

Bournston Developments Limited

Directors' report and consolidated
financial statements

Registered number 02775041

31 December 2003



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Company information

Directors	JR Whysall PM Kilmister RG Leivers
Company Secretary	BS Smith-Hilliard
Registered office	Huntingdon House 278-290 Huntingdon Street Nottingham NG1 3LY
Company number	02775041
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

Directors' report

The directors present their report with the financial statements of the group for the year ended 31 December 2003.

Principal activities

The principal activities of the company in the year under review were those of property development and investment. The company is also the holding company for the group.

The group's principal activities are those of property development and investment. All activities of both the parent company and the group are continuing.

Review of business

The directors consider the results to be satisfactory.

Dividends

Interim dividends were paid during the year in respect of the 'A' ordinary shares of £423,000 (2002: nil). Interim dividends were paid during the year in respect of the 'B' ordinary shares of £226,000 (2002: £80,000).

No final dividend will be paid.

Directors and directors' interests

The directors who held office during the year under review were:

JR Whysall
PM Kilmister
RG Leivers
D Allwood - appointed 3 March 2003, resigned 8 March 2004

The beneficial interests of the directors holding office on 31st December 2003 in the issued share capital of the company were as follows:

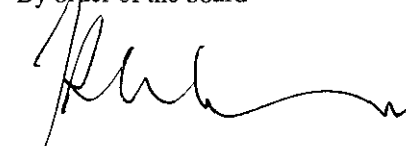
	2003 £	2002 £
<i>'A' ordinary £1 shares</i>		
JR Whysall	1	1
PM Kilmister	-	-
<i>'B' ordinary £1 shares</i>		
JR Whysall	-	-
PM Kilmister	1	1

In accordance with the company's Articles of Association, by virtue of holding the only issued 'A' share, Mr JR Whysall is classified as an 'A' designated director. Similarly, Mr PM Kilmister, who holds the only issued 'B' share is classified as a 'B' designated director. The 'A' shares and 'B' shares are separate classes of shares but rank *pari passu*.

Auditors

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

By order of the board


JR Whysall
Director

28 October 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

St Nicholas House
Park Row
Nottingham
NG1 6FQ
United Kingdom

Independent auditors report to the members of Bournston Developments Limited

We have audited the financial statements on pages 5 to 22.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 group as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditor

28 October 2004

Consolidated profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £	2002 £
Turnover	2	12,721,189	9,402,126
Cost of sales		(10,317,247)	(8,188,259)
Gross profit		2,403,942	1,213,867
Administrative expenses		(991,279)	(771,770)
Other operating income		-	1,500
Operating profit	5	1,412,663	443,597
Interest receivable	6	18,647	13,608
Interest payable	7	(612,693)	(321,817)
Profit on ordinary activities before taxation		818,617	135,388
Tax on profit on ordinary activities	8	(254,194)	(42,472)
Profit for the financial year		564,423	92,916
Dividends	10	(649,000)	(80,000)
(Deficit)/retained profit for the year		(84,577)	12,916

Consolidated total recognised gains and losses
for the year ended 31 December 2003

	2003 £	2002 £
Profit for the financial year	564,423	92,916
Surplus on revaluation of investments	182,500	12,531
Total recognised gains and losses relating to the year	746,923	105,447

Consolidated balance sheet
as at 31 December 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	11		140,591		88,255
Investments	12		1,725,000		1,542,500
			<u>1,865,591</u>		<u>1,630,755</u>
Current assets					
Stocks	13	10,841,920		6,870,629	
Debtors	14	3,245,068		5,431,160	
Cash at bank		1,322,545		43,644	
		<u>15,409,533</u>		<u>12,345,433</u>	
Creditors: amounts falling due within one year	15	(12,592,179)		(6,310,919)	
Net current assets			<u>2,817,354</u>		<u>6,034,514</u>
Total assets less current liabilities			<u>4,682,945</u>		<u>7,665,269</u>
Creditors: amounts falling due after more than one year	16		(2,977,713)		(5,932,490)
Provisions for liabilities and charges	19		(232,330)		(357,800)
Net assets			<u>1,472,902</u>		<u>1,374,979</u>
Capital and reserves					
Called up share capital	20		2		2
Revaluation reserve	21		698,593		516,093
Profit and loss account	21		774,307		858,884
Equity shareholders' funds	22		<u>1,472,902</u>		<u>1,374,979</u>

These financial statements were approved by the board of directors on 28 October 2004 and were signed on its behalf by:


JR Whysall
Director

Company balance sheet
as at 31 December 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	11		140,591		88,255
Investments	12		1,777,702		1,701,195
			<hr/>		<hr/>
			1,918,293		1,789,450
Current assets					
Stocks	13	196,545		1,544,992	
Debtors	14	5,011,478		6,191,086	
Cash at bank		355,164		23,241	
		<hr/>		<hr/>	
			5,563,187	7,759,319	
Creditors: amounts falling due within one year	15	(3,954,898)		(3,654,048)	
		<hr/>		<hr/>	
Net current assets			1,608,289		4,105,271
			<hr/>		<hr/>
Total assets less current liabilities			3,526,582		5,894,721
Creditors: amounts falling due after more than one year	16		(2,577,713)		(4,472,490)
Provisions for liabilities and charges	19		(232,330)		(357,800)
			<hr/>		<hr/>
Net assets			716,539		1,064,431
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	20		2		2
Revaluation reserve	21		698,593		516,093
Profit and loss account	21		17,944		548,336
			<hr/>		<hr/>
Equity shareholders' funds	22		716,539		1,064,431
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 28 October 2004 and were signed on its behalf by:


JR Whysall
Director

Consolidated cash flow statement
for the year ended 31 December 2003

Reconciliation of operating profit to net cash inflow from operating activities

	<i>Note</i>	2003 £	2002 £
Operating profit		1,412,663	443,597
Depreciation charges		37,502	22,916
Profit on sale of fixed assets		(6,085)	-
Increase in stocks		(3,971,291)	(3,702,373)
Decrease/(increase) in debtors		2,187,654	(5,113,459)
(Decrease)/increase in creditors		(164,325)	1,776,482
		<hr/>	<hr/>
Net cash outflow from continuing operations		(503,882)	(6,572,837)
		<hr/>	<hr/>

Cash flow statement

		2003 £	2002 £
Net cash flow from operating activities		(503,882)	(6,572,837)
Returns on investments and servicing of finance	23	(594,046)	(443,126)
Taxation		(351,712)	(23,203)
Capital expenditure	23	(83,753)	(39,920)
Equity dividends paid		(649,000)	(80,000)
		<hr/>	<hr/>
Financing	23	(2,182,393)	(7,159,086)
		3,416,270	6,081,650
		<hr/>	<hr/>
Increase/(decrease) in cash		1,233,877	(1,077,436)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

		2003 £	2002 £
Increase/(decrease) in cash in the period		1,233,877	(1,077,436)
Cash outflow from reduction in loan debt		(3,297,346)	(6,098,737)
Cash to repay lease financing		-	-
		<hr/>	<hr/>
Change in net debt		(2,063,469)	(7,176,173)
Net debt at 1 January		(9,633,505)	(2,457,332)
		<hr/>	<hr/>
Net debt at 31 December	24	(11,696,974)	(9,633,505)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements except as noted below.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the results of Bournston Developments Limited and its subsidiary undertakings drawn up to 31 December 2003.

In accordance with Section 230(4) of the companies Act 1985 Bournston Developments Limited is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover comprises the value of goods and services provided during the year and rents receivable, excluding value added tax.

Goodwill

Purchased goodwill arising on the acquisition of subsidiary undertakings prior to 1 January 2000 is set off directly against reserves. As permitted by FRS 10, this goodwill has not been reinstated in the balance sheet and remains written off to reserves.

Tangible fixed assets and depreciation

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

Fixtures and fittings	15% on reducing balance
Motor vehicles	25% on reducing balance
Computer equipment	33 $\frac{1}{3}$ % on reducing balance

Stocks and work in progress

Stocks and work in progress, which includes the cost of property together with all other directly attributable costs, are stated at the lower of cost and net realisable value. Costs of property purchased for development and resale includes the following:

- Cost of acquisition
- Legal fees on acquisition
- Planning fees and related costs
- Costs of development
- Professional fees relating to acquisition and development
- Interest incurred during development and ending on the date of practical completion

Net realisable value is based on actual or estimated sales proceeds less further costs expected to be incurred to completion.

Purchases and sales of properties are accounted for on exchange of contracts, unless the contract is conditional and the condition has not been satisfied at the date the financial statements are approved. In such circumstances the purchase or sale is accounted for on completion of contracts.

Notes (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

Hire purchase and leasing commitments

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

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

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group. Contributions payable for the year are charged in the profit and loss account.

Fixed asset investments

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as the company's investment property is not held for consumption, but for its investment potential, to depreciate it 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 increased by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Government grants

Government grants received are included within the stock balance they relate to and are released to the profit and loss account as the stock is sold.

2 Turnover

The turnover and profit before taxation are attributable to the stated principal activities of the company and derives wholly from the United Kingdom.

3 Remuneration of directors

	2003 £	2002 £
Directors' emoluments and other benefits	308,676	191,187

Two of the directors have benefits accruing under a defined contribution scheme (2002: two).

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

Number of employees	
2003	2002
Sales	2
Office and administration	10
Directors	3
<hr/>	<hr/>
16	15
<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

2003	2002
£	£
Wages and salaries	399,810
Social security costs	41,008
Other pension costs	4,051
<hr/>	<hr/>
546,471	444,869
<hr/>	<hr/>

Other pension costs comprise the following:

2003	2002
£	£
Directors' retirement benefit scheme contributions	-
Other employees – stakeholder pension scheme	4,051
<hr/>	<hr/>
19,797	4,051
<hr/>	<hr/>

Payments of employees and employers pension contributions were up to date at 31 December 2003.

5 Operating profit

The operating profit is stated after charging:

2003	2002
£	£
Depreciation	22,916
- owned assets	
- leased assets	-
Profit on disposal of fixed assets	50
Auditors' remuneration for group and company	24,750
- this year	
- for services other than audit	5,000
Company government grant	197,792
<hr/>	<hr/>

6 Interest receivable and similar income - group

2003	2002
£	£
Bank interest	13,608
<hr/>	<hr/>

Notes (continued)

7 Interest payable and similar charges - group

Interest payable and similar charges includes the following:

	2003 £	2002 £
Bank interest	301	30
Loan interest	249,458	115,010
Other interest	361,726	206,777
Finance charges payable in respect of hire purchase contracts	1,208	-
	<u>612,693</u>	<u>321,817</u>

8 Taxation

(a) Analysis of charge in the year

The tax charge on the profit on ordinary activities for the year was as follows:

	2003 £	2002 £
UK corporation tax at 30% (2002: 30%)	254,194	34,672
Deferred taxation (note 16)	-	7,800
	<u>254,194</u>	<u>42,472</u>

(b) Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2002: lower) than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003 £	2002 £
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	818,617	135,388
	<u>245,585</u>	<u>40,616</u>
Current tax at 30% (2002: 30%)	245,585	40,616
<i>Effect of:</i>		
Expenses not deductible for tax purposes	3,446	3,385
Capital allowances for the period in excess of depreciation	(2,000)	(1,893)
Marginal rate on UK tax earnings	(4,196)	(13,989)
Adjustment to tax charge in respect of previous periods	12,467	7,661
Trading losses brought forward	(1,108)	(1,108)
	<u>254,194</u>	<u>34,672</u>
Total current tax charge	254,194	34,672

Notes (continued)

9 Profit attributable to the members of the parent company

The profit in the financial statements of the parent company amounted to £118,608 (2002: £14,262). After payment of dividends amounting to £649,000 (2002: £80,000) the loss for the year was £530,392 (2002: £65,738 loss).

10 Dividends

	2003 £	2002 £
Paid 'A' ordinary shares	423,000	-
Paid 'B' ordinary shares	226,000	80,000
	<hr/> 649,000	<hr/> 80,000

11 Tangible fixed assets

Group and company	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<i>Cost or valuation:</i>				
At 1 January 2003	79,861	42,300	28,431	150,592
Additions	24,299	47,727	25,226	97,252
Disposals	-	(20,800)	-	(20,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	104,160	69,227	53,657	227,044
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>				
At 1 January 2003	25,707	20,550	16,080	62,337
Charge for year	11,768	16,085	9,649	37,502
Disposals	-	(13,386)	-	(13,386)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	37,475	23,249	25,729	86,453
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>				
At 31 December 2003	<hr/> 66,685	<hr/> 45,978	<hr/> 27,928	<hr/> 140,591
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	54,154	21,750	12,351	88,255
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the total net book value of motor vehicles is £38,778 (2002: £nil) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £8,949 (2002: £nil).

Notes (continued)

12 Fixed asset investment

	Group £	Company £
<i>Cost or valuation:</i>		
At 1 January 2003	1,542,500	1,858,695
Revaluation	182,500	182,500
Impairment	-	(105,993)
	<hr/>	<hr/>
At 31 December 2003	1,725,000	1,777,702
	<hr/>	<hr/>
<i>Net book value:</i>		
At 31 December 2003	1,725,000	1,777,702
	<hr/>	<hr/>
At 31 December 2002	1,542,500	1,701,195
	<hr/>	<hr/>

Cost or valuation at 31 December 2003 is represented by:

	£	£
Valuation in 1998	-	237,478
Valuation in 1999	237,195	107,026
Valuation in 2000	75,591	(31,718)
Valuation in 2001	190,776	190,776
Valuation in 2002	12,531	12,531
Valuation in 2003	182,500	76,507
Cost	1,026,407	1,185,102
	<hr/>	<hr/>
At 31 December 2003	1,725,000	1,777,702
	<hr/>	<hr/>

If investments had not been revalued they would have been included at the following historical cost:

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Cost	1,026,407	1,026,407	1,185,102	1,185,102
	<hr/>	<hr/>	<hr/>	<hr/>

Investments were valued on an open market basis on 31 December 2003 by the directors, JR Whysall FRICS and PM Kilmister ARICS. All group investments comprise investment properties, although not necessarily expected to be held for a long term.

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Unlisted investments	1,725,000	1,542,500	1,777,702	1,701,195
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Fixed asset investment (continued)

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Waterlakes Estates Limited

Nature of business: Property investment

Class of shares:	% holding	2003	2002
Ordinary	100.00	£	£
Aggregate capital and reserves		51,698	36,087
Profit for the year after tax before dividends		15,611	5,424

Kentford Estates Limited

Nature of business: Property development

Class of shares:	% holding	2003	2002
Ordinary	100.00	£	£
Aggregate capital and reserves		(117,039)	(65,729)
Loss for the year after tax before dividends		(51,310)	(30,041)

Bournston Commercial Developments Limited (formerly EIS Build Limited)

Nature of business: Property development

Class of shares:	% holding	2003	2002
Ordinary	100.00	£	£
Aggregate capital and reserves		693,934	268,126
Profit for the year after tax before dividends		425,808	67,639

Notes (continued)

12 Fixed asset investment (continued)

Bournston (Bramall Lane Development) Limited

Nature of business: Development of investment property

Class of shares:	% holding
Ordinary	100.00

	2003 £	2002 £
Aggregate capital and reserves	197,509	197,259
Profit for the year after tax before dividends	250	2,035
	<u> </u>	<u> </u>

Bournston (Charlotte Road Development) Limited

Nature of business: Property development

Class of shares:	% holding
Ordinary	100.00

	2003 £	2002 £
Aggregate capital and reserves	210,153	24,325
Profit for the year after tax before dividends	185,828	24,323
	<u> </u>	<u> </u>

Bournston Property Limited

Nature of business: Property development

Class of shares:	% holding
Ordinary	100.00

	2003 £	2002 £
Aggregate capital and reserves	(227,191)	2
Loss for the period after tax before dividends	(227,193)	-
	<u> </u>	<u> </u>

Notes (continued)

13 Stocks

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Stocks and work in progress	10,841,920	6,870,629	196,545	1,544,992

Loan interest included in the cost of group stocks and work in progress at 31 December 2003 was £249,609 (2002: £114,410).

Loan interest included in the cost of parent company stocks and work in progress at 31 December 2003 was £nil (2002: £25,317).

14 Debtors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	3,132,038	5,082,697	2,298,439	3,661,081
Other debtors	-	213,591	-	213,591
Directors' loan account	20,574	19,407	20,574	19,407
Prepayments and accrued income	92,061	115,465	61,271	72,202
Corporation tax refundable	395	-	-	-
Amounts due from group undertakings	-	-	2,631,194	2,224,805
	3,245,068	5,431,160	5,011,478	6,191,086

The company had a loan at 31 December 2003 of £nil (2002: £129,199) outstanding from Lodgeday Management Limited, a company in which Mr PM Kilmister is a director and controlling shareholder.

The group had a debtor balance at 31 December 2003 of £429,327 (2002: £nil) outstanding from Lodgeday Management Limited of which £25,517 (2002: £nil) was owed to the parent company.

15 Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	9,377,488	3,744,659	1,764,847	1,695,840
Other loans	1,050,000	-	1,050,000	-
Trade creditors	1,517,341	893,508	446,564	289,492
Other creditors	18,292	241,943	15,800	241,943
Directors' loan accounts	120,596	505	120,596	505
Corporation tax	240,372	337,495	6,394	1,156
Other taxes and social security	55,763	84,842	20,763	84,842
Accruals and deferred income	198,009	1,007,967	198,009	740,757
Amount due to group undertakings	-	-	317,607	599,513
Hire purchase	14,318	-	14,318	-
	12,592,179	6,310,919	3,954,898	3,654,048

The group and company had a creditor balance at 31 December 2003 of £15,106 (2002: £nil) outstanding to Lodgeday Management Limited.

Notes (continued)

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	400,000	-	-	-
Bank loans	1,019,427	3,592,101	1,019,427	2,132,101
Other loans	1,400,000	2,200,000	1,400,000	2,200,000
Loan - Directors' Retirement Benefit Scheme	140,389	140,389	140,389	140,389
Hire purchase	17,897	-	17,897	-
	<u>2,977,713</u>	<u>5,932,490</u>	<u>2,577,713</u>	<u>4,472,490</u>

Analysis of debt

Debt can be analysed as falling due:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
In one year or less or on demand	10,427,488	3,744,659	2,814,847	1,695,840
Between one and two years	1,416,900	2,529,948	1,416,900	1,069,948
Between two and five years	103,300	1,275,400	103,300	1,275,400
In five years or more	1,039,616	2,127,142	1,039,616	2,127,142
	<u>12,987,304</u>	<u>9,677,149</u>	<u>5,374,663</u>	<u>6,168,330</u>

Amounts falling due in more than five years:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
<i>Repayable by instalments:</i>				
Bank loans	899,227	1,986,753	899,227	1,986,753
Directors' Pension Scheme	140,389	140,389	140,389	140,389
	<u>1,039,616</u>	<u>2,127,142</u>	<u>1,039,616</u>	<u>2,127,142</u>

The maturity of obligations under hire purchase contracts is as follows:

	Group and Company	
	2003	2002
	£	£
Within one year	14,318	-
In the second to fifth year	17,898	-
Over five years	-	-
	<u>32,216</u>	<u>-</u>

Notes (continued)

17 Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2003 £	2002 £	2003 £	2002 £
Bank loans	10,396,915	7,333,948	2,736,437	3,825,129
Hire purchase	32,215	-	32,215	-
	<u>10,429,130</u>	<u>7,333,948</u>	<u>2,768,652</u>	<u>3,825,129</u>

The bank loans are secured by a fixed charge over individual property assets belonging to the company. The bank loans bear interest at a rate which fluctuates in line with the inter bank rate. At 31 December 2003, these varied between 5% and 7% per annum. Of the other unsecured loans totalling £2,450,000, £1,050,000 was repaid in February and March 2004 and £1,400,000 is due to be repaid in August and September 2005. These loans carry an effective rate of interest between 12% and 17% per annum.

18 Deferred taxation

Group and company

	Provided		Unprovided	
	2003 £	2002 £	2003 £	2002 £
Accelerated capital allowances	7,800	7,800	-	-
On revaluation of investment property	-	-	177,000	136,500
	<u>7,800</u>	<u>7,800</u>	<u>177,000</u>	<u>136,500</u>

In the group no deferred tax has been provided on the revaluation of the investment property on the basis that there is no intention to dispose of the property in the foreseeable future.

19 Provisions for liabilities and charges

Group and company

	2003 £	2002 £
Government grant claw back	224,530	350,000
Deferred taxation (note 18)	7,800	7,800
	<u>232,330</u>	<u>357,800</u>

Notes (continued)

20 Share capital

	2003 £	2002 £
<i>Authorised</i>		
50 'A' ordinary shares of £1 each	50	50
50 'B' ordinary shares of £1 each	50	50
	<hr/> 100	<hr/> 100
<i>Allotted, issued and fully paid:</i>		
1 'A' ordinary shares of £1 each	1	1
1 'B' ordinary shares of £1 each	1	1
	<hr/> 2	<hr/> 2

The 'A' shares and 'B' shares are separate classes of shares but rank pari passu.

21 Reserves

Group

	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2003	516,093	858,884	1,374,977
Surplus on revaluation	182,500	-	182,500
Accumulated loss for the year	-	(84,577)	(84,577)
	<hr/> 698,593	<hr/> 774,307	<hr/> 1,472,900

Company

	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2003	516,093	548,336	1,064,429
Surplus on revaluation	182,500	-	182,500
Accumulated loss for the year	-	(530,392)	(530,392)
	<hr/> 698,593	<hr/> 17,944	<hr/> 716,537

Notes (continued)

22 Reconciliation of movement in equity shareholders' funds

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Profit for the year	564,423	92,916	118,608	14,262
Dividend	(649,000)	(80,000)	(649,000)	(80,000)
(Accumulated loss)/profit retained for the year	(84,577)	12,916	(530,392)	(65,738)
Other recognised gains and losses	182,500	12,531	182,500	12,531
Net addition to/(reduction in) shareholders' funds	97,923	25,447	(347,892)	(53,207)
Opening shareholders' funds	1,374,979	1,349,532	1,064,431	1,117,638
Closing shareholders' funds	1,472,902	1,374,979	716,539	1,064,431

23 Gross cash flows

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest received	18,647	13,608
Interest paid including interest on finance lease and hire purchase rental agreement	(612,693)	(456,734)
	(594,046)	(443,126)
Capital expenditure		
Payments to acquire tangible fixed assets	(97,252)	(27,832)
Payments to acquire fixed asset investment	-	(12,467)
Receipts from sales of tangible fixed assets	13,499	379
	(83,753)	(39,920)
Financing		
Loans	3,308,088	6,098,737
Amounts withdrawn by directors	118,924	(17,087)
Capital payments of finance lease and hire purchase rental payments	(10,742)	-
	3,416,270	6,081,650

Notes (continued)

24 Analysis of changes in net debt

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	43,644	1,278,901	1,322,545
Overdrafts	(2,812)	(45,024)	(47,836)
Debt due within one year	(3,741,847)	(6,652,123)	(10,393,970)
Debt due after one year	(5,932,490)	3,354,777	(2,577,713)
	<u>(9,633,505)</u>	<u>(2,063,469)</u>	<u>(11,696,974)</u>

25 Contingent liabilities

There exists an unprovided contingent liability of £nil (2002: £350,000) in respect of a grant claw back at 31 December 2003.

26 Capital commitments

	2003 £	2002 £
Contracted but not provided for in the financial statements	-	-

27 Transaction with directors

The company had a loan at 31 December 2003 due from Lodgeday Management Limited, a company in which Mr PM Kilmister is a director and controlling shareholder, to the sum of £nil (2002: £129,199). Interest on this loan has been charged at 7% per annum (2002: 7%). This loan has arisen by Bournston Developments Limited paying certain direct and indirect costs on behalf of Lodgeday Management Limited.

The group had an outstanding trade debt with Lodgeday Management Limited of £429,327 and an outstanding trade creditor of £15,104. This has arisen due to trading between the two companies as detailed above. Interest on this loan has been charged at 7% per annum (2002: 7%).

28 Related party transactions

During the year the following transactions occurred:

- Lodgeday Management Limited – a company of which PM Kilmister is a director and controlling shareholder purchased one unit at The Point, Bradmarsh for £750,000 and one unit at The Point, Lincoln for £750,000.
- Lodgeday Management Limited charged rent of £23,904 and service charges of £1,586 to the company.
- Lodgeday Management Limited had an outstanding trade debtor of £429,327 with the group and £25,517 with the parent company as at 31 December 2003 relating to the purchase of the units detailed above.

In the opinion of the directors, these transactions were all at market value.

During the year the Bournston Development group sold the ordinary share capital of Bournston (Trent Bridge) Limited to B & K Thomas (Holdings) Ltd for £2. Intercompany loans were repaid as a result of the transaction. Mr D Allwood was a director of both companies at the time although he had no beneficial interest in either company.