

Bayfordbury Holdings plc  
Annual report and financial statements  
for the year ended 31 July 2003

Registered Number 2698931



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for the year ended 31 July 2003  
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# **Bayfordbury Holdings plc**

## **Directors and advisers for the year ended 31 July 2003**

### **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

### **Auditors**

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

### **Bankers to the Group**

Royal Bank of Scotland  
Bank of Scotland  
Barclays Bank PLC  
N M Rothschild & Sons Limited  
National Westminster Bank Plc  
Singer and Friedlander Limited  
The Development Bank of Singapore Limited

### **Bankers to Joint Venture Companies**

Bank of Scotland  
Barclays Bank PLC  
The Development Bank of Singapore Limited  
United Overseas Bank Limited

### **Solicitors**

London:  
Dechert  
Harold Benjamin & Littlejohn  
Howard Kennedy  
Mishcon de Reya

Hertford:  
Jameson & Hill

# Bayfordbury Holdings plc

## Directors' report for the year ended 31 July 2003

The directors present their report and the audited financial statements for the year ended 31 July 2003.

### 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 5.

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

### Directors

The directors who served during the 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	
	2003	2002
Mr J A Barham held a beneficial interest in:		
Ordinary shares	3,774,000	3,774,000
Mr L W Green held a non-beneficial interest as		
Trustee of Barham Family Settlements in ordinary shares	1,251,000	1,251,000

### Statement of directors' responsibilities

Company law requires the directors 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 and of the profit or loss of the group for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Bayfordbury Holdings plc

## Political and charitable contributions

No political contributions were made in the year (2002: £nil). Charitable donations made during the year amounted to £19,000 (2002: £19,000).

## 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 2003 for the group's largest trading company, Rialto Homes plc, was 28 days (2002: 22 days).

## Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 8 July 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



P G Ayton  
Company Secretary

22 September 2003

# **Bayfordbury Holdings plc**

## **Independent auditors' report to the members of Bayfordbury Holdings plc**

We have audited the financial statements which comprise of the consolidated profit and loss account, the statement of group total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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.

### **Basis of audit 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 July 2003 and of the profit and cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cambridge

22 September 2003

# Bayfordbury Holdings plc

## Consolidated profit and loss account for the year ended 31 July 2003

	Note	2003 £'000	2002 £'000
Turnover – group and share of joint ventures		151,802	96,635
Less: share of joint ventures' turnover		(43,861)	(13,531)
<b>Group turnover – continuing operations</b>	1	<b>107,941</b>	<b>83,104</b>
Change in stocks of land and work in progress		10,512	22,919
Other operating income	5	200	173
		<b>118,653</b>	<b>106,196</b>
Land acquisition and development expenditure		26,044	34,485
Construction expenditure		73,180	54,871
Sales expenditure and incentives		3,074	2,211
		<b>(102,298)</b>	<b>(91,567)</b>
		<b>16,355</b>	<b>14,629</b>
Staff costs	3	7,036	6,551
Other operating charges		1,651	703
		<b>(8,687)</b>	<b>(7,254)</b>
<b>Operating profit – continuing operations</b>		<b>7,668</b>	<b>7,375</b>
Profit on disposal of interest in joint ventures		-	4,965
Share of profit of joint ventures	12	13,171	6,499
<b>Profit on ordinary activities before interest</b>		<b>20,839</b>	<b>18,839</b>
Interest receivable and similar income	6	52	43
Interest payable and similar charges	7	(1,260)	(1,090)
<b>Profit on ordinary activities before taxation</b>	2	<b>19,631</b>	<b>17,792</b>
Taxation on profit on ordinary activities	8	(6,210)	(4,251)
<b>Profit for the financial year</b>		<b>13,421</b>	<b>13,541</b>
Dividends	10	(5,100)	(6,600)
<b>Increase in reserves</b>	19	<b>8,321</b>	<b>6,941</b>

## Statement of group total recognised gains and losses for the year ended 31 July 2003

		2003 £'000	2002 £'000
Profit for the financial year		13,421	13,541
Revaluation of fixed assets	11	-	143
<b>Total gains for the year</b>		<b>13,421</b>	<b>13,684</b>

# Bayfordbury Holdings plc

## Consolidated balance sheet as at 31 July 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	11	864	1,038
Investments in joint ventures:			
Share of gross assets	12	39,068	59,406
Share of gross liabilities	12	27,885	51,141
		11,183	8,265
Other investments	12	7,033	8,333
		18,216	16,598
		19,080	17,636
<b>Current assets</b>			
Stock	13	77,263	66,751
Debtors	14	5,021	927
Cash at bank and in hand		3,335	5,031
		85,619	72,709
<b>Creditors:</b> amounts falling due within one year	15	(32,060)	(27,524)
<b>Net current assets</b>		53,559	45,185
<b>Total assets less current liabilities</b>		72,639	62,821
<b>Creditors :</b> amounts falling due after more than one year	16	(31,600)	(29,738)
Provisions for liabilities and charges	17	(851)	(1,216)
<b>Net assets</b>		40,188	31,867
<b>Capital and reserves</b>			
Called up share capital	18	5,025	5,025
Revaluation reserve	19	143	143
Reserve arising on consolidation	19	-	225
Profit and loss account	19	35,020	26,474
<b>Equity shareholders' funds</b>	20	40,188	31,867

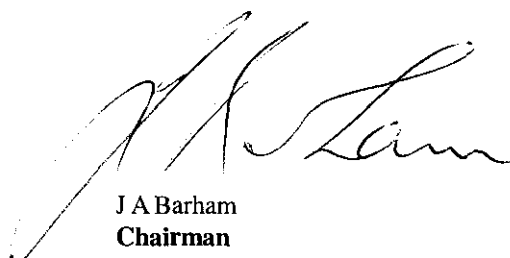


# Bayfordbury Holdings plc

## Company balance sheet as at 31 July 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	12	42,366	35,441
<b>Current assets</b>			
Debtors	14	418	8,910
<b>Creditors:</b> amounts falling due within one year	15	(2,596)	(12,484)
<b>Net current liabilities</b>		<b>(2,178)</b>	<b>(3,574)</b>
<b>Net assets</b>		<b>40,188</b>	<b>31,867</b>
<b>Capital and reserves</b>			
Called up share capital	18	5,025	5,025
Revaluation reserve	19	25,162	17,072
Profit and loss account	19	10,001	9,770
<b>Equity shareholders' funds</b>	20	<b>40,188</b>	<b>31,867</b>

The financial statements on pages 5 to 23 were approved by the board of directors on 22 September 2003 and were signed on its behalf by:



J A Barham  
Chairman



P G Ayton  
Finance Director

# Bayfordbury Holdings plc

## Consolidated cash flow statement for the year ended 31 July 2003

	Note	2003 £'000	2002 £'000
<b>Net cash outflow from continuing operating activities</b>	24	<b>(3,100)</b>	<b>(11,783)</b>
<b>Returns on investment and servicing of finance</b>			
Interest paid		(2,829)	(1,766)
Interest paid on finance leases		(19)	(33)
Interest received		107	43
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(2,741)</b>	<b>(1,756)</b>
<b>Taxation</b>			
UK corporation tax paid		(1,736)	(1,637)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(133)	(72)
Sale of investment properties		-	160
Dividends received from joint ventures		6,000	-
Loans repaid by joint ventures (see note 12)		1,500	11,065
Loans to joint ventures (see note 12)		(200)	(352)
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>7,167</b>	<b>10,801</b>
<b>Acquisitions and disposals</b>			
Disposal of interest in joint venture (see note 12)		-	5,087
<b>Net cash outflow from acquisitions and disposals</b>		<b>-</b>	<b>5,087</b>
<b>Equity dividends paid</b>		<b>(10,100)</b>	<b>(2,850)</b>
<b>Cash outflow before financing</b>		<b>(10,510)</b>	<b>(2,138)</b>
<b>Financing</b>			
Loan drawdowns		8,915	4,959
Capital element of finance lease payments		(101)	(101)
<b>Net cash inflow from financing</b>		<b>8,814</b>	<b>4,858</b>
<b>(Decrease)/increase in cash in the year</b>	25	<b>(1,696)</b>	<b>2,720</b>

# **Bayfordbury Holdings plc**

## **Notes to the financial statements for the year ended 31 July 2003**

### **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 fixed assets.

A summary of the most important accounting policies which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ('FRS') 18 'Accounting Policies', and have been applied consistently is set out 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 2003. 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 2003. The audited financial statements of Hither Green Developments Limited, Westfield Holdings Pte Limited and West End Quay Limited were drawn up to 31 December 2002, 31 July 2002 and 30 April 2003 respectively.

#### **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.

#### **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.

# Bayfordbury Holdings plc

## 1 Principal accounting policies (continued)

### 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
Furniture and pictures	Not depreciated

The group revalued its collectable furniture and pictures in April 2002 in accordance with FRS 15 'Tangible Fixed Assets'. This class of assets will be valued every few years by an independent valuer and the financial statements will be adjusted to reflect this valuation. In view of the nature of these assets no depreciation has been provided nor is expected to arise.

### 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 transferred to the revaluation reserve. Provision is made in full for any subsidiary undertakings with net liabilities.

### Land and development 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, in accordance with FRS 19 'Deferred taxation', on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

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

### Goodwill

Goodwill arising on consolidation represents the excess fair value of the consideration given over the fair value of the identifiable net assets acquired. Prior to 1 August 1999, purchased goodwill was taken directly to the profit and loss account in the year of acquisition. Goodwill previously eliminated against reserves will be charged or credited to the profit and loss account on subsequent disposal of the subsidiary or joint venture.

Goodwill arising on future acquisitions of subsidiaries or joint ventures will be 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 will be reviewed at the end of each reporting period, and revised if necessary.

# Bayfordbury Holdings plc

## 2 Profit on ordinary activities before taxation

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation is stated after crediting:		
- profit on disposal of ground rents	22	-
- profit on disposal of investment properties	-	40
And after charging:		
Loss on disposal of fixed asset	28	34
Depreciation of tangible fixed assets:		
- owned assets	169	119
- leased assets	110	120
Operating lease charges:		
- hire of plant and machinery	300	337
- other	316	296
Auditors' remuneration:		
- audit (company £2,000; 2002: £2,000)	66	86
- other services	278	244

## 3 Employee information

The average monthly number of persons (including non executive directors) employed by the group during the year was:

	2003 Number	2002 Number
<b>By activity</b>		
Production staff	45	40
Sales and administration staff	139	123
	<b>184</b>	<b>163</b>
	2003 £'000	2002 £'000
<b>Staff costs</b>		
Wages and salaries	7,891	7,003
Social security costs	1,005	734
Other pension costs	695	758
	<b>9,591</b>	<b>8,495</b>
Less: amounts charged to work-in-progress	(2,555)	(1,944)
Amount charged directly to the profit and loss account	<b>7,036</b>	<b>6,551</b>

# Bayfordbury Holdings plc

## 4 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	917	954
Company pension contributions to money purchase schemes	394	441
	1,311	1,395

### Highest paid director:

	2003	2002
Total amount of aggregate emoluments and amounts receivable under long-term incentive schemes	322	365
Company pension contributions to money purchase schemes	264	123
	586	488

Retirement benefits are accruing to three directors (2002: three directors) under money purchase schemes.

## 5 Other operating income

	2003 £'000	2002 £'000
Rental income	71	54
Income from/profit on disposal of ground rents	53	-
Loss on disposal of fixed assets	(28)	(34)
Profit on disposal of investment properties	-	40
Commission	13	13
Other income	91	100
	200	173

## 6 Interest receivable and similar income

	2003 £'000	2002 £'000
Other interest receivable	107	43
Less: interest capitalised on other developments	(55)	-
	52	43

# Bayfordbury Holdings plc

## 7 Interest payable and similar charges

	2003 £'000	2002 £'000
Interest payable on bank loans	4,128	3,723
Interest payable on other loans (see note 31)	49	146
Less: interest capitalised on joint venture developments	(1,298)	(2,115)
Less: interest capitalised on other developments	(1,652)	(714)
	1,227	1,040
On loans for capital expenditure	14	17
On finance leases	19	33
	1,260	1,090

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 company developments which arose from development specific loans.

## 8 Taxation

	2003 £'000	2002 £'000
United Kingdom corporation tax at 30% (2002: 30%)		
Current year tax charge	2,110	2,001
Underprovision/(overprovision) in respect of prior year	212	(127)
Share of tax of joint venture undertakings (see note 12)	4,253	1,478
Deferred taxation (see note 17)	(365)	899
	6,210	4,251
<b>Factors affecting the tax charge for the year</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
Profit on ordinary activities before taxation	19,631	17,792
Tax on profit on ordinary activities at the standard rate of 30% (2002: 30%)	5,889	5,338
Tax effect of reconciling items:		
Expenses not deductible for tax purposes	156	95
Profit on sale of substantial shareholding	-	(1,489)
Difference between capital allowances and depreciation	15	6
Share of operating profit of joint ventures	(3,950)	(1,949)
<b>Current year tax charge</b>	<b>2,110</b>	<b>2,001</b>

In the year ended 31 July 2002 the profit on sale of substantial shareholding represents the profit on sale of the group's investment in the York Road joint venture, which is an exempt disposal under the substantial shareholding legislation introduced with effect from 1 April 2002.

# Bayfordbury Holdings plc

## 9 Profit for the financial year

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

	2003 £'000	2002 £'000
Company's profit for the financial year	5,331	6,875

## 10 Dividends

	2003 £'000	2002 £'000
Ordinary shares:		
Interim paid of 101.49p per share (2002: 31.84p per share)	5,100	1,600
Final proposed of Nil per share (2002: 99.5p per share)	-	5,000
	5,100	6,600

## 11 Tangible fixed assets

Group	Motor vehicles £'000	Plant and site machinery £'000	Fixtures, fittings, tools and equipment £'000	Furniture and pictures £'000	Total £'000
<b>Cost</b>					
At 1 August 2002	220	40	961	348	1,569
Additions at cost	-	-	133	-	133
Disposals	(56)	(10)	(64)	-	(130)
<b>At 31 July 2003</b>	<b>164</b>	<b>30</b>	<b>1,030</b>	<b>348</b>	<b>1,572</b>
<b>Depreciation</b>					
At 1 August 2002	102	14	415	-	531
Charge for the year	54	7	218	-	279
Eliminated in respect of disposals	(56)	(4)	(42)	-	(102)
<b>At 31 July 2003</b>	<b>100</b>	<b>17</b>	<b>591</b>	<b>-</b>	<b>708</b>
<b>Net book value</b>					
<b>At 31 July 2003</b>	<b>64</b>	<b>13</b>	<b>439</b>	<b>348</b>	<b>864</b>
Net book value					
At 31 July 2002	118	26	546	348	1,038

The net book value of tangible fixed assets includes an amount of £199,000 (2002: £353,000) in respect of assets held under finance leases.

In April 2002 the group revalued its collectable furniture and pictures in accordance with FRS 15 'Tangible fixed assets'. The directors are not aware of any material change to this valuation at 31 July 2003.

This company has no tangible fixed assets.



# Bayfordbury Holdings plc

## 12 Fixed asset investments

### Group

	Investment in joint ventures £'000	Loans £'000	Total £'000
<b>Cost or valuation</b>			
At 1 August 2002	8,265	8,333	16,598
Dividends received	(6,000)	-	(6,000)
Share of profits	8,918	-	8,918
Increase in loans	-	200	200
Repayment of loans	-	(1,500)	(1,500)
<b>At 31 July 2003</b>	<b>11,183</b>	<b>7,033</b>	<b>18,216</b>

### Company

	Shares in group companies £'000
At 1 August 2002	35,441
Revaluations (see note 19)	8,090
Movement in provision for net liabilities in subsidiary undertakings	(1,165)
<b>At 31 July 2003</b>	<b>42,366</b>

### Principal subsidiary undertakings

The company has a 100% interest in the total nominal value of the issued £1 ordinary shares 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 Computer Services Limited	- Provision of computer services
Rialto Limited	- Housing development and construction
Rialto No 5 Limited	- Housing development and construction
Rialto No 6 Limited	- Holding company
Rialto No 7 Limited	- Housing development and construction
Rialto No 8 Limited	- Holding company

Rialto No 6 Limited was incorporated as MISLEX (337) Limited on 13 March 2002 and changed its name on 13 May 2002.

Rialto No 7 Limited was incorporated as MISLEX (348) Limited on 12 June 2002 changed its name on 20 August 2002.

# Bayfordbury Holdings plc

## 12 Fixed asset investments (continued)

Rialto No 8 Limited was incorporated as MISLEX (349) Limited on 12 June 2002 and changed its name on 20 August 2002.

Rialto Homes plc has a 100% interest in the total nominal value of the issued £1 ordinary shares 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
Rialto (Bayswater) Limited	- Housing development and construction
RMS Financial Services Limited	- Mortgage brokers (95% owned)

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

### Joint ventures

Rialto Homes plc 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%
West End Quay Limited	England	33.33%
West Three Developments Limited	England	50%

Although Rialto Homes plc holds 50% of the issued share capital of Westfield Holdings Pte Limited, it is entitled to the first £2 million of any profit to be distributed and then 50% of any subsequent distribution.

### Additional disclosures for joint ventures

	West End Quay Limited £'000	Westfield Holdings Pte Limited £'000	Hither Green Developments Limited £'000	West Three Developments Limited £'000	Total £'000
<b>Group</b>					
Turnover	33,646	-	10,215	-	43,861
Profit/(loss) before taxation	9,576	(297)	3,892	-	13,171
Taxation credit/(charge)	(3,181)	90	(1,162)	-	(4,253)
<b>Profit after taxation</b>	<b>6,395</b>	<b>(207)</b>	<b>2,730</b>	<b>-</b>	<b>8,918</b>
<b>Share of assets</b>					
Share of current assets	24,332	1,026	13,510	200	39,068
<b>Share of liabilities</b>					
Liabilities due within one year	(7,440)	(464)	(11,264)	(200)	(19,368)
Liabilities due after one year	(8,517)	-	-	-	(8,517)
<b>Share of net assets</b>	<b>8,375</b>	<b>562</b>	<b>2,246</b>	<b>-</b>	<b>11,183</b>

Interest capitalised in the year of £1,298,000 (2002: £2,115,000) 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.

# Bayfordbury Holdings plc

## 13 Stocks

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Land and development work-in-progress	77,263	66,751	-	-

Interest of £1,652,000 (2002: £714,000) was capitalised during the year in respect of specific loans on development sites.

## 14 Debtors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	944	281	-	-
Amounts owed by group undertakings	-	-	238	8,910
Amounts receivable for group relief	-	-	107	-
Other debtors	3,600	445	73	-
Prepayments and accrued income	477	201	-	-
	5,021	927	418	8,910

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

## 15 Creditors: amounts falling due within one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loans	14,466	5,514	-	-
Other loans (see note 28)	-	2,034	-	-
Trade creditors and accruals	14,910	11,691	25	-
Amounts due to group undertakings	-	-	941	4,689
Obligations under finance leases	110	95	-	-
Taxation and social security:				
Corporation tax	991	331	-	-
Social security and other taxes	315	235	-	-
Other creditors	1,268	2,624	1,630	2,795
Proposed dividends	-	5,000	-	5,000
	32,060	27,524	2,596	12,484

Amounts due to group undertakings are unsecured, interest free and are repayable on demand.

# Bayfordbury Holdings plc

## 15 Creditors: amounts falling due within one year (continued)

On 22 June 2000, Rialto Homes plc and other subsidiaries of the group entered into a renegotiated agreement with a syndicate of four banks to provide a funding facility for Rialto Homes plc, for three years to 31 August 2003. This facility was renegotiated and extended on 31 August for a further six months to 31 December 2003. As part of an earlier agreement, Rialto Homes plc and the subsidiaries entered into a composite guarantee and debenture securing their liabilities. The facility is secured by way of fixed and floating charge over the assets of the Rialto Homes plc group.

The facility carries an interest rate of 1.5% per annum above LIBOR and is repayable in full at the end of the finance term. The balance drawn down on this facility at 31 July 2003 was £14.4 million (2002: £15.7 million, disclosed as amounts falling due after more than one year).

Bank loans of £Nil (2002: £4.3 million) and of £Nil (2002: £1.2 million) were secured by way of a fixed and floating charge over the freehold properties at Durand's Wharf, Southwark and Cold Blow Lane respectively. The loans carried an interest rate of 2% and 1.5% per annum above LIBOR respectively.

Other loans of £Nil (2002: £2 million) with the Rialto Group Executive Pension Scheme (see note 28) carried an interest rate at 3% above LIBOR and were secured by a second mortgage over the freehold property at Cold Blow Lane.

## 16 Creditors: amounts falling due after more than one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Loans	31,435	29,438	-	-
Obligations under finance leases	165	300	-	-
	31,600	29,738	-	-

Bank loans of £18.4 million (2002: £13.6 million) and £12.9 million (2002: £Nil) are secured by way of fixed and floating charge over the assets of Rialto No 5 Limited and Rialto No 7 Limited respectively. These loans carry an interest rate of 1.75% per annum above LIBOR and 1.5% above base rate respectively.

### Maturity of debt

Group loans are payable as follows:

	2003 £'000	2002 £'000
In one year or less, or on demand	14,466	7,548
In more than one year, but not more than two years	54	15,772
In more than two years, but not more than five years	31,381	13,666
	45,901	36,986

# Bayfordbury Holdings plc

## 16 Creditors: amounts falling due after more than one year (continued)

### Finance leases

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

	2003 £'000	2002 £'000
Within one year	110	95
In more than one year, but not more than five years	165	300
	275	395

## 17 Provisions for liabilities and charges

### Provision for deferred tax

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At 1 August	1,216	317	-	-
(Released)/charged to profit and loss account	(365)	899	-	-
At 31 July	851	1,216	-	-

The group's liability for deferred tax consists of other timing differences principally relating to the future settlement of monies due from joint venture companies.

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.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets as the directors do not expect to sell these assets and crystallise a gain.

## 18 Called up share capital

### Group and Company

	2003 £'000	2002 £'000
<b>Authorised</b>		
5,025,000 (2002: 5,025,000) ordinary shares of £1 each	5,025	5,025
<b>Allotted, called up and fully paid</b>		
5,025,000 (2002: 5,025,000) ordinary shares of £1 each	5,025	5,025

# Bayfordbury Holdings plc

## 19 Reserves

	Revaluation Reserve £'000	Reserve arising on consolidation £'000	Profit and loss account £'000
<b>Group</b>			
At 1 August 2002	143	225	26,474
Transfer to profit and loss account	-	(225)	225
Retained profit for the year	-	-	8,321
<b>At 31 July 2003</b>	<b>143</b>	<b>-</b>	<b>35,020</b>

The reserve arising on consolidation has been transferred to the profit and loss account as it is no longer required.

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

At 1 August 2002	11,765
Dividends received (see note 12)	(6,000)
Share of profits (see note 12)	8,918
<b>At 31 July 2003</b>	<b>14,683</b>

	Revaluation reserve £'000	Profit and loss account £'000
<b>Company</b>		
At 1 August 2002	17,072	9,770
Revaluation of subsidiaries	8,090	-
Retained profit for the year	-	231
<b>At 31 July 2003</b>	<b>25,162</b>	<b>10,001</b>

# Bayfordbury Holdings plc

## 20 Reconciliation of movements in equity shareholders' funds

	2003 £'000	2002 £'000
<b>Group</b>		
Opening equity shareholders' funds	31,867	24,783
Profit after taxation for the year	13,421	13,541
Dividends	(5,100)	(6,600)
Revaluation of fixed assets	-	143
<b>Closing equity shareholders' funds</b>	<b>40,188</b>	<b>31,867</b>

	2003 £'000	2002 £'000
<b>Company</b>		
Opening equity shareholders' funds	31,867	24,783
Profit after taxation for the year	5,331	6,875
Dividends	(5,100)	(6,600)
Revaluation of subsidiaries	8,090	6,809
<b>Closing equity shareholders' funds</b>	<b>40,188</b>	<b>31,867</b>

## 21 Financial commitments

At 31 July 2003 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Within one year	-	-	240	-
Within two and five years inclusive	-	-	87	362
After five years	373	296	-	-
	<b>373</b>	<b>296</b>	<b>327</b>	<b>362</b>

At 31 July 2003, the following amounts, which have not been provided for in the accounts were contracted to be paid to complete the purchase of development land.

	Group	
	2003 £'000	2002 £'000
Due within the following year	4,090	2,536

# Bayfordbury Holdings plc

## 22 Capital commitments

There is no contracted future capital expenditure which has not been provided for in these financial statements (2002: £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 outflow from operating activities

	2003 £'000	2002 £'000
Operating profit - continuing operations	7,668	7,375
Loss on disposal of fixed assets	28	34
Profit on disposal of investment properties	-	(40)
Revaluation of fixed assets	-	(205)
Depreciation of tangible fixed assets	279	239
Increase in stocks	(8,860)	(22,210)
(Increase)/decrease in debtors	(4,094)	888
Increase in creditors	1,879	2,136
<b>Net cash outflow from continuing operating activities</b>	<b>(3,100)</b>	<b>(11,783)</b>

## 25 Reconciliation of net cash flow to movement in net debt

	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(1,696)	2,720
Cash inflow from increase in debt and lease financing	(8,814)	(4,858)
Increase in net debt resulting from cash flows	(10,510)	(2,138)
New finance leases	-	(321)
Non-cash settlement of finance leases	19	-
Movement in net debt in the year	(10,491)	(2,459)
Net debt at 1 August	(32,350)	(29,891)
<b>Net debt at 31 July</b>	<b>(42,841)</b>	<b>(32,350)</b>



# Bayfordbury Holdings plc

## 26 Analysis of net debt

	1 August 2002 £'000	Cash flow £'000	Non-cash Changes £'000	31 July 2003 £'000
<b>Net cash</b>				
Cash at bank and in hand	5,031	(1,696)	-	3,335
<b>Debt</b>				
Finance leases	(395)	101	19	(275)
Debts falling due within one year	(7,548)	(6,918)	-	(14,466)
Debts falling due after one year	(29,438)	(1,997)	-	(31,435)
	(36,986)	(8,915)	-	(45,901)
<b>Net debt</b>	(32,350)	(10,510)	19	(42,841)

## 27 Pension costs

The group makes defined contributions to a number of personal pension arrangements on behalf of its employees. A pension cost of £695,000 (2002: £758,000) was charged to the profit and loss account during the year. At 31 July 2003 an amount of £27,000 (2002: £353,000) is included in creditors for pension costs accrued.

## 28 Related party transactions

The company has taken advantage of the exemption available to parent companies under Financial Reporting Standard No. 8, 'Related party disclosures', where transactions and balances between group entities have been eliminated on consolidation, not to disclose details of those transactions.

During the year ended 31 July 2002, a subsidiary of the group entered into a loan agreement with Rialto Group Pension Scheme, the beneficiary of which is J A Barham, Chairman of Bayfordbury Holdings plc. The interest charged in the year was £49,000 (2002: £146,000). The loan was fully repaid at 31 July 2003.

J A Barham the chairman of the company and a related party, completed purchases of properties in one of the group's joint venture developments for £nil (2002: £150,000) and £nil (2002: £206,000) respectively.

L W Green, and a connected party, completed the purchase of properties in one of the group's joint venture developments for £Nil (2002: £240,000) and £Nil (2002: £430,000) respectively.

During the year, S C Potter, Managing Director of the company, and a connected party, completed the purchase of property for £179,000 (2002: £Nil).

Payments of £25,000 (2002: £25,000) were made to Addison Beyer Green, of which L W Green, director, is a partner.

All these transactions were entered into at arm's length.

## 29 Ultimate controlling party

The directors consider J A Barham, as majority shareholder, to be the ultimate controlling party of Bayfordbury Holdings plc.