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REGISTERED NUMBER: 2686337

**Report of the Directors and
Financial Statements
for the Year Ended 31 March 2001
for
The Max Quarterman Group Plc**



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The Max Quarterman Group Plc

**Contents of the Financial Statements
for the Year Ended 31 March 2001**

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the Financial Statements	9
Trading and Profit and Loss Account	14

The Max Quarterman Group Plc

**Company Information
for the Year Ended 31 March 2001**

DIRECTORS:

Mr M C Hatcher
Mrs A Hatcher
Mr M Quarterman
Mrs E Quarterman

SECRETARY:

Mrs E Quarterman

REGISTERED OFFICE:

Ascentia House
Lyndhurst Road
South Ascot
Berkshire
SL5 9ED

REGISTERED NUMBER:

2686337

AUDITORS:

Mehta & Company
Chartered Certified Accountants
Registered Auditors
Ascentia House
Lyndhurst Road
South Ascot
Berkshire SL5 9ED

The Max Quarterman Group Plc

Report of the Directors for the Year Ended 31 March 2001

The directors present their report with the financial statements of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

A final net dividend of 51.2 pence per share was proposed on 31 March 2001. The total distribution of net dividends for the year ended 31 March 2001 will be £32,000.

DIRECTORS

The directors during the year under review were:

Mr M C Hatcher
Mrs A Hatcher
Mr M Quarterman
Mrs E Quarterman

The beneficial interests of the directors holding office on 31 March 2001 in the issued share capital of the company were as follows:

	31.3.01	1.4.00
Ordinary £1 shares		
Mr M C Hatcher	15,625	15,625
Mrs A Hatcher	15,625	15,625
Mr M Quarterman	15,625	15,625
Mrs E Quarterman	15,625	15,625

STATEMENT OF 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 period. 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;
- 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

The auditors, Mehta & Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs E Quarterman - SECRETARY

Dated: 23. 10. 001

The Max Quarterman Group Plc

**Report of the Independent Auditors to the Shareholders of
The Max Quarterman Group Plc**

We have audited the financial statements of The Max Quarterman Group Plc for the year ended 31 March 2001 on pages four to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mehta & Company
Chartered Certified Accountants
Registered Auditors
Ascentia House
Lyndhurst Road
South Ascot
Berkshire SL5 9ED

Dated: 24.10.01

The Max Quarterman Group Plc

**Profit and Loss Account
for the Year Ended 31 March 2001**

		31.3.01	31.3.00
	Notes	£	£
TURNOVER		-	1,219,368
Cost of sales		81,968	681,798
GROSS (LOSS)/PROFIT		(81,968)	537,570
Administrative expenses		82,933	110,049
		(164,901)	427,521
Other operating income		513	-
OPERATING (LOSS)/PROFIT	3	(164,388)	427,521
Interest receivable and similar income		6,168	-
		(158,220)	427,521
Interest payable and similar charges	4	33,081	42,687
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(191,301)	384,834
Tax on (loss)/profit on ordinary activities	5	(48,927)	88,032
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(142,374)	296,802
Dividends	6	32,000	108,000
		(174,374)	188,802
Retained profit brought forward		563,390	374,588
RETAINED PROFIT CARRIED FORWARD		£389,016	£563,390

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.


The notes form part of these financial statements

The Max Quarterman Group Plc

**Balance Sheet
31 March 2001**

		31.3.01		31.3.00	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		6,623		789
CURRENT ASSETS:					
Stocks	8	1,769,163		350,000	
Debtors	9	5,227		1,087,812	
		<u>1,774,390</u>		<u>1,437,812</u>	
CREDITORS: Amounts falling due within one year	10	<u>1,325,619</u>		<u>724,310</u>	
NET CURRENT ASSETS:			<u>448,771</u>		<u>713,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			455,394		714,291
CREDITORS: Amounts falling due after more than one year	11		3,878		88,401
			<u>£451,516</u>		<u>£625,890</u>
CAPITAL AND RESERVES:					
Called up share capital	14		62,500		62,500
Profit and loss account			<u>389,016</u>		<u>563,390</u>
SHAREHOLDERS' FUNDS:	16		<u>£451,516</u>		<u>£625,890</u>

ON BEHALF OF THE BOARD:



Mr M C Hatcher - DIRECTOR

Approved by the Board on 24.10.01

The notes form part of these financial statements

The Max Quarterman Group Plc

**Cash Flow Statement
for the Year Ended 31 March 2001**

		31.3.01		31.3.00	
	Notes	£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(696,892)		306,337
Returns on investments and servicing of finance	2		(26,913)		(53,894)
Taxation			(88,032)		(37,723)
Capital expenditure	2		(6,432)		-
Equity dividends paid			(32,000)		(108,000)
(Decrease)/Increase in cash in the period			<u>£(850,269)</u>		<u>£106,720</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(850,269)		106,720	
Cash inflow from increase in debt and lease financing		<u>(3,200)</u>		-	
Change in net debt resulting from cash flows			(853,469)		106,720
New finance leases			<u>1</u>		-
Movement in net debt in the period			<u>(853,468)</u>		<u>106,720</u>
Net debt at 1 April			<u>(458,201)</u>		<u>(564,921)</u>
Net debt at 31 March			<u>£(1,311,669)</u>		<u>£(458,201)</u>

The notes form part of these financial statements

The Max Quarterman Group Plc

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2001**

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.3.01 £	31.3.00 £
Operating (loss)/profit	(164,388)	427,521
Depreciation charges	2,208	263
Profit on sale of fixed assets	(1,610)	-
(Increase)/Decrease in stocks	(1,419,163)	439,345
Decrease/(Increase) in debtors	1,082,585	(610,217)
(Decrease)/Increase in creditors	(196,524)	49,425
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from operating activities	<u><u>(696,892)</u></u>	<u><u>306,337</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.01 £	31.3.00 £
Returns on investments and servicing of finance		
Interest received	6,168	-
Interest paid	(33,081)	(53,894)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(26,913)</u></u>	<u><u>(53,894)</u></u>
 Capital expenditure		
Purchase of tangible fixed assets	(8,832)	-
Sale of tangible fixed assets	2,400	-
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	<u><u>(6,432)</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

The Max Quarterman Group Plc

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2001**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.00 £	Cash flow £	Other non-cash changes £	At 31.3.01 £
Net cash:				
Cash at bank and in hand	-	-		-
Bank overdraft	(458,201)	(850,269)		(1,308,470)
	<u>(458,201)</u>	<u>(850,269)</u>		<u>(1,308,470)</u>
Debt:				
Hire purchase or finance leases	-	(3,200)	1	(3,199)
	<u>-</u>	<u>(3,200)</u>	<u>1</u>	<u>(3,199)</u>
Total	<u>(458,201)</u>	<u>(853,469)</u>	<u>1</u>	<u>(1,311,669)</u>
Analysed in Balance Sheet				
Bank overdraft	(458,201)			(1,308,470)
Hire purchase or finance leases				
within one year	-			(2,258)
after one year	-			(941)
	<u>(458,201)</u>			<u>(1,311,669)</u>

The notes form part of these financial statements

The Max Quarterman Group Plc

Notes to the Financial Statements for the Year Ended 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

The turnover represents the value of developments completed and sold in the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Motor vehicles - 25% on reducing balance

Stocks

Work in progress is valued at the lower of cost and net realisable value. Cost includes the purchase value of the land plus the costs of labour, materials and direct overheads.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

2. STAFF COSTS

	31.3.01	31.3.00
	£	£
Wages and salaries	39,809	103,094
Social security costs	1,756	1,796
	<u>41,565</u>	<u>104,890</u>

The average monthly number of employees during the year was as follows:

	31.3.01	31.3.00
Directors	4	4
	<u>4</u>	<u>4</u>

3. OPERATING (LOSS)/PROFIT

The operating loss (2000 - operating profit) is stated after charging/(crediting):

	31.3.01	31.3.00
	£	£
Depreciation - owned assets	-	263
Depreciation - assets on hire purchase contracts or finance leases	2,208	-
Profit on disposal of fixed assets	(1,610)	-
Auditors' remuneration	<u>2,785</u>	<u>2,685</u>
Directors' emoluments	<u>32,000</u>	<u>32,000</u>

The Max Quarterman Group Plc

**Notes to the Financial Statements
for the Year Ended 31 March 2001**

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.01	31.3.00
	£	£
Bank interest	27,652	26,839
Directors loan interest	3,839	8,838
Loan interest	1,590	7,010
	<u>33,081</u>	<u>42,687</u>

5. TAXATION

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	31.3.01	31.3.00
	£	£
UK corporation tax	<u>(48,927)</u>	<u>88,032</u>

UK corporation tax was charged at 30% in 2000.

6. DIVIDENDS

	31.3.01	31.3.00
	£	£
Equity shares:		
Final - proposed	<u>32,000</u>	<u>108,000</u>

7. TANGIBLE FIXED ASSETS

	Motor vehicles
	£
COST:	
At 1 April 2000	7,886
Additions	8,831
Disposals	<u>(7,886)</u>
At 31 March 2001	<u>8,831</u>
DEPRECIATION:	
At 1 April 2000	7,096
Charge for year	2,208
Eliminated on disposals	<u>(7,096)</u>
At 31 March 2001	<u>2,208</u>
NET BOOK VALUE:	
At 31 March 2001	<u>6,623</u>
At 31 March 2000	<u>789</u>

The Max Quarterman Group Plc

**Notes to the Financial Statements
for the Year Ended 31 March 2001**

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

	Motor vehicles
	£
COST:	
Additions	8,831
At 31 March 2001	8,831
DEPRECIATION:	
Charge for year	2,208
At 31 March 2001	2,208
NET BOOK VALUE:	
At 31 March 2001	6,623

8. STOCKS

	31.3.01	31.3.00
	£	£
Work in progress	1,769,163	350,000

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.3.01	31.3.00
	£	£
V.A.T.	4,149	14,542
Trade debtors	-	1,020,303
Other debtors	-	52,500
Prepayments	1,078	467
	5,227	1,087,812

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.3.01	31.3.00
	£	£
Bank loans and overdrafts (see note 12)	1,308,470	458,201
Trade creditors	14,417	7,528
Proposed dividends	32,000	108,000
Hire purchase	2,258	-
Interest payable	3,071	7,070
Other creditors	7,102	49,704
Social security & other taxes	4,443	3,025
Corporation tax	(48,927)	88,032
Accrued expenses	2,785	2,750
	1,325,619	724,310

The Max Quarterman Group Plc

**Notes to the Financial Statements
for the Year Ended 31 March 2001**

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.3.01	31.3.00
	£	£
Hire purchase	941	-
Mr & Mrs Quarterman loan acct.	2,937	33,002
Mr & Mrs Hatcher's loan acct.	-	55,399
	<u>3,878</u>	<u>88,401</u>

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.01	31.3.00
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,308,470</u>	<u>458,201</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.01	31.3.00
	£	£
Bank overdrafts	<u>1,308,470</u>	<u>458,201</u>

The Company has secured on demand loan facilities of £555,967 and £755,000 from National Westminster Bank Plc. The bank also has a right of set off incorporated in the legal mortgages.

First legal mortgages dated 27 November 1998, 17 January 2001 and 2 February 2001 respectively, are held over the following freehold properties.

1)Freehold property known as Limewood Gate, Poyle Lane, Burnham, Bucks. 2)Freehold property known as 77 Gregorys Road, Beaconsfield, Bucks. 3)Freehold property known as Spring Folly, Stoke Park Avenue, Farnham Royal.

The bank also holds a fixed and floating charge over the company's assets and undertaking.

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.01	31.3.00
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.01	31.3.00
			£	£
62,500	Ordinary	£1	<u>62,500</u>	<u>62,500</u>

The Max Quarterman Group Plc

**Notes to the Financial Statements
for the Year Ended 31 March 2001**

15. RELATED PARTY DISCLOSURES

The following are directors and holders of the ordinary share capital of the Company, and accordingly have a controlling interest:

	Shareholding	
	31.3.01	31.3.00
Mr M Quarterman	15,625	15,625
Mrs E Quarterman	15,625	15,625
Mr M Hatcher	15,625	15,625
Mrs A Hatcher	15,625	15,625

During the year under review the Company entered into the following related party transactions:

Related Party	Transaction Details	Amount £
M Quarterman	Subcontract work	15,194

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.01 £	31.3.00 £
(Loss)/Profit for the financial year	(142,374)	296,802
Dividends	(32,000)	(108,000)
Net (reduction)/addition to shareholders' funds	(174,374)	188,802
Opening shareholders' funds	625,890	437,088
Closing shareholders' funds	451,516	625,890
Equity interests	451,516	625,890