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REGISTERED NUMBER: 2686337

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 March 2002  
for  
The Max Quarterman Group Plc**



**The Max Quarterman Group Plc**

**Company Information  
for the Year Ended 31 March 2002**

**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 2002**

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

### **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**

Interim dividends per share were paid as follows:

|               |                    |
|---------------|--------------------|
| 57.6p         | - 12 November 2001 |
| 57.6p         | - 30 November 2001 |
| <u>115.2p</u> |                    |

The directors recommend a final dividend of 51.2p per share, making a total of 166.4p per share for the year ended 31 March 2002.

The total distribution of dividends for the year ended 31 March 2002 will be £104,000.

### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

### **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 2002 in the issued share capital of the company were as follows:

|                           | <b>31.3.02</b> | <b>1.4.01</b> |
|---------------------------|----------------|---------------|
| <b>Ordinary £1 shares</b> |                |               |
| 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.

**The Max Quarterman Group Plc**

**Report of the Directors  
for the Year Ended 31 March 2002**

**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: 1-10-02.

**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 2002 on pages five to fourteen. 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 2002 and of its profit 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: 4.10.02

**The Max Quarterman Group Plc**

**Profit and Loss Account  
for the Year Ended 31 March 2002**

|   |       | 31.3.02         | 31.3.01         |
|---|-------|-----------------|-----------------|
|   | Notes | £               | £               |
| <b>TURNOVER</b>   |       | 785,000         | -               |
| Cost of sales   |       | 484,081         | 81,968          |
| <b>GROSS PROFIT/(LOSS)</b>                                  |       | 300,919         | (81,968)        |
| Administrative expenses                                     |       | 87,209          | 82,933          |
|   |       | 213,710         | (164,901)       |
| Other operating income                                      |       | -               | 513             |
| <b>OPERATING PROFIT/(LOSS)</b>                              | 3     | 213,710         | (164,388)       |
| Interest receivable and similar income                      |       | 1,499           | 6,168           |
|   |       | 215,209         | (158,220)       |
| Interest payable and similar charges                        | 4     | 21,399          | 33,081          |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 193,810         | (191,301)       |
| Tax on profit/(loss) on ordinary activities                 | 5     | 38,906          | (48,927)        |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>  |       | 154,904         | (142,374)       |
| Dividends   | 6     | 104,000         | 32,000          |
|   |       | 50,904          | (174,374)       |
| Retained profit brought forward                             |       | 389,016         | 563,390         |
| <b>RETAINED PROFIT CARRIED FORWARD</b>                      |       | <u>£439,920</u> | <u>£389,016</u> |

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

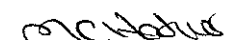
The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The Max Quarterman Group Plc

Balance Sheet  
31 March 2002

|  |       | 31.3.02   |          | 31.3.01   |          |
|--|-------|-----------|----------|-----------|----------|
|  | Notes | £         | £        | £         | £        |
| <b>FIXED ASSETS:</b>   |       |           |          |           |          |
| Tangible assets  | 7     |           | 4,967    |           | 6,623    |
| <b>CURRENT ASSETS:</b>   |       |           |          |           |          |
| Stocks   | 8     | 1,679,305 |          | 1,769,163 |          |
| Debtors  | 9     | 8,853     |          | 5,227     |          |
|  |       | 1,688,158 |          | 1,774,390 |          |
| <b>CREDITORS:</b> Amounts falling due within one year          | 10    | 1,190,705 |          | 1,325,619 |          |
| <b>NET CURRENT ASSETS:</b>                                     |       |           | 497,453  |           | 448,771  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>                  |       |           | 502,420  |           | 455,394  |
| <b>CREDITORS:</b> Amounts falling due after more than one year | 11    |           | -        |           | 3,878    |
|  |       |           | £502,420 |           | £451,516 |
| <b>CAPITAL AND RESERVES:</b>                                   |       |           |          |           |          |
| Called up share capital  | 14    |           | 62,500   |           | 62,500   |
| Profit and loss account  |       |           | 439,920  |           | 389,016  |
| <b>SHAREHOLDERS' FUNDS:</b>                                    | 17    |           | £502,420 |           | £451,516 |

ON BEHALF OF THE BOARD:



Mr M C Hatcher - DIRECTOR

Approved by the Board on 1-10-02

The notes form part of these financial statements

**The Max Quarterman Group Plc**

**Cash Flow Statement  
for the Year Ended 31 March 2002**

|  |       | 31.3.02        |                            | 31.3.01          |                            |
|--|-------|----------------|----------------------------|------------------|----------------------------|
|  | Notes | £              | £                          | £                | £                          |
| <b>Net cash inflow/(outflow)<br/>from operating activities</b>                   | 1     |                | 288,392                    |                  | (696,892)                  |
| <b>Returns on investments and<br/>servicing of finance</b>                       | 2     |                | (19,900)                   |                  | (26,913)                   |
| <b>Taxation</b>  |       |                | 31,133                     |                  | (88,032)                   |
| <b>Capital expenditure</b>   | 2     |                | -                          |                  | (6,432)                    |
| <b>Equity dividends paid</b>   |       |                | (104,000)                  |                  | (32,000)                   |
| <b>Increase/(Decrease) in cash in the period</b>                                 |       |                | <u><u>£195,625</u></u>     |                  | <u><u>£(850,269)</u></u>   |
| <hr/>  |       |                |                            |                  |                            |
| <b>Reconciliation of net cash flow<br/>to movement in net debt</b>               | 3     |                |                            |                  |                            |
| <b>Increase/(Decrease)<br/>in cash in the period</b>                             |       | <b>195,625</b> |                            | <b>(850,269)</b> |                            |
| Cash outflow/(inflow)<br>from decrease/(increase) in<br>debt and lease financing |       | <u>2,258</u>   |                            | <u>(3,200)</u>   |                            |
| Change in net debt resulting<br>from cash flows                                  |       |                | 197,883                    |                  | (853,469)                  |
| New finance leases   |       |                | -                          |                  | 1                          |
| <b>Movement in net debt in the period</b>  |       |                | <u>197,883</u>             |                  | <u>(853,468)</u>           |
| <b>Net debt at 1 April</b>   |       |                | <u>(1,311,669)</u>         |                  | <u>(458,201)</u>           |
| <b>Net debt at 31 March</b>  |       |                | <u><u>£(1,113,786)</u></u> |                  | <u><u>£(1,311,669)</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 2002

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

|  | 31.3.02<br>£   | 31.3.01<br>£     |
|--|----------------|------------------|
| Operating profit/(loss)  | 213,710        | (164,388)        |
| Depreciation charges   | 1,656          | 2,208            |
| Profit on sale of fixed assets                                 | -              | (1,610)          |
| Decrease/(Increase) in stocks                                  | 89,858         | (1,419,163)      |
| (Increase)/Decrease in debtors                                 | (3,626)        | 1,082,585        |
| Decrease in creditors  | (13,206)       | (196,524)        |
| <b>Net cash inflow/(outflow)<br/>from operating activities</b> | <u>288,392</u> | <u>(696,892)</u> |

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

|   | 31.3.02<br>£    | 31.3.01<br>£    |
|---|-----------------|-----------------|
| <b>Returns on investments and<br/>servicing of finance</b>                      |                 |                 |
| Interest received   | 1,499           | 6,168           |
| Interest paid   | (21,399)        | (33,081)        |
| <b>Net cash outflow<br/>for returns on investments and servicing of finance</b> | <u>(19,900)</u> | <u>(26,913)</u> |
| <b>Capital expenditure</b>  |                 |                 |
| Purchase of tangible fixed assets   | -               | (8,832)         |
| Sale of tangible fixed assets   | -               | 2,400           |
| <b>Net cash outflow<br/>for capital expenditure</b>                             | <u>-</u>        | <u>(6,432)</u>  |

**The Max Quarterman Group Plc**

**Notes to the Cash Flow Statement  
for the Year Ended 31 March 2002**

**3. ANALYSIS OF CHANGES IN NET DEBT**

|                                    | At 1.4.01<br>£     | Cash flow<br>£ | At 31.3.02<br>£    |
|------------------------------------|--------------------|----------------|--------------------|
| Net cash:                          |                    |                |                    |
| Cash at bank and in hand           | -                  | -              | -                  |
| Bank overdraft                     | (1,308,470)        | 195,625        | (1,112,845)        |
|                                    | <u>(1,308,470)</u> | <u>195,625</u> | <u>(1,112,845)</u> |
| Debt:                              |                    |                |                    |
| Hire purchase<br>or finance leases | (3,199)            | 2,258          | (941)              |
|                                    | <u>(3,199)</u>     | <u>2,258</u>   | <u>(941)</u>       |
| Total                              | <u>(1,311,669)</u> | <u>197,883</u> | <u>(1,113,786)</u> |
| <b>Analysed in Balance Sheet</b>   |                    |                |                    |
| Bank overdraft                     | (1,308,470)        |                | (1,112,845)        |
| Hire purchase<br>or finance leases |                    |                |                    |
| within one year                    | (2,258)            |                | (941)              |
| after one year                     | (941)              |                | -                  |
|                                    | <u>(1,311,669)</u> |                | <u>(1,113,786)</u> |

# The Max Quarterman Group Plc

## Notes to the Financial Statements for the Year Ended 31 March 2002

### 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

|                       | 31.3.02        | 31.3.01       |
|-----------------------|----------------|---------------|
|                       | £              | £             |
| Wages and salaries    | 124,850        | 39,809        |
| Social security costs | 2,604          | 1,756         |
|                       | <u>127,454</u> | <u>41,565</u> |

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

|           | 31.3.02  | 31.3.01  |
|-----------|----------|----------|
| Directors | <u>4</u> | <u>4</u> |

### 3. OPERATING PROFIT/(LOSS)

The operating profit (2001 - operating loss) is stated after charging/(crediting):

|   | 31.3.02       | 31.3.01       |
|---|---------------|---------------|
|   | £             | £             |
| Depreciation - assets on hire purchase contracts<br>or finance leases | 1,656         | 2,208         |
| Profit on disposal of fixed assets                                    | -             | (1,610)       |
| Auditors' remuneration  | <u>2,900</u>  | <u>2,785</u>  |
| Directors' emoluments   | <u>40,000</u> | <u>32,000</u> |

**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 31 March 2002**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

|                         | 31.3.02       | 31.3.01       |
|-------------------------|---------------|---------------|
|                         | £             | £             |
| Bank interest           | 21,399        | 27,652        |
| Directors loan interest | -             | 3,839         |
| Loan interest           | -             | 1,590         |
|                         | <u>21,399</u> | <u>33,081</u> |

**5. TAXATION**

**Analysis of the tax charge/(credit)**

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

|   | 31.3.02       | 31.3.01         |
|---|---------------|-----------------|
|   | £             | £               |
| Current tax:                                |               |                 |
| UK corporation tax                          | 38,906        | (48,927)        |
| Tax on profit/(loss) on ordinary activities | <u>38,906</u> | <u>(48,927)</u> |

**6. DIVIDENDS**

|                  | 31.3.02        | 31.3.01       |
|------------------|----------------|---------------|
|                  | £              | £             |
| Equity shares:   |                |               |
| Final - proposed | 32,000         | 32,000        |
| Interim - paid   | 72,000         | -             |
|                  | <u>104,000</u> | <u>32,000</u> |

**7. TANGIBLE FIXED ASSETS**

|                                      | Motor<br>vehicles |
|--------------------------------------|-------------------|
|                                      | £                 |
| <b>COST:</b>                         |                   |
| At 1 April 2001<br>and 31 March 2002 | 8,831             |
| <b>DEPRECIATION:</b>                 |                   |
| At 1 April 2001                      | 2,208             |
| Charge for year                      | 1,656             |
| At 31 March 2002                     | 3,864             |
| <b>NET BOOK VALUE:</b>               |                   |
| At 31 March 2002                     | 4,967             |
| At 31 March 2001                     | 6,623             |

**The Max Quarterman Group Plc**

**Notes to the Financial Statements  
for the Year Ended 31 March 2002**

**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<br>vehicles |
|--------------------------------------|-------------------|
|                                      | £                 |
| <b>COST:</b>                         |                   |
| At 1 April 2001<br>and 31 March 2002 | 8,831             |
| <b>DEPRECIATION:</b>                 |                   |
| At 1 April 2001                      | 2,208             |
| Charge for year                      | 1,656             |
| At 31 March 2002                     | 3,864             |
| <b>NET BOOK VALUE:</b>               |                   |
| At 31 March 2002                     | 4,967             |
| At 31 March 2001                     | 6,623             |

**8. STOCKS**

|                  | 31.3.02   | 31.3.01   |
|------------------|-----------|-----------|
|                  | £         | £         |
| Work in progress | 1,679,305 | 1,769,163 |

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

|             | 31.3.02 | 31.3.01 |
|-------------|---------|---------|
|             | £       | £       |
| V.A.T.      | 8,215   | 4,149   |
| Prepayments | 638     | 1,078   |
|             | 8,853   | 5,227   |

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

|  | 31.3.02   | 31.3.01   |
|--|-----------|-----------|
|  | £         | £         |
| Bank loans and overdrafts<br>(see note 12) | 1,112,845 | 1,308,470 |
| Trade creditors                            | 14,519    | 14,417    |
| Proposed dividends                         | 32,000    | 32,000    |
| Hire purchase                              | 941       | 2,258     |
| Interest payable accrued                   | 5,085     | 3,071     |
| Other creditors                            | -         | 7,102     |
| Social security & other taxes              | 818       | 4,443     |
| Corporation tax                            | 21,112    | (48,927)  |
| Accrued expenses                           | 3,385     | 2,785     |
|  | 1,190,705 | 1,325,619 |

# The Max Quarterman Group Plc

## Notes to the Financial Statements for the Year Ended 31 March 2002

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

|                                | 31.3.02  | 31.3.01      |
|--------------------------------|----------|--------------|
|                                | £        | £            |
| Hire purchase                  | -        | 941          |
| Mr & Mrs Quarterman loan acct. | -        | 2,937        |
|                                | <u>-</u> | <u>3,878</u> |

### 12. LOANS AND OVERDRAFTS

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

|   | 31.3.02          | 31.3.01          |
|---|------------------|------------------|
|   | £                | £                |
| Amounts falling due within one year or on demand: |                  |                  |
| Bank overdrafts                                   | <u>1,112,845</u> | <u>1,308,470</u> |

### 13. SECURED DEBTS

The following secured debts are included within creditors:

|                 | 31.3.02          | 31.3.01          |
|-----------------|------------------|------------------|
|                 | £                | £                |
| Bank overdrafts | <u>1,112,845</u> | <u>1,308,470</u> |

The Company has secured on demand loan and overdraft facility of £1,129,688 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 and 17 January 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 Gregories Road, Beaconsfield, Bucks.

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: | 31.3.02        | 31.3.01        |
|---------|----------|----------------|----------------|----------------|
|         |          |                | £              | £              |
| 100,000 | Ordinary | £1             | <u>100,000</u> | <u>100,000</u> |

Allotted, issued and fully paid:

| Number: | Class:   | Nominal value: | 31.3.02       | 31.3.01       |
|---------|----------|----------------|---------------|---------------|
|         |          |                | £             | £             |
| 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 2002**

**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 |         |
|------------------|--------------|---------|
|                  | 31.3.02      | 31.3.01 |
| 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<br>£ |
|---------------|---------------------|-------------|
| M Quarterman  | Subcontract work    | 18,624      |

**16. POST BALANCE SHEET EVENTS**

On 2 May 2002, the sale contract of the property at 77 Gregories Road was exchanged. The contract price is £2,701,000 and the development work will be completed in November 2002.

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  | 31.3.02        | 31.3.01          |
|--|----------------|------------------|
|  | £              | £                |
| Profit/(Loss) for the financial year                   | 154,904        | (142,374)        |
| Dividends  | (104,000)      | (32,000)         |
| <b>Net addition/(reduction) to shareholders' funds</b> | <b>50,904</b>  | <b>(174,374)</b> |
| Opening shareholders' funds                            | 451,516        | 625,890          |
| <b>Closing shareholders' funds</b>                     | <b>502,420</b> | <b>451,516</b>   |
| Equity interests                                       | 502,420        | 451,516          |