

Bayfordbury Holdings plc
Annual report and financial statements
for the year ended 31 July 1999



Bayfordbury Holdings plc

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Directors and advisers

Directors

J A Barham
S C Potter
P G Ayton FCA
L W Green FCA

Company secretary and registered office

P G Ayton FCA
Bayfordbury
Lower Hatfield Road
Hertford
Hertfordshire
SG13 8EE

Bankers

Bank of Scotland
Barclays Bank Plc
N M Rothschild & Sons Limited
National Westminster Bank Plc
Singer & Friedlander Limited

Solicitors

London:

Harold Benjamin & Collins
Howard Kennedy
Mishcon de Reya
Titmuss Sainer Dechert

Hertford:

Jameson & Hill

Auditors

PricewaterhouseCoopers, Cambridge

**Directors' report
for the year ended 31 July 1999**

The directors submit their report and the audited financial statements for the year ended 31 July 1999.

Principal activities and business review

The principal activities of the group during the year were those of residential development, investment and construction. There has been no significant change in the activities of the group and it is the intention of the directors to continue these activities.

The principal activity of the company was that of a holding company.

Results and dividends

The results for the year are set out in the profit and loss account on page 6.

Dividends paid and proposed during the year are shown in note 10.

Directors

The directors who served during whole of the year were:

J A Barham (Chairman)
L W Green
P G Ayton
S C Potter

Directors' interests in the shares of the company

The interests of the directors in the shares of the company were as follows:

	Number	
	1999	1998
Mr J A Barham held a beneficial interest in:		
Ordinary shares	3,826,200	3,826,200
Mr L W Green held a non-beneficial interest as		
Trustee of Barham Family Settlements in ordinary shares	1,198,800	1,198,800

Year 2000

The company has reviewed its computer systems for the impact of the Year 2000 date change. The major risks have been identified and an action plan put in place to address these in advance of the critical dates. The plan gives priority to the systems which could have a significant financial or legal impact if they were to fail.

The issue is complex and while no business can guarantee that there will be no Year 2000 problems, the directors believe that their plan and the resources allocated are appropriate and adequate to address the issue. The direct cost of ensuring Year 2000 compliance was approximately £102,000 but the group is also undertaking the opportunity to upgrade its investment in computer systems, thereby improving the efficiency and control of the business.

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 company and the group 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 that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 July 1999. 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 taking reasonable steps to safeguard the assets of the company and for preventing and detecting fraud and other irregularities.

Political contributions

No political contributions were made in the year (1998: £Nil).

Payments to suppliers

The group agrees payment terms with its suppliers when it enters into binding purchase contracts. The group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The group does not have a standard or code which deals specifically with the payment of suppliers. The company makes very few direct purchases, as most services are obtained from subsidiary undertakings. Therefore, it is not possible to calculate the company's average creditor payment period. However, the average creditor payment period at 31 July 1999 for the group's largest trading company, Rialto Homes plc, was 31 (1998: 27) days.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final dot.

Company Secretary

Report of the auditors to the members of Bayfordbury Holdings plc

We have audited the financial statements on pages 6 to 24.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

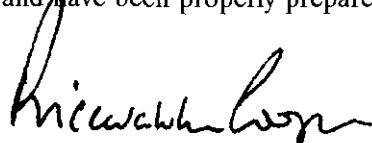
Basis of opinion

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 of the group at 31 July 1999 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.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Cambridge
14 December 1999

Consolidated profit and loss account for the year ended 31 July 1999

	Notes	1999 £'000	1998 £'000
Turnover: group and share of joint ventures		63,307	51,702
Less: share of joint ventures' turnover		-	(1,108)
Group turnover - continuing operations	1	63,307	50,594
Change in stocks of land and work-in-progress		(7,832)	15,130
Other operating income	5	387	465
		55,862	66,189
Land acquisition and development expenditure		17,490	27,566
Construction expenditure		23,222	25,455
Sales expenditure and incentives		2,713	3,871
		(43,425)	(56,892)
		12,437	9,297
Staff costs	3	4,019	3,553
Other operating charges		1,320	452
		(5,339)	(4,005)
Operating profit - continuing operations		7,098	5,292
Share of profit of joint ventures		192	114
Profit on ordinary activities before interest		7,290	5,406
Interest receivable and similar income	6	250	211
Interest payable and similar charges	7	(1,493)	(1,107)
Profit on ordinary activities before taxation	2	6,047	4,510
Taxation	8	(1,865)	(1,383)
Profit on ordinary activities after taxation		4,182	3,127
Minority interests		-	(2)
Profit for the financial year		4,182	3,125
Dividends	10	(1,865)	(724)
Increase in reserves	19	2,317	2,401

The group has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

No note of historical cost profit and losses as required by Financial Reporting Standard No 3 "Reporting Financial Performance" has been presented as there is no difference between the profit reported above and the profits as determined on an unmodified historical cost basis.

Consolidated balance sheet at 31 July 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	11	474	216
Investments			
Investments in joint ventures:			
Share of gross assets		41,300	27,499
Share of gross liabilities		38,524	24,915
		<u>2,776</u>	<u>2,584</u>
Other investments		<u>8,691</u>	<u>4,435</u>
	12	<u>11,467</u>	<u>7,019</u>
		<u>11,941</u>	<u>7,235</u>
Current assets			
Stocks	13	28,210	41,160
Debtors	14	6,501	5,905
Cash at bank and in hand		3,355	2,649
		<u>38,066</u>	<u>49,714</u>
Creditors: amounts falling due within one year	15	(12,838)	(20,842)
Net current assets		<u>25,228</u>	<u>28,872</u>
Total assets less current liabilities		<u>37,169</u>	<u>36,107</u>
Creditors: amounts falling due after more than one year	16	(15,153)	(17,063)
Provision for liabilities and charges	17	(650)	-
		<u>21,366</u>	<u>19,044</u>
Equity minority interests		-	5
Net assets		<u>21,366</u>	<u>19,049</u>
Capital and reserves			
Called up share capital	18	5,025	5,025
Reserve arising on consolidation	19	225	225
Profit and loss account	19	16,116	13,799
Equity shareholders' funds	20	<u>21,366</u>	<u>19,049</u>

The financial statements on pages 6 to 24 were approved by the board of directors on 14 December 1999 and were signed on its behalf by:

J A Barham
Chairman

P G Ayton
Financial Director

**Balance sheet
at 31 July 1999**

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	12	<u>23,034</u>	<u>20,261</u>
Current assets			
Debtors	14	<u>1,857</u>	<u>508</u>
		1,857	508
Creditors: amounts falling due within one year	15	<u>(3,525)</u>	<u>(1,720)</u>
Net current liabilities		(1,668)	(1,212)
Total assets less current liabilities		21,366	19,049
Creditors: amounts falling due after more than one year	16	-	-
Provision for liabilities and charges	17	<u>-</u>	<u>-</u>
Net assets		21,366	19,049
Capital and reserves			
Called up share capital	18	5,025	5,025
Revaluation reserve	19	6,997	4,680
Profit and loss account	19	<u>9,344</u>	<u>9,344</u>
Equity shareholders' funds	20	21,366	19,049

The financial statements on pages 6 to 24 were approved by the board of directors on 14 December 1999 and were signed on its behalf by:

J A Barham
Chairman

P G Ayton
Financial Director

**Consolidated cash flow statement
for the year ended 31 July 1999**

	Notes	1999 £'000	1998 £'000
Net cash inflow/(outflow) from continuing operating activities	24	7,439	(1,766)
Returns on investments and servicing of finance			
Interest paid		(1,474)	(1,094)
Interest paid on finance leases		(19)	(13)
Interest received		39	269
Net cash outflow from returns on investments and servicing of finance		(1,454)	(838)
Taxation			
UK corporation tax paid		(1,673)	(953)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(200)	(84)
Sale of tangible fixed assets		11	-
Loan to joint ventures		(3,998)	(4,195)
Net cash outflow from capital expenditure and financial investment		(4,187)	(4,279)
Acquisitions and disposals			
Increase in shareholding of joint venture		-	(2,000)
Net cash outflow from acquisitions and disposals		-	(2,000)
Equity dividends paid		(540)	(724)
Cash outflow before financing		(415)	(10,560)
Financing			
Loan drawdowns		1,245	10,498
Capital elements of finance leases		(124)	(62)
Net cash inflow from financing		1,121	10,436
Increase/(decrease) in cash in the period	25	706	(124)

**Notes to the financial statements
for the year ended 31 July 1999****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the historical cost convention modified to incorporate the revaluation of investments in subsidiaries and certain land and buildings. However, compliance with SSAP 19 "Accounting for investment properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the note relating to investment properties below.

Basis of consolidation

The consolidated profit and loss account, balance sheet and cash flow statement include the financial statements of the company and its subsidiary undertakings made up to 31 July 1999. Intra-group sales and profits are eliminated fully on consolidation.

Joint ventures

The group's share of the turnover and the component elements of the profit and loss account for joint ventures are included in the consolidated profit and loss account. Investments in joint ventures are disclosed using the gross equity method which records the group's share of the gross assets and the gross liabilities of the joint venture underlying the net investment.

These amounts are taken from management accounts drawn up to 31 July 1999. Audited financial statements of Hither Green Developments Limited and York Road Limited were drawn up to 31 December 1998. The financial statements of Westfield Holdings Pte Limited, which are unaudited, were drawn up to 31 July 1999.

Turnover and accounting for profit

Credit for sales to third parties has been taken either on legal completion or upon receipt of all monies due under an unconditionally exchanged contract for sale.

Turnover is the total amount received on completion of sales to third parties together with the appropriate value of work done on long-term contracts in progress to which a proportion of profit has been attributed and fees in respect of management contracts. This consists entirely of sales made in the United Kingdom.

For long-term contracts, the excess of turnover over payments receivable is included in debtors as "Amounts recoverable on long-term contracts".

Capitalisation of interest

Interest incurred on developments that are financed by loans specifically arranged and secured on those developments is capitalised and included within work-in-progress.

Interest incurred on finance that does not relate to specific developments is written off as incurred.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit on a straight line basis. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Fixed assets and depreciation

For the fixed assets set out below depreciation is calculated to write off their original cost by equal annual instalments over their estimated useful lives, which are considered to be:

Plant and site machinery	5 - 10 years
Motor vehicles	2 - 3 years
Fixtures, fittings, tools and equipment	3 - 7 years

Investment in subsidiaries

Shares in subsidiary companies are stated in the parent company balance sheet at the company's share of net assets of those companies. Upon revaluation, the change in carrying value is charged to the revaluation reserve.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually by the directors, with the assistance of independent professional advice as required, and the aggregate surplus or deficit is transferred to a revaluation reserve. The basis of valuation is explained in note 12.

The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for long term investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the number of properties in the portfolio and the lack of analysis of the value as between land and buildings.

Land and work-in-progress

Land and development work-in-progress is valued at the lower of cost and net realisable value in the normal course of business.

Long-term contract work-in-progress is valued at cost, plus a proportion of profits appropriate to the stage of completion less provision for anticipated losses, and is stated after deducting progress payments received. Foreseeable losses are provided for in full as soon as they are identified. Profits are not anticipated until the outcome of the contract can be assessed with reasonable certainty.

Deferred taxation

Provision is made for deferred taxation using the liability method to recognise timing differences between profits stated in the financial statements and profits computed for taxation purposes where it is probable that the liability to taxation is likely to crystallise on such timing differences.

Pension costs

The group makes defined contributions to a number of personal pension arrangements on behalf of its employees. The pension cost represents the contributions payable to these arrangements in respect of the accounting period.

The company provides no other post retirement benefits to its employees.

Goodwill

From 1 January 1998, purchased goodwill, representing the excess of the fair value of the consideration paid or payable over the fair value of the assets acquired, is capitalised and eliminated by amortisation through the profit and loss account over its useful economic life. A useful economic life is assigned to each component of the overall goodwill balance, upon its generation, based upon the circumstances in existence at that point in time. They are reviewed at the end of each reporting period, and revised if necessary.

2 Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after crediting:		
- profit on disposal of ground rents	92	-
And after charging:		
- loss on disposal of fixed assets	6	-
Depreciation of tangible fixed assets:		
- owned assets	54	38
- leased assets	115	84
Operating lease charges:		
- hire of plant and machinery	292	270
- other	260	260
Auditors' remuneration:		
- audit (company £5,000; 1998: £5,000)	75	68
- other services	30	64
	<u> </u>	<u> </u>

3 Employees

The average number of employees of the group within each category of persons was:

	1999	1998
Production staff	34	67
Sales and administration staff	109	96
	<u> </u>	<u> </u>
	143	163
	<u> </u>	<u> </u>

The payroll costs incurred in respect of these employees were:

	1999 £'000	1998 £'000
Wages and salaries	4,480	4,682
Social security costs	469	502
Other pension costs	240	257
	<u> </u>	<u> </u>
	5,189	5,441
Less: amounts charged to work-in-progress	(1,170)	(1,888)
	<u> </u>	<u> </u>
Amount charged directly to the profit and loss account	4,019	3,553
	<u> </u>	<u> </u>

4 Directors' emoluments

The remuneration payable to the directors of Bayfordbury Holdings plc was:

	1999 £'000	1998 £'000
Aggregate emoluments	537	556
Company pension contributions to money purchase schemes	55	78

Retirement benefits are accruing to four directors (1998: four directors) under money purchase schemes.

Emoluments payable to the highest paid director are as follows:

	1999 £'000	1998 £'000
Aggregate emoluments	201	194
Company pension contributions to money purchase schemes	-	43

5 Other operating income

	1999 £'000	1998 £'000
Rental income	104	117
Profit on disposal of assets	86	-
Commission	94	348
Other	103	-
	387	465

6 Interest receivable and similar income

	1999 £'000	1998 £'000
Other interest receivable	250	211

7 Interest payable and similar charges

	1999 £'000	1998 £'000
Total interest payable on bank loans and overdrafts	3,376	1,850
less interest capitalised on developments	(1,902)	(757)
	<u>1,474</u>	<u>1,093</u>
On other loans	-	1
On finance leases	19	13
	<u>1,493</u>	<u>1,107</u>

The company did not hold any development specific loans during the year and thus no interest was capitalised by the company. The only interest capitalised was in respect of joint venture and subsidiary developments which arose from developments specific loans.

8 Taxation

	1999 £'000	1998 £'000
United Kingdom corporation tax at 30.75% (1998: 31%)		
Charge for the year	1,215	1,357
Deferred tax	650	-
Underprovision in respect of prior year	-	2
Share of joint venture undertaking	-	24
	<u>1,865</u>	<u>1,383</u>

9 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is as follows:

	1999 £'000	1998 £'000
Holding company's profit for the financial year	<u>1,865</u>	<u>929</u>

10 Dividends

	1999 £'000	1998 £'000
Ordinary shares:		
Interim paid of 7.26p per share (1998: 9.95p per share)	365	499
Final proposed of 29.85p per share (1998: 4.48p per share)	1,500	225
	<u>1,865</u>	<u>724</u>

11 Tangible fixed assets

Group

	Motor vehicles £'000	Plant and site machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost or valuation				
At 1 August 1998	248	143	1,402	1,793
Additions at cost	243	22	179	444
Disposals	(81)	-	-	(81)
At 31 July 1999	410	165	1,581	2,156
Depreciation				
At 1 August 1998	159	143	1,275	1,577
Charge for year	115	4	50	169
Eliminated in respect of disposals	(64)	-	-	(64)
At 31 July 1999	210	147	1,325	1,682
Net book value				
At 31 July 1999	200	18	256	474
Net book value				
At 31 July 1998	89	-	127	216

The net book value of tangible fixed assets includes an amount of £199,615 (1998: £88,470) in respect of assets held under finance leases.

The company held no tangible fixed assets during the year.

12 Fixed asset investments

Group

	Investment properties £'000	Investment in joint ventures £'000	Loans £'000	Total £'000
Cost or valuation				
At 1 August 1998	240	2,584	4,195	7,019
Share of profits	-	192	-	192
Increase in investments	-	-	4,256	4,256
At 31 July 1999	240	2,776	8,451	11,467

The investment properties are held by Rialto Properties Limited. They were valued by the directors at 31 July 1998 and 31 July 1999 at open market values.

Company

	Shares in group companies £'000
Cost or valuation	
At 1 August 1998	20,261
Revaluations	2,773
	<hr/>
At 31 July 1999	23,034
	<hr/>

Principal subsidiary undertakings

The company has a 100% interest in the issued ordinary share capital of the following companies:

	Nature of business
Rialto Homes plc	- Residential development and construction
Bayfordbury Investments Limited	- Property investment
Rialto (Stratford) Limited	- Ground rent collection
Rialto (Enfield) Limited	- Housing development and construction
Rialto Developments Limited	- Housing development and construction
Rialto No 4 Limited	- Housing development and construction
Rialto Estates Limited	- Housing development and construction

Rialto Homes plc has a 100% interest in the issued ordinary share capital of the following companies, except as indicated:

	Nature of business
Rialto (Ocean Park) Limited	- Housing development and construction
Residential Design and Build Limited	- Housing development and construction
Rialto Properties Limited	- Property development and collection of rents
RMS Financial Services Limited	- Mortgage brokers (95% owned)
Rialto (Bayswater) Limited	- Housing development and construction

All companies are incorporated in England and all are included in these consolidated accounts.

Joint ventures

The company holds the following interests in the ordinary share capital of the indicated companies, all of which are housing development and construction companies:

	Country of Incorporation	Interest held
Hither Green Developments Limited	England	50%
Westfield Holdings Pte Limited	Singapore	50%
York Road Limited	Jersey	41.25%

Additional disclosures for joint ventures

	York Road Limited £'000	Westfield Holdings Pte Limited £'000	Hither Green Limited £'000	Total £'000
Share of assets				
Share of current assets	12,226	20,672	8,402	41,300
Share of liabilities				
Liabilities within one year	7,529	453	7,850	15,832
Liabilities after one year	4,657	18,035	-	22,692
	12,186	18,488	7,850	38,524
Share of net assets	40	2,184	552	2,776

Interest of £1,682,000 (1998: £757,000) was included in the above figures in respect of specific loans on development sites held by joint ventures. No liability for these loans will fall on the company.

13 Stocks

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Land and development work-in-progress	28,210	41,160	-	-

In order to comply with Financial Reporting Standard No 5 "Reporting the substance of transactions" £Nil (1998: £5,562,000) of work-in-progress billed to and paid for by landowners with whom the group have management contracts which provide for the sharing of profits and losses, has been included in land and development work-in-progress and will not be de-recognised until the outcome of the contract can be determined with reasonable certainty. A corresponding compensating amount was included in "payments received on account" in creditors.

Interest of £220,337 (1998: Nil) was capitalised during the year in respect of specific loans on development sites.

14 Debtors

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Trade debtors	707	4,590	-	-
Amounts owed by group undertakings	-	-	1,782	327
Amounts owed by joint ventures	2,714	760	-	-
Group relief recoverable	-	-	-	181
ACT recoverable	-	-	75	-
Other debtors	687	304	-	-
Prepayments and accrued income	243	251	-	-
Amounts recoverable on long term contracts	2,150	-	-	-
	<u>6,501</u>	<u>5,905</u>	<u>1,857</u>	<u>508</u>

15 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Secured loans	2,560	2,315	-	-
Payments on account	-	7,420	-	-
Trade creditors and accruals	6,864	7,551	-	13
Amounts owed to joint ventures	632	594	-	-
Amounts owed to group undertakings	-	-	2,025	1,469
Amounts owed to minority interests	-	2	-	-
Obligations under finance leases	119	61	-	-
Corporation tax	733	1,178	-	-
ACT payable	-	13	-	13
Other taxation and social security	105	1,199	-	-
Other creditors	325	284	-	-
Proposed dividends	1,500	225	1,500	225
	<u>12,838</u>	<u>20,842</u>	<u>3,525</u>	<u>1,720</u>

The bank loan of £510,000 is from Barclays Bank and is secured by way of a first charge over the leasehold of the Pontoon and the freehold land at Fenny Marina, Milton Keynes. Barclays Bank also hold a debenture over the assets of Rialto Developments Limited.

The loan of £2,050,000 is from Frogmore Developments and is due for repayment on 31 July 2000. Security is by way of a charge over this development at Coppetts Wood.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Bank loan	15,000	14,000	-	-
Obligations under finance leases	153	63	-	-
	<u>15,153</u>	<u>14,063</u>	<u>-</u>	<u>-</u>
Payments on account	-	3,000	-	-
	<u>15,153</u>	<u>17,063</u>	<u>-</u>	<u>-</u>

The bank loan comprises a funding facility. On 17 July 1997, Rialto Homes plc and its subsidiaries entered into an agreement with a syndicate of four banks to provide a funding facility for Rialto Homes plc, committed until 31 July 2000. On 22 March 1999, this was extended to 31 August 2000. On 25 July 1997, as part of the arrangement, Rialto Homes plc and its subsidiaries entered into a composite guarantee and debenture securing their liabilities under the agreement. The facility is secured by way of a fixed and floating charge over the assets of the group.

Finance leases

The net finance lease obligations to which the group is committed are:

	1999 £'000	1998 £'000
In one year or less	119	61
Between one and two years	66	45
Between two and five years	87	18
	<u>272</u>	<u>124</u>

17 Provisions for liabilities and charges

Provision for deferred tax

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
At 1 August 1998	-	-	-	-
Transfer to profit and loss account	650	-	-	-
	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 1999	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group's liability for deferred tax consists of other timing differences principally relating to the future settlement of monies due from a joint venture company. There is no other material liability for deferred taxation not provided.

18 Called up share capital

	1999 £'000	1998 £'000
Authorised		
5,025,000 (1998: 5,025,000) ordinary shares of £1 each	5,025	5,025
	<u>5,025</u>	<u>5,025</u>
Allotted, called up and fully paid		
5,025,000 (1998: 5,025,000) ordinary shares of £1 each	5,025	5,025
	<u>5,025</u>	<u>5,025</u>

19 Reserves

	Reserve arising on consolidation £'000	Profit and loss account £'000
Group		
At 1 August 1998	225	13,799
Retained profit for the year	-	2,317
	<u>225</u>	<u>16,116</u>
At 31 July 1999		

Group's share of post acquisition reserves of joint ventures included above

At 1 August 1998	584
Retained profit for year	192
	<u>776</u>
At 31 July 1999	

	Revaluation reserve £'000	Profit and loss account £'000
Company		
At 1 August 1998	4,680	9,344
Revaluation	2,317	-
	<u>6,997</u>	<u>9,344</u>
At 31 July 1999		

No provision has been made for the additional United Kingdom taxation that would accrue if the investments in subsidiaries were disposed of at their revalued amounts.

20 Reconciliation of movements in equity shareholders' funds

	1999 £'000	1998 £'000
Opening equity shareholders' funds	19,049	16,648
Increase in reserves for year	2,317	2,401
	<u>21,366</u>	<u>19,049</u>
Closing equity shareholders' funds		

21 Financial commitments

At 31 July 1999 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Group	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Expiring within one year	-	-	52	63
Expiring between two and five years inclusive	-	-	240	244
Expiring after five years	260	260	-	-
	<u>260</u>	<u>260</u>	<u>292</u>	<u>307</u>

At 31 July, the following amounts, which have not been provided for in the accounts were contracted to be paid to complete the purchase of serviced development land with the benefit of planning permission:

	Group	
	1999 £'000	1998 £'000
Due within the following year	<u>3,870</u>	<u>7,639</u>

22 Capital commitments

No capital expenditure has been authorised by the directors which has not yet been contracted for (1998: £Nil).

23 Contingent liabilities

Certain subsidiary undertakings have, in the ordinary course of business, entered into counter indemnities in respect of bonds relating to the group's own contracts. No liabilities are expected to arise in respect of these indemnities.

24 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1999 £'000	1998 £'000
Operating profit - continuing operations	7,098	5,292
Depreciation of tangible fixed assets	169	122
Loss on sale of tangible fixed assets	6	-
Decrease in stocks	7,388	5,193
(Increase)/decrease in debtors	(452)	605
(Decrease) in creditors	(6,770)	(12,978)
Net cash inflow/(outflow) from continuing operating activities	7,439	(1,766)

25 Reconciliation of net cash flow to movement in net debt

	1999 £'000	1998 £'000
Increase/(decrease) in cash in the period	706	(124)
Cash (inflow) from increase in debt and lease financing	(1,121)	(10,436)
Change in net debt resulting from cash flows	(415)	(10,560)
New finance leases	(272)	-
Movement in net debt in the period	(687)	(10,560)
Net debt at 1 August	(13,790)	(3,230)
Net debt at 31 July	(14,477)	(13,790)

26 Analysis of net debt

	31 July 1999 £'000	Cash flow £'000	Non-cash changes £'000	1 August 1998 £'000
Net cash				
Cash at bank and in hand	3,355	706	-	2,649
Debt				
Finance leases	(272)	124	(272)	(124)
Debts falling due within one year	(2,560)	(245)	-	(2,315)
Debts falling due after one year	(15,000)	(1,000)	-	(14,000)
Net debt	(14,477)	(415)	(272)	(13,790)

27 Ultimate controlling party

The directors consider Mr J A Barham to be the ultimate controlling party of Bayfordbury Holdings plc.

28 Related party transactions

Payments of £25,000 were made to Addison Beyer Green, of which L Green is a partner.

29 Pension costs

The company makes defined contributions to a number of personal pension arrangements on behalf of its employees. A pension cost of £240,000 (1998: £257,000) was charged to the profit and loss account during the year.