

Coopers
& Lybrand

Registered no. 2454379

White Rose Development Enterprises Limited
Annual report
for the year ended 31 March 1998



White Rose Development Enterprises Limited

Annual report for the year ended 31 March 1998

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White Rose Development Enterprises Limited

1

Directors and advisers

Directors

D J Brimblecombe
J H Newman
I G Knight
J D Bell
W M Gibson
D A Helliwell

Registered auditors

Coopers & Lybrand
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Joint Secretaries and registered office

Mrs J C Downes & W M Gibson
2 The Embankment
Sovereign Street
LEEDS
LS1 4BG

Bankers

National Westminster Bank PLC
PO Box 154
8 Park Row
LEEDS
LS1 1QS

Barclays Bank PLC
PO Box 190
29 East Parade
LEEDS
LS1 5TW

Directors' report for the year ended 31 March 1998

The directors present their report and the audited financial statements for the year ended 31 March 1998.

Principal activity

The principal activity of the company remains that of being the development of properties or sites for future resale.

Review of business

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

The directors are satisfied with the current state of affairs and with the prospects for the future.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 1998.

Directors

The directors of the company at 31 March 1998, all of whom have been directors for the whole of the year then ended, except where stated, were:

B J Wilson	(Chairman)	(resigned 5 January 1998)
M N J Hope		(resigned 31 December 1997)
I G Knight		
J D Bell		
W M Gibson		
D A Helliwell		
D J Brimblecombe		(appointed 20 January 1998)
J H Newman		(appointed 20 January 1998)

Directors interests

None of the directors had any interests in the shares of the company at any time during the year ended 31 March 1998.

Land stocks

Land stocks are carried at cost and where a property has been developed and is still held, this cost will include interest rolled up during the development period.

The directors are satisfied that the value of land stocks on the Balance Sheet is at or below its market value.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and company as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000 Compliance

A committee has been appointed charged with the responsibility of the review and where necessary the amendment of any of our systems and procedures to ensure that they are Year 2000 compliant. This committee expects to finish the major part of its work by 31 December 1998 but will continue its review until the century roll over has occurred. The estimated costs associated with Year 2000 compliance will not be material.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board


Company Secretary
1 June 1998

Report of the auditors to the members of White Rose Development Enterprises Limited

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 affairs of the company and the group at 31 March 1998 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Leeds

1 June 1998

Consolidated profit and loss account for the year ended 31 March 1998

	Notes	1998 £	1997 as restated £
Turnover	1	4,740,500	2,011,500
Cost of sales	3	(4,119,507)	(1,651,505)
		<hr/>	<hr/>
Gross profit		620,993	359,995
Administrative expenses		(395,007)	(339,325)
Exceptional item	4	-	(233,429)
Other operating income	5	285,732	478,127
		<hr/>	<hr/>
Operating profit		511,718	265,368
Income from associated undertakings and joint venture	6	4,087	2,343
Exceptional item	4	-	(43,526)
		<hr/>	<hr/>
Profit on ordinary activities before interest		515,805	224,185
Interest receivable		7,323	6,002
Interest payable and similar charges	7	(435,978)	(120,458)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	8	87,150	109,729
Tax on ordinary activities	9	38,268	(154,094)
		<hr/>	<hr/>
Retained profit/(sustained loss) for the year	19,20	125,418	(44,365)
		<hr/>	<hr/>

All amounts above relate to continuing operations.

The group had no recognised gains or losses other than those shown in the profit and loss account, and therefore a statement of total recognised gains and losses has not been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit/(sustained loss) for the year stated above, and their historical cost equivalents.

Consolidated Balance Sheet at 31 March 1998

	Notes	1998	1998	1997	1997
		£	£	as restated £	as restated £
Fixed assets					
Tangible assets	11		20,345		19,450
Investments	12				
Investments in associates		-		-	
Investments in joint ventures:					
Share of gross assets		50,188		45,002	
Share of gross liabilities		(1,100)		(1)	
			49,088		45,001
			69,433		64,451
Current assets					
Land stocks	13		16,683,314		15,567,124
Debtors	14		282,036		668,430
Cash at bank and in hand			847		296,689
			16,966,197		16,532,243
Creditors: amounts falling due within one year	15		1,827,143		1,798,936
Net current assets			15,139,054		14,733,307
Total assets less current liabilities			15,208,487		14,977,758
Creditors: amounts falling due after more than one year	16		13,230,000		12,930,000
Provisions for liabilities and charges					
Deferred taxation	17		130,957		145,646
			13,360,957		13,075,646
Net assets			1,847,530		1,722,112
Capital and reserves					
Called-up share capital	18		500,000		500,000
Profit and loss account	19		1,347,529		1,222,111
Equity shareholders' funds	20		1,847,529		1,722,111
Minority interests			1		1
			1,847,530		1,722,112


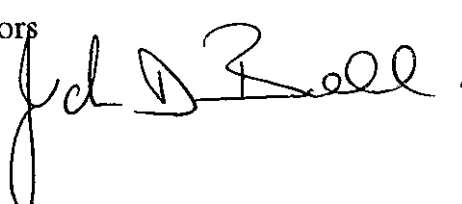
The financial statements on pages 5 to 20 were approved by the board of directors on 1 June 1998 and were signed on its behalf by:

John D. Bell

Balance Sheet at 31 March 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	11	20,345	19,450
Investments	12	45,005	45,005
		<u>65,350</u>	<u>64,455</u>
Current assets			
Land stocks	13	16,622,972	15,506,782
Debtors	14	342,377	740,325
Cash at bank and in hand		847	296,689
		<u>16,966,196</u>	<u>16,543,796</u>
Creditors: amounts falling due within one year	15	<u>1,827,147</u>	<u>1,810,494</u>
Net current assets		<u>15,139,049</u>	<u>14,733,302</u>
Total assets less current liabilities		<u>15,204,399</u>	<u>14,797,757</u>
Creditors: amounts falling due after more than one year	16	13,230,000	12,930,000
Provisions for liabilities and charges			
Deferred taxation	17	130,957	145,646
		<u>13,360,957</u>	<u>13,075,646</u>
Net assets		<u>1,843,442</u>	<u>1,722,111</u>
Capital and reserves			
Called-up share capital	18	500,000	500,000
Profit and loss account	19	1,343,442	1,222,111
Equity shareholders' funds		<u>1,843,442</u>	<u>1,722,111</u>

The financial statements on pages 5 to 20 were approved by the board of directors on 1 June 1998 and were signed on its behalf by:


 Directors


Consolidated cash flow statement for the year ended 31 March 1998

	Notes	1998 £	1997 £
Net cash outflow from operating activities	21	(283,448)	(2,243,891)
Returns on investments and servicing of finance			
Interest received		7,321	6,002
Bank and loan interest paid		(1,138,680)	(821,847)
		(1,131,359)	(815,845)
Taxation			
UK corporation tax paid		(142,524)	(274,697)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(5,350)	(8,807)
Proceeds on disposal of tangible fixed assets		-	6,500
		(5,350)	(2,307)
Net cash outflow before financing		(1,562,681)	(3,336,740)
Financing			
Increase in bank loan		300,000	11,700,000
Repayment of loan from shareholders		-	(7,900,000)
Additional loan from shareholders		600,000	-
	22	900,000	3,800,000
(Decrease)/increase in cash in the year	22	(662,681)	463,260

**Notes to the financial statements
for the year ended 31 March 1998****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Changes in presentation of financial information

FRS 9 'Associates and Joint Ventures' sets out new definitions and accounting treatments for associated undertakings and joint venture arrangements. The new standard comes into effect for all accounting periods ending on or after 23 June 1998 but early adoption is encouraged. Accordingly, the company has adopted FRS 9 in these financial statements and corresponding balances have been restated where necessary.

Basis of accounting

The financial statements have been prepared on the historical cost basis.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

As a result of the early adoption of FRS 9 'Associates and Joint Ventures' the directors have also decided to consolidate its subsidiary undertakings, Timearrow Limited and White Laith Developments Limited, which had previously been excluded from consolidation on the grounds of materiality. Accordingly, corresponding balances have been restated.

Associated undertakings and joint ventures

The group's share of profits less losses is included in the consolidated profit and loss account and the group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the last audited financial statements of the undertakings concerned which all have the same accounting reference date. Associated undertakings are consolidated using the equity method and joint venture arrangements using the gross equity method as set out in FRS 9 'Associates and Joint Ventures'.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Fixtures, fittings & equipment	15%

Land stocks

Land stocks include land held for development valued at the lower of cost and net realisable value.

Turnover

Turnover represents the value of property developments, excluding VAT, sold during the year and relates to its principal activity. The company operates entirely in the United Kingdom.

Interest payable

Where the company undertakes a major development or redevelopment, interest is capitalised from the date that the site is acquired until one year after the certified practical completion of the development, or until it is fully let, whichever is the earlier.

All other interest is charged to the profit and loss account.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Related companies

For the purposes of these financial statements, related companies are the ultimate joint venture parties, as disclosed in note 27, and their subsidiaries and associates.

Pensions

Pension costs are charged to the profit and loss account on a systematic basis over the expected service lives of the employees in the scheme.

2 Directors and employees

No emoluments were received by any of the directors in respect of their services as directors (1997: £nil).

The average monthly number of persons employed by the company during the year (excluding directors) was nil (1997 : 6). Staff costs in respect of these persons were:

	1998 £	1997 £
Wages and salaries	-	195,732
Social security costs	-	14,479
Pension costs (see note 24)	-	14,483
	<u>-</u>	<u>224,694</u>

3 Cost of sales

Cost of sales for the year amounted to £4,119,507 (1997: £1,651,405) and included £387,982 (1997: £35,594) of interest payable previously capitalised within land stocks.

4 Exceptional item

	1998 £	1997 £
Provision against amounts due from associate	-	233,429
	<u>=</u>	<u>233,429</u>
Amounts provided against investment in associate	-	43,526
	<u>=</u>	<u>43,526</u>

The investment in an associated undertaking, the Robert Ogden Partnership Limited, and amounts owed to the company by that associated undertaking, have been fully provided against as in the opinion of the directors, the amounts are irrecoverable.

5 Other operating income

During the year ended 31 March 1998, other operating income consisted of rents receivable from properties net of related property expenses. Other operating income in the year ended 31 March 1997, consists mainly of project management fees.

6 Income from associated undertakings and joint ventures

	1998 £	1997 £
Other operating income	3,210	2,343
Interest receivable	1,458	-
Tax on ordinary activities	(581)	-
	<u>4,087</u>	<u>2,343</u>

7 Interest payable and similar charges

	1998 £	1997 £
On bank overdrafts, bank loans and other loans	1,138,228	821,847
Less: interest capitalised	(702,250)	(701,389)
	<u>435,978</u>	<u>120,458</u>

8 Profit on ordinary activities before taxation

	1998 £	1997 £
Profit on ordinary activities before taxation is is stated after (crediting):		
Net rental income	(285,982)	(20,989)
Profit on disposal of fixed assets	-	(1,938)
	<u>-</u>	<u>(22,927)</u>
And after charging:		
Depreciation of tangible owned fixed assets	4,455	3,976
Auditors' remuneration for:		
Audit services (company £11,500; 1997: £12,500)	11,500	12,500
Other services	-	-
	<u>15,955</u>	<u>16,476</u>

9 Tax on profit on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax at 31.5% (1997: 33%)		
Current	21,822	146,600
Deferred	(14,689)	(4,354)
(Over)/under provision in respect of prior years		
Current	(45,401)	11,848
	<u>(38,268)</u>	<u>154,094</u>

10 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial year was £121,331.

11 Tangible fixed assets

Group and company

	Equipment and motor vehicles £
Cost	
At 1 April 1997	24,390
Additions	5,350
	<hr/>
At 31 March 1998	29,740
	<hr/>
Depreciation	
At 1 April 1997	4,940
Charge for the year	4,455
	<hr/>
At 31 March 1998	9,395
	<hr/>
Net book value at 31 March 1998	20,345
	<hr/>
Net book value at 31 March 1997	19,450
	<hr/>

12 Investments

Group

	Associated undertakings and joint ventures £
Cost	
At 1 April 1997	88,527
Share of retained profit	4,087
	<hr/>
At 31 March 1998	92,614
	<hr/>
Amounts written off	
At 1 April 1997 and 31 March 1998	43,526
	<hr/>
Net book value	
At 31 March 1998	49,088
	<hr/>
Net book value	
at 31 March 1997	45,001
	<hr/>

The investment in the associated undertaking, Robert Ogden Partnership Limited, has been fully provided against as in the opinion of the directors, the investment is irrecoverable.

Company

	Subsidiary undertaking	Associated undertakings and joint ventures	Total
	£	£	£
Cost			
At 1 April 1997 and 31 March 1998	4	52,621	52,625
	<u> </u>	<u> </u>	<u> </u>
Amounts written off			
At 1 April 1997 and 31 March 1998	-	7,620	7,620
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 March 1997 and 31 March 1998	4	45,001	45,005
	<u> </u>	<u> </u>	<u> </u>

The company and group have interests in the following companies:

	Proportion of nominal value of ordinary shares held
Associated undertaking	
The Robert Ogden Partnership Limited	50%
Joint ventures	
Great North Developments Limited	50%
Rampart Developments Limited	50%
Subsidiary undertakings	
White Laith Developments Limited	75%
Timearrow Limited	100%

The shares held are all ordinary shares of £1 each. All undertakings have an accounting year end of 31 March and operate principally in the United Kingdom. The principal activities of the undertakings are the same as those of the company.

13 Land stocks

	Group 1998	1997 as restated	Company 1998	1997
	£	£	£	£
Land stocks	15,231,123	14,429,201	15,170,781	14,368,859
Interest capitalised	1,452,191	1,137,923	1,452,191	1,137,923
	<u>16,683,314</u>	<u>15,567,124</u>	<u>16,622,972</u>	<u>15,506,782</u>

Land stocks include £683,384 (1997: £633,242) in respect of three options to purchase land for a specific price and before a specified date. The options are being held at cost. The directors regard these options as a portfolio of options and believe that the net realisable value of any one option, when exercised and disposed, will greatly exceed the current carrying value of all these options. The directors consider that at least one option will be exercised and at that time the cost of the remaining two options will be written off.

14 Debtors

	Group 1998	1997 as restated	Company 1998	1997
	£	£	£	£
Amounts owed by subsidiary undertakings	-	-	60,342	60,342
Amounts owed by related undertakings	52,665	-	52,665	-
Amounts owed by joint venture parties	-	6,500	-	6,500
Trade debtors	23,177	8,588	23,177	8,588
Dividends receivable	-	-	-	11,554
Other debtors	58,500	317,130	58,499	317,129
Corporation tax recoverable	21,103	-	21,103	-
VAT recoverable	126,591	34,316	126,591	34,316
Prepayments and accrued income	-	301,896	-	301,896
	<u>282,036</u>	<u>668,430</u>	<u>342,377</u>	<u>740,325</u>

15 Creditors: amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	as restated £	£	as restated £
Bank overdraft	368,756	1,917	368,756	1,917
Loan from shareholders	600,000	-	600,000	-
Corporation tax payable	-	145,000	-	145,000
Accruals and deferred income	255,707	401,717	255,707	401,717
Trade creditors	91,374	344,445	91,374	344,445
Other creditors	511,306	692,992	511,310	691,395
Amounts owed to related companies	-	212,865	-	212,865
Amounts owed to subsidiary undertakings	-	-	-	13,155
	<u>1,827,143</u>	<u>1,798,936</u>	<u>1,827,147</u>	<u>1,810,494</u>

The loan from shareholders attracts a commercial rate of interest and has no fixed date for repayment.

16 Creditors: amounts falling due after more than one year

	Group and company	
	1998	1997
	£	£
Bank loan	12,000,000	11,700,000
Subordinated loan from shareholders	1,230,000	1,230,000
	<u>13,230,000</u>	<u>12,930,000</u>

The subordinated loan from the shareholders is interest free, has no fixed date for repayment and is unsecured. The bank loans are secured by a legal mortgage over certain land stocks.

17 Deferred taxation

Group and company

	1998 £	1997 £
Tax effect of timing differences:		
Excess of tax allowances over depreciation	1,787	1,590
Capitalised interest	129,170	144,056
	<u>130,957</u>	<u>145,646</u>
		£
At 1 April 1997		145,646
Transfer to profit and loss account		(14,689)
At 31 March 1998		<u>130,957</u>

There is no potential liability which remains unprovided.

18 Called-up share capital

	1998 £	1997 £
Authorised, allotted, called-up and fully paid		
250,000 "A" ordinary shares of £1 each	250,000	250,000
250,000 "B" ordinary shares of £1 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

250,000 ordinary shares of £1 each have been allotted to each of the joint venture parties. The "A" ordinary shares rank pari passu in every respect with the "B" ordinary shares.

19 Profit and loss account

	Group £	Company £
At 1 April 1997	1,222,111	1,222,111
Profit for the year	125,418	121,331
At 31 March 1998	<u>1,347,529</u>	<u>1,343,442</u>

20 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening shareholders' funds	1,722,111	1,766,476
Profit/(loss) for the year	125,418	(44,365)
Closing shareholders' funds	<u>1,847,529</u>	<u>1,722,111</u>

21 Reconciliation of operating profit to net cash outflow from operating activities

	1998 £	1997 £
Operating profit	511,718	265,368
Depreciation	4,455	3,976
Increase in stocks	(413,941)	(3,630,808)
Decrease in debtors	407,557	150,049
(Decrease)/increase in accruals and other creditors	(793,237)	969,462
Profit on sale of tangible fixed assets	-	(1,938)
Net cash outflow from operating activities	<u>(283,448)</u>	<u>(2,243,891)</u>

22 Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the year	(662,681)	463,260
Cash inflow from increase in debt	(900,000)	(3,800,000)
Movement in net debt in the year	(1,562,681)	(3,336,740)
Net debt at 1 April 1997	(12,635,228)	(9,298,488)
Net debt at 31 March 1998	<u>(14,197,909)</u>	<u>(12,635,228)</u>

23 Analysis of net debt

	At 1 April 1997 £	Cash flow £	At 31 March 1998 £
Cash at bank	296,689	(295,842)	847
Overdrafts	(1,917)	(366,839)	(368,756)
Debt due after 1 year	(12,930,000)	(300,000)	(13,230,000)
Debt due within 1 year	-	(600,000)	(600,000)
Total	<u>(12,635,228)</u>	<u>(1,562,681)</u>	<u>(14,197,909)</u>

24 Pensions

Employees are eligible to join the Evans of Leeds PLC Pension Scheme. This is a defined benefit scheme, details of which are disclosed in the financial statements of Evans of Leeds PLC. The pension charge for the year was £nil (1997: £14,483).

25 Bank guarantees

The company is party to a multilateral cross party bank guarantee with White Rose Property Investments Limited, a related joint venture undertaking with identical joint venture parties to that of the company, in respect of borrowings from the company's bankers. The total borrowings guaranteed by the company at 31 March 1998 amounted to £900,000 (1997: £900,000).

At 31 March 1998 the company had given performance guarantees amounting to £840,913 (1997: £807,600).

26 Related party disclosures

Service agreements are in force with each of the associated undertakings whereby White Rose Development Enterprises Limited acts as agent for the associated undertakings.

Included in amounts owed by related companies at 31 March 1998 is an amount £51,665 (1997: £nil) which is owed by White Rose (Leeds) Limited in respect of amounts advanced by the company. Also included in amounts owed to related companies is an amount of £nil (1997: £212,327) which was owed to White Rose Property Investments Limited in respect of rents received and other amounts advanced by the company.

At 31 March 1998 the directors still consider that the investment in the Robert Ogden Partnership Limited and amounts due from that company to be irrecoverable. These amounts were fully provided against in the financial statements for the year ended 31 March 1997.

During the year the company engaged in a number of transactions with one of its joint venture parties, Evans of Leeds PLC. These transactions included management charges in lieu of rental and salary costs £290,000 (1997: £140,308), interest payable on loans £43,897 (1997: £nil) and insurance services £42,930 (1997: £24,459). At 31 March 1998 the company owed Evans of Leeds PLC £nil (1997: £nil).

27 Joint venture parties

The company is a joint venture, the parties to which are given below. The joint venture parties are both registered in England and Wales. The directors consider that neither of the undertakings set out below is the controlling party of the company.

Name of undertaking	Description of shares held	Proportion of nominal value of ordinary shares held	Accounting year end
Yorkshire Water Estates Limited	Ordinary	50%	31 March
Evans of Leeds PLC	Ordinary	50%	31 March