	1,395
At 31 December 1999	726	1	727

7. STOCKS

	2000 £	1999 £
Freehold and long leasehold land for development	361,670	573,461

The long leasehold land is subject to a 999 year lease commencing 7 February 2000 at an annual ground rent of £5.

8. DEBTORS

	2000 £	1999 £
Amounts due from group undertakings	1,334	-
Other debtors	28,551	6,320
Prepayments and accrued income	435	470
	30,320	6,790

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft (note 10)	-	3,885
Secured loan (note 10)	263,934	478,954
Unsecured loans (note 10)	-	33,176
Trade creditors	8,877	8,749
Amounts owed to group companies	223,007	279,310
Other taxation and social security	15,956	1,092
Accruals and deferred income	3,221	3,030
	514,995	808,196

10. BORROWINGS

	2000 £	1999 £
Bank loans	263,934	478,954
Bank overdraft	-	3,885
Unsecured loans	-	33,176
	263,934	516,015

Analysis of repayments:

All the above borrowings are repayable within one year.

The bank loan is secured by a first legal charge over certain land and buildings held as stock and bears interest at base rate plus 3% per annum. The director has given his personal guarantees in respect of this loan.

The bank overdraft is secured by the personal guarantee of Mr P T Southall, and bears interest at base rate plus 3%.

11. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2000 £	1999 £
Profit/(loss) for the financial year	192,422	(82,359)
Opening shareholders' deficit	(227,218)	(144,859)
Closing shareholders' deficit	(34,796)	(227,218)

13. CONTINGENT LIABILITY

The company has guaranteed the indebtedness of another group company. The maximum liability under this guarantee is £480,000.

14. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Birmingham Properties Group Limited, a company registered in England and Wales. Copies of the financial statements of Birmingham Properties Group Limited are available from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

15. RELATED PARTY TRANSACTIONS

The company is ultimately controlled by Mr P T Southall.

During the year the company in the ordinary course of business:

(i) Received management fees of £5,650 in respect of services rendered to Mr PT Southall's father, brothers and sister.

(ii) Received advances from, and made advances to, Yardsphere Limited, a company of which Mr PT Southall is a director. The amount due from Yardsphere Limited at 31 December 2000 was £24,100. Interest of £203 was paid on advances made by Yardsphere Limited during the year.