

Bayfordbury Holdings plc
Annual report and financial statements
for the year ended 31 July 2002

Registered Number 2698931



Bayfordbury Holdings plc

Annual report and financial statements

for the year ended 31 July 2002

Contents

Directors and advisers for the year ended 31 July 2002	1
Directors' report for the year ended 31 July 2002.....	2
Independent auditors' report to the members of Bayfordbury Holdings plc	4
Consolidated profit and loss account for the year ended 31 July 2002.....	5
Consolidated balance sheet as at 31 July 2002	6
Company balance sheet as at 31 July 2002.....	7
Consolidated cashflow statement for the year ended 31 July 2002.....	8
Notes to the financial statements for the year ended 31 July 2002	9

Bayfordbury Holdings plc

Directors and advisers for the year ended 31 July 2002

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
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers to the Group

Bank of Scotland
Barclays Bank PLC
N M Rothschild & Sons Limited
National Westminster Bank Plc
Royal Bank of Scotland
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 2002

The directors present their report and the audited financial statements for the year ended 31 July 2002.

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	
	2002	2001
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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2002 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 (2001: £nil). Charitable donations made during the year amounted to £19,000 (2001: £21,000).

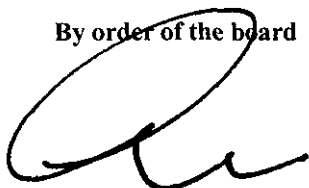
Payments to suppliers

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 2002 for the group's largest trading company, Rialto Homes plc, was 22 days (2001: 36 days).

Auditors

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

By order of the board



P G Ayton
Company Secretary
16 September 2002

Bayfordbury Holdings plc

Independent auditors' report to the members of Bayfordbury Holdings plc

We have audited the financial statements on pages 5 to 24.

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 on page 2.

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.

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.

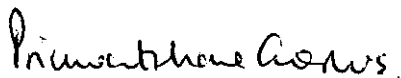
Basis of audit opinion

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 the company and the group's affairs at 31 July 2002 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
Chartered Accountants and Registered Auditors
Cambridge
16 September 2002

Bayfordbury Holdings plc

Consolidated profit and loss account for the year ended 31 July 2002

	Note	2002 £'000	2001 £'000
Turnover – group and share of joint ventures		96,635	67,301
Less: share of joint ventures' turnover		(13,531)	(14,475)
Group turnover – continuing operations	1	83,104	52,826
Change in stocks of land and work in progress		22,919	23,430
Other operating income	5	173	192
		106,196	76,448
Land acquisition and development expenditure		34,485	24,667
Construction expenditure		54,871	42,378
Sales expenditure and incentives		2,211	1,720
		(91,567)	(68,765)
		14,629	7,683
Staff costs	3	6,551	4,963
Other operating charges		703	2,119
		(7,254)	(7,082)
Operating profit – continuing operations		7,375	601
Profit on disposal of interest in joint ventures	12	4,965	-
Share of profit of joint ventures	12	6,499	3,751
Profit on ordinary activities before interest		18,839	4,352
Interest receivable and similar income	6	43	47
Interest payable and similar charges	7	(1,090)	(1,572)
Profit on ordinary activities before taxation	2	17,792	2,827
Taxation on profit on ordinary activities	8	(4,251)	(1,345)
Profit for the financial year		13,541	1,482
Dividends	10	(6,600)	(1,350)
Increase in reserves	19	6,941	132

Statement of group total recognised gains and losses for the year ended 31 July 2002

		2002 £'000	2001 £'000
Profit for the financial year		13,241	1,482
Revaluation of fixed assets	11	143	-
Total gains for the year		13,384	1,482

Bayfordbury Holdings plc

Consolidated balance sheet as at 31 July 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	11	1,038	570
Investments in joint ventures:			
Share of gross assets	12	59,406	73,030
Share of gross liabilities	12	51,141	69,664
		8,265	3,366
Other investments	12	8,333	19,166
		16,598	22,532
		17,636	23,102
Current assets			
Stock	13	66,751	43,832
Debtors	14	927	1,815
Cash at bank and in hand		5,031	2,311
		72,709	47,958
Creditors: amounts falling due within one year	15	(27,524)	(24,586)
Net current assets		45,185	23,372
Total assets less current liabilities		62,821	46,474
Creditors : amounts falling due after more than one year	16	(29,738)	(21,374)
Provisions for liabilities and charges	17	(1,216)	(317)
Net assets		31,867	24,783
Capital and reserves			
Called up share capital	18	5,025	5,025
Revaluation reserve	19	143	-
Reserve arising on consolidation	19	225	225
Profit and loss account	19	26,474	19,533
Equity shareholders' funds	20	31,867	24,783

Bayfordbury Holdings plc


Company balance sheet as at 31 July 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments	12	35,441	26,518
Current assets			
Debtors	14	8,910	1,388
Cash at bank and in hand		-	-
		8,910	1,388
Creditors: amounts falling due within one year	15	(12,484)	(3,123)
Net current liabilities		(3,574)	(1,735)
Net assets		31,867	24,783
Capital and reserves			
Called up share capital	18	5,025	5,025
Revaluation reserve	19	17,072	10,263
Profit and loss account	19	9,770	9,495
Equity shareholders' funds	20	31,867	24,783

The financial statements on pages 5 to 24 were approved by the board of directors on 16 September 2002 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 2002

	Note	2002 £'000	2001 £'000
Net cash outflow from continuing operating activities	24	(11,783)	(15,581)
Returns on investment and servicing of finance			
Interest paid		(1,766)	(1,683)
Interest paid on finance leases		(33)	(39)
Interest received		43	47
Net cash outflow from returns on investment and servicing of finance		(1,756)	(1,675)
Taxation			
UK corporation tax paid		(1,637)	(1,970)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(72)	(121)
Sale of investment properties		160	-
Loans from joint ventures		-	3,500
Loans repaid by joint ventures (see note 12)		11,065	2,000
Loans to joint ventures (see note 12)		(352)	(386)
Net cash inflow from capital expenditure and financial investment		10,801	4,993
Acquisitions and disposals			
Disposal of interest in joint venture (see note 12)		5,087	-
Net cash outflow from acquisitions and disposals		5,087	-
Equity dividends paid		(2,850)	(2,350)
Cash outflow before financing		(2,138)	(16,583)
Financing			
Loan drawdowns		4,959	16,553
Capital element of finance lease payments		(101)	(62)
Net cash inflow from financing		4,858	16,491
Increase/(decrease) in cash in the year	25	2,720	(92)

Bayfordbury Holdings plc

Notes to the financial statements for the year ended 31 July 2002

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. However, compliance with Statement of Standard Accounting Practice ('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.

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.

FRS 19 'Deferred Tax' has been adopted during the year. There has been no significant impact on the financial statements for the year under review or the comparative figures.

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 2002. 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 2002. The audited financial statements of Hither Green Developments Limited, Westfield Holdings Pte Limited and West End Quay Limited were drawn up to 31 December 2001, 31 July 2001 and 30 April 2002 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.

Bayfordbury Holdings plc

1 Principal accounting policies (continued)

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
Furniture and pictures	Not depreciated

The group has revalued its collectibles in accordance with FRS 15 'Tangible Fixed Assets'. This class of assets will be valued every year 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 undertaking with net liabilities.

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, although this would not have been significant.

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.

Bayfordbury Holdings plc

1 Principal accounting policies (continued)

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

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.

2 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after crediting:		
- profit on disposal of ground rents	-	9
- profit on disposal of investment properties	40	-
And after charging:		
Depreciation of tangible fixed assets:		
- owned assets	119	79
- leased assets	120	160
Operating lease charges:		
- hire of plant and machinery	337	320
- other	296	312
Auditors' remuneration:		
- audit (company £4,000; 2001: £2,000)	86	83
- other services	244	378

Bayfordbury Holdings plc

3 Employee information

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

	2002 Number	2001 Number
By activity		
Production staff	40	36
Sales and administration staff	123	119
	163	155

	2002 £'000	2001 £'000
Staff costs		
Wages and salaries	7,003	5,392
Social security costs	734	575
Other pension costs	758	460
	8,495	6,427
Less: amounts charged to work-in-progress	(1,944)	(1,464)
Amount charged directly to the profit and loss account	6,551	4,963

4 Directors' emoluments

	2002 £'000	2001 £'000
Aggregate emoluments	954	664
Company pension contributions to money purchase schemes	441	198
	1,395	862

Highest paid director:

	2002	2001
Total amount of aggregate emoluments and amounts receivable under long-term incentive schemes	365	231
Company pension contributions to money purchase schemes	123	-
	488	231

Retirement benefits are accruing to three directors (2001: three directors) under money purchase schemes.

Bayfordbury Holdings plc

5 Other operating income

	2002 £'000	2001 £'000
Rental income	54	67
Profit on disposal of ground rents	-	9
Loss on disposal of fixed assets	(34)	-
Profit on disposal of investment properties	40	-
Commission	13	28
Other	100	88
	173	192

6 Interest receivable and similar income

	2002 £'000	2001 £'000
Other interest receivable	43	47

7 Interest payable and similar charges

	2002 £'000	2001 £'000
Interest payable on bank loans	3,723	4,081
Interest payable on other loans (see note 28)	146	195
Less: interest capitalised on joint venture developments	(2,115)	(2,281)
Less: interest capitalised on other developments	(714)	(553)
	1,040	1,442
On loans for capital expenditure	17	91
On finance leases	33	39
	1,090	1,572

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.

Bayfordbury Holdings plc

8 Taxation

	2002 £'000	2001 £'000
United Kingdom corporation tax at 30% (2001: 30%)		
Current year tax charge	2,001	336
Over provision in respect of prior year	(127)	(25)
Share of tax of joint venture undertakings (see note 12)	1,478	1,882
Deferred taxation (see note 17)	899	(848)
	4,251	1,345

	2002 £'000	2001 £'000
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	17,792	2,827
Tax on profit on ordinary activities at the standard rate of 30% (2001: 30%)	5,338	848
Tax effect of reconciling items:		
Expenses not deductible for tax purposes	95	491
Profit on sale of substantial shareholding	(1,489)	-
Difference between capital allowances and depreciation	6	(17)
Share of operating profit of joint ventures	(1,949)	(986)
Current tax charge	2,001	336

Profit on sale of substantial shareholding represents the profit on sale of the group's investment in the York Road joint venture (see note 12), which is an exempt disposal under the substantial shareholding legislation introduced with effect from 1 April 2002.

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:

	2002 £'000	2001 £'000
Company's profit for the financial year	6,875	1,350

Bayfordbury Holdings plc

10 Dividends

	2002 £'000	2001 £'000
Ordinary shares:		
Interim paid of 31.84p per share (2001: 0.0199p per share)	1,600	100
Final proposed of 99.5p per share (2001: 24.88p per share)	5,000	1,250
	6,600	1,350

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
Cost or valuation					
At 1 August 2001	149	62	783	-	994
Additions at cost	163	-	230	-	393
Revaluations	-	-	-	348	348
Disposals	(92)	(22)	(52)	-	(166)
At 31 July 2002	220	40	961	348	1,569
Depreciation					
At 1 August 2001	143	19	262	-	424
Charge for the year	51	12	176	-	239
Eliminated in respect of disposals	(92)	(17)	(23)	-	(132)
At 31 July 2002	102	14	415	-	531
Net book value at 31 July 2002	118	26	546	348	1,038
Net book value at 31 July 2001	6	43	521	-	570

The net book value of tangible fixed assets includes an amount of £352,000 (2001: £131,000) in respect of assets held under finance leases.

The group has revalued the collectibles in accordance with FRS 15 'Tangible Fixed Assets'. These assets were revalued in April 2002 by Michael Newman Associates, Chartered Antique and Fine Art Valuers. At 1 August 2001 these assets were fully depreciated and had been removed from the fixed asset register. The assets had an original cost of £205,000. In accordance with FRS 15, the depreciation of £205,000 has been credited back to the profit and loss account and the revalued amount of £143,000 has been disclosed in the statement of total recognised gains and losses. The directors are not aware of any material change to this valuation at the year-end.

The company held no tangible fixed assets during the year.

Bayfordbury Holdings plc

12 Fixed asset investments

Group

	Investment properties £'000	Investment in joint ventures £'000	Loans £'000	Total £'000
Cost or valuation				
At 1 August 2001	120	3,366	19,046	22,532
Share of profits	-	5,021	-	5,021
Increase in investments - loans	-	-	352	352
Repayment of loan	-	-	(11,065)	(11,065)
Disposals	(120)	(122)	-	(242)
At 31 July 2001	-	8,265	8,333	16,598

Company

	Shares in group companies £'000
Cost or valuation	
At 1 August 2001	26,518
Revaluations	8,923
At 31 July 2002	35,441

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	- Housing development and construction

Rialto No 6 Limited was incorporated as Mislex (337) Limited on 13 March 2002 and changed its name to Rialto No 6 Limited on 13 May 2002. On 11 August 2002, Bayfordbury Holdings plc transferred its shareholding in Rialto No 5 Limited to Rialto No 6 Limited.

Bayfordbury Holdings plc

12 Fixed asset investments (continued)

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%

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.

During the year Rialto Homes plc sold its 41.25% interest in York Road Limited for a profit of £4.965 million.

Additional disclosures for joint ventures

	West End Quay Limited £'000	Westfield Holdings Pte Limited £'000	Hither Green Developments Limited £'000	Total £'000
Group				
Turnover	5,153	2,188	6,190	13,531
Profit before taxation	1,671	891	3,937	6,499
Taxation	309	(678)	(1,109)	(1,478)
Profit after taxation	1,980	213	2,828	5,021
Share of assets				
Share of current assets	37,673	2,869	18,864	59,406
Share of liabilities				
Liabilities within one year	(19,125)	(588)	(8,141)	(27,854)
Liabilities after one year	(16,568)	(14)	(6,705)	(23,287)
Share of net assets	1,980	2,267	4,018	8,265

Interest capitalised in the year of £2,115,000 (2001: £2,281,000) 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 group.

Bayfordbury Holdings plc

13 Stocks

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Land and development work-in-progress	66,751	43,832	-	-

Interest of £714,000 (2001: £553,000) was capitalised during the year in respect of specific loans on development sites.

14 Debtors

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade debtors	281	225	-	-
Amounts owed by group undertakings	-	-	8,910	1,388
Amounts owed by joint ventures	-	1,067	-	-
Other debtors	445	118	-	-
Prepayments and accrued income	201	405	-	-
	927	1,815	8,910	1,388

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	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Bank loans	5,514	8,887	-	-
Other loans (see note 28)	2,034	1,878	-	-
Trade creditors and accruals	11,691	10,013	-	303
Loans due to joint ventures	-	632	-	-
Amounts due to group undertakings	-	-	4,689	1,570
Obligations under finance leases	95	63	-	-
Taxation and social security:				
Corporation tax	331	209	-	-
Social security and other taxes	235	409	-	-
Other creditors	2,624	1,245	2,795	-
Proposed dividends	5,000	1,250	5,000	1,250
	27,524	24,586	12,484	3,123

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)

Bank loans of £4.3 million and of £1.2 million are 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 carry an interest rate of 2% and 1.5% per annum above LIBOR respectively.

A loan of £2 million with the Rialto Group Executive Pension Scheme (see note 28) carries an interest rate at 3% above LIBOR and is 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	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Loans	29,438	21,262	-	-
Obligations under finance leases	300	112	-	-
	29,738	21,374	-	-

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, which is committed until 31 August 2003. As part of an earlier agreement, Rialto Homes plc and its 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.

A bank loan of £13.6 million is secured by way of a fixed charge over the freehold property at Winterthur Way, Basingstoke. The loan carries a composite interest rate of 2.06% per annum above LIBOR.

Maturity of debt

Group loans are payable as follows:

	2002 £'000	2001 £'000
In one year or less, or on demand	7,548	10,765
In more than one year, but not more than two years	15,772	111
In more than two years, but not more than five years	13,666	21,151
	36,986	32,027

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:

	2002 £'000	2001 £'000
Within one year	95	63
In more than one year, but not more than five years	300	112
	395	175

17 Provisions for liabilities and charges

Provision for deferred tax

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
At 1 August	317	1,165	-	-
Charged/(released) to profit and loss account	899	(848)	-	-
At 31 July	1,216	317	-	-

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

	2002 £'000	2001 £'000
Authorised		
5,025,000 (2001: 5,025,000) ordinary shares of £1 each	5,025	5,025
Allotted, called up and fully paid		
5,025,000 (2001: 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
Group			
At 1 August 2001	-	225	19,533
Revaluation of fixed assets	143	-	-
Retained profit for the year	-	-	6,941
At 31 July 2002	143	225	26,474

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

At 1 August 2001	6,866
Disposal of investment in joint venture (see note 12)	(122)
Retained profit for the year (see note 12)	5,021
At 31 July 2002	11,765

	Revaluation reserve £'000	Profit and loss account £'000
Company		
At 1 August 2001	10,263	9,495
Revaluation of subsidiaries	6,809	-
Retained profit for the year	-	275
At 31 July 2002	17,072	9,769

20 Reconciliation of movements in equity shareholders' funds

	2002 £'000	2001 £'000
Group		
Opening equity shareholders' funds	24,783	24,651
Profit after taxation for the year	13,541	1,482
Dividends	(6,600)	(1,350)
Revaluation of fixed assets	143	-
Closing equity shareholders' funds	31,867	24,783

Bayfordbury Holdings plc

20 Reconciliation of movements in equity shareholders' funds (continued)

	2002 £'000	2001 £'000
Company		
Opening equity shareholders' funds	24,783	24,651
Profit after taxation for the year	6,875	1,350
Dividends	(6,600)	(1,350)
Revaluation of subsidiaries	6,809	132
Closing equity shareholders' funds	31,867	24,783

21 Financial commitments

At 31 July 2002 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Within one year	-	-	-	14
Within two and five years inclusive	-	-	362	306
After five years	296	296	-	-
	296	296	362	320

At 31 July 2002, 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	
	2002 £'000	2001 £'000
Due within the following year	2,536	6,522

22 Capital commitments

There is no contracted future capital expenditure which has not been provided for in these financial statements (2001: £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.

Bayfordbury Holdings plc

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

	2002 £'000	2001 £'000
Operating profit - continuing operations	7,375	601
Loss on disposal of fixed assets	34	-
Profit on disposal of investment properties	(40)	-
Revaluation of fixed assets (see note 11)	(205)	-
Depreciation of tangible fixed assets	239	239
Increase in stocks	(22,210)	(22,088)
Decrease in debtors	888	3,624
Increase in creditors	2,136	2,043
Net cash outflow from continuing operating activities	(11,783)	(15,581)

25 Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Increase/(decrease) in cash in the period	2,720	(92)
Cash inflow from increase in debt and lease financing	(4,858)	(16,491)
Increase in net debt resulting from cash flows	(2,138)	(16,583)
New finance leases	(321)	-
Non-cash settlement of finance leases	-	84
Movement in net debt in the period	(2,459)	(16,499)
Net debt at 1 August	(29,891)	(13,392)
Net debt at 31 July	(32,350)	(29,891)

Bayfordbury Holdings plc

26 Analysis of net debt

	1 August 2001 £'000	Cash flow £'000	Non-cash Changes £'000	31 July 2002 £'000
Net cash				
Cash at bank and in hand	2,311	2,720	-	5,031
Debt				
Finance leases	(175)	101	(321)	(395)
Debts falling due within one year	(10,765)	3,217	-	(7,548)
Debts falling due after one year	(21,262)	(8,176)	-	(29,438)
Net debt	(29,891)	(2,138)	(321)	(32,350)

27 Pension costs

The group makes defined contributions to a number of personal pension arrangements on behalf of its employees. A pension cost of £758,000 (2001: £460,000) was charged to the profit and loss account during the year. At 31 July 2002 an amount of £353,000 (2001: £56,000) 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 previous year, a subsidiary of the group entered into loan agreements with the Rialto Group Pension Scheme, the beneficiary of which is J A Barham, Chairman of Bayfordbury Holdings plc. The interest charged in the year was £146,000 (2001: £195,000). The amount due to the pension scheme at 31 July 2002 was £2 million (2001: £1.9 million).

During the year J A Barham, Chairman of the company, and a connected party, completed the purchases of properties in one of the group's joint venture developments for £150,000 and £206,000 respectively.

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

Payments of £25,000 (2001: £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.