



**Urban Splash Group Limited  
and subsidiary undertakings**

Annual report and financial statements  
for the year ended 30 November 2001

Registered number: 03141013



## Chairman's statement

For the year ended 30 November 2001

The year ending 30 November 2001 has been a successful and significant one for Urban Splash. Turnover has grown from £12.6 million to £13.9 million (up 10%) profit before tax up from £1.6 million to £2.9 million (up 81%). Net assets have also increased from £9.8 million to £14.8 million (up 51%).

We now have a team of nearly one hundred in the Group, headed by a board of Directors, skilled and experienced in development, planning, property management, marketing, architecture, finance and construction. It is a tribute to my colleagues, our partners and our customers that we have achieved so much this year and my personal thanks go to them.

2002 is set to be another record breaking year for Urban Splash. We hope to complete both Waulk Mill in Ancoats and Timber Wharf – our £35 million 'first' new build scheme – in Castlefield, and start work on several exciting new schemes, including the Royal William Yard in Plymouth. I am also delighted that we have been entrusted with delivering the Government's 29 acre third Millennium Village in Manchester. 2002 has started excellently as we entered the year we already had £10.2 million of contracted sales that had been legally exchanged on apartments due to complete in the forthcoming year.

Finally if you want any further information on Urban Splash please look at our Website [www.urbansplash.co.uk](http://www.urbansplash.co.uk).



Tom Bloxham MBE Hon FRIBA FRSA

Group Chairman and Co-founder

## Directors' report

For the year ended 30 November 2001

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 30 November 2001.

### Principal activities and business review

On 2 November 2000 the company changed its name from Urban Splash (Britannia Mills) Limited to Urban Splash Group Limited.

The principal activities of the group comprise property development and property rental.

### Future prospects

The group will continue its present activities of property investment and development in the foreseeable future, and expects the profitable trading results to be maintained and improved.

### Results and dividends

The audited financial statements for the year ended 30 November 2001 are set out on pages 7 to 26. The group profit for the year after taxation, was £1,702,434 (2000 - £1,101,645).

The directors recommend a final dividend of 7.5p per ordinary share to be paid in April 2002 to the ordinary shareholders on the register on 30 November 2001, together with the interim dividend of 7.5p paid in November 2001, makes a total of 15p for the year (2000 - 11p).

### Directors and their interests

The directors who served the company during the year together with their beneficial interests in the company were as follows:

	Ordinary shares of £1 each	
	At 30 November 2001 £	At 1 December 2000 £
T.P.R. Bloxham M.B.E.	1,414,401	1,414,401
J.M. Falkingham	451,799	451,799
N.A. Williams	-	-
W. Martin (appointed 6 April 2001)	-	-

There have been no changes in directors or their interests in the company since the year end.

## Directors' report (continued)

### Donations

During the year the group made the following contributions:

	2001 £	2000 £
Charitable	<u>4,550</u>	<u>5,175</u>

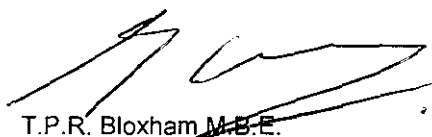
### Fixed assets

In the directors' opinion there is no material difference between the book and the current open market value of interests in investment properties, which have not been professionally valued during the year.

### Auditors

Edwards Veeder have resigned as auditors during the year and the directors appointed Arthur Andersen to fill the casual vacancy. The directors will place a resolution before the annual general meeting to appoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



T.P.R. Bloxham M.B.E.  
Chairman

Ducie House  
Ducie Street  
Manchester  
M1 2JW

16 May 2002

## 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 group and of the profit or loss of the group 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; and
- 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**To the Shareholders of Urban Splash Group Limited:**

We have audited the financial statements of Urban Splash Group Limited for the year ended 30 November 2001 which comprise the Profit and loss account, Balance sheets, Cash flow statement, Statement of total recognised gains and the related notes numbered 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 Directors' report and the Chairman's statement and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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.

## Independent auditor's report (continued)

### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group at 30 November 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

16 May 2002

# Consolidated profit and loss account

For the year ended 30 November 2001

	Notes	2001 £	2000 £
<b>Turnover</b>	1	13,897,015	12,559,716
Cost of sales		(7,914,877)	(9,068,363)
<b>Gross profit</b>		5,982,138	3,491,353
Other operating expenses (net)	2	(2,817,198)	(2,076,972)
<b>Operating profit</b>		3,164,940	1,414,381
Profit on sale of tangible fixed assets		247,583	502,701
Share of joint ventures' operating (loss) profit		(36,140)	23,014
<b>Profit on ordinary activities before finance charges</b>		3,376,383	1,940,096
Finance charges (net)	6		
Group		(383,367)	(346,467)
Joint ventures		(79,868)	(9,945)
		(463,235)	(356,412)
<b>Profit on ordinary activities before taxation</b>	3	2,913,148	1,583,684
Tax on profit on ordinary activities	7	(1,210,714)	(482,039)
<b>Profit on ordinary activities after taxation</b>		1,702,434	1,101,645
Dividends paid and proposed	9	(299,998)	(220,000)
<b>Retained profit for the year</b>		1,402,436	881,645

A movement in reserves is given in note 20 to the financial statements.

The accompanying notes are an integral part of this consolidated profit and loss account.

All of the activities of the group are classed as continuing.



# Consolidated statement of total recognised gains and losses

For the year ended 30 November 2001

	2001 £	2000 £
Profit (loss) for the financial year		
Group	1,518,444	868,576
Joint ventures	(116,008)	13,069
	<u>1,402,436</u>	<u>881,645</u>
Unrealised surplus on revaluation of the group's investment properties	3,634,740	1,196,002
Other gains and losses in the year	<u>20,148</u>	<u>-</u>
	<u>5,057,324</u>	<u>2,077,647</u>

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

# Consolidated balance sheet

30 November 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	10	20,016,300	15,361,582
Investments	11	151,918	151,918
Investments in joint ventures:			
- share of gross assets		1,331,164	1,274,235
- share of gross liabilities		(1,434,102)	(1,261,166)
		<u>20,065,280</u>	<u>15,526,569</u>
<b>Current assets</b>			
Work in progress	12	30,042,666	9,630,665
Debtors			
- due within one year	13	3,940,496	2,405,096
- due after one year	13	792,590	656,517
Cash at bank and in hand		7,628,316	6,530,798
		<u>42,404,068</u>	<u>19,223,076</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(20,885,242)</u>	<u>(16,953,788)</u>
<b>Net current assets</b>		<u>21,518,826</u>	<u>2,269,228</u>
<b>Total assets less current liabilities</b>		<u>41,584,106</u>	<u>17,795,857</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(26,771,168)</u>	<u>(8,031,243)</u>
<b>Net assets</b>		<u>14,812,938</u>	<u>9,764,614</u>
<b>Capital and reserves</b>			
Called-up equity share capital	19	2,000,000	2,000,000
Share premium account	20	4,609,464	4,609,464
Revaluation reserve	20	7,640,341	1,196,002
Other reserves	20	-	238,346
Profit and loss account	20	563,133	1,720,802
<b>Shareholders' funds</b>	21	<u>14,812,938</u>	<u>9,764,614</u>

The accompanying notes are an integral part of this consolidated balance sheet.

# Company balance sheet

30 November 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	10	12,997	-
Investments	11	6,272,525	6,272,525
		<u>6,285,522</u>	<u>6,272,525</u>
<b>Current assets</b>			
Work in progress	12	-	70,754
Debtors	13	4,324,693	1,690,065
Cash at bank and in hand		5,706,505	5,649,674
		<u>10,031,198</u>	<u>7,410,493</u>
<b>Creditors: Amounts falling due within one year</b>	14	(4,385,650)	(4,232,372)
<b>Net current assets</b>		<u>5,645,548</u>	<u>3,178,121</u>
<b>Net assets</b>		<u>11,931,070</u>	<u>9,450,646</u>
<b>Capital and reserves</b>			
Called-up equity share capital	19	2,000,000	2,000,000
Share premium account	20	4,609,464	4,609,464
Profit and loss account	20	5,321,606	2,841,182
<b>Shareholders' funds</b>		<u>11,931,070</u>	<u>9,450,646</u>

These financial statements were approved by the directors on the 16 May 2002.

Signed on behalf of the Board



T.P.R. Bloxham, MBE  
Director

16 May 2002

The accompanying notes are an integral part of this balance sheet.

# Consolidated cash flow statement

For the year ended 30 November 2001

	Notes	2001 £	2000 £
<b>Net cash outflow from operating activities</b>	22	(13,736,832)	(3,479,237)
Returns on investments and servicing of finance	23	(383,367)	(156,677)
Taxation	23	(599,886)	(880,899)
Capital expenditure and financial investment	23	(926,406)	(2,392,257)
Acquisitions and disposals	23	-	(2)
Equity dividends paid		(289,498)	(80,500)
<b>Cash outflow before financing</b>		(15,935,989)	(6,989,572)
Financing	23	15,697,682	6,540,957
<b>Decrease in cash in the year</b>	24	(238,707)	(448,615)

The accompanying notes are an integral part of this consolidated cash flow statement.

## Statement of accounting policies

30 November 2001

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **Basis of accounting**

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

### **Basis of consolidation**

The group financial statements consolidate the financial statements of Urban Splash Group Limited and its subsidiary undertakings drawn up to 30 November each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

### **Turnover**

Turnover represents amounts receivable for properties and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and land options, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Loft shop property	3 years
Structural alterations	10 years
Fittings and equipment	5 years
Motor vehicles	3 years
Computer equipment	3 years

### **Investment properties**

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. The financial effect of the departure from statutory accounting rules cannot reasonably be quantified due to the lack of analysis between cost and valuation information.

### **Investments**

Fixed asset investments are shown at cost less provision for impairment.

### **Joint ventures**

Joint ventures are included within the financial statements using the gross enquiry accounting method.

## Statement of accounting policies (continued)

### **Work in progress**

Work in progress is valued on the basis of total costs incurred, net of amounts transferred to the profit and loss account in respect of properties sold and work carried out to date.

### **Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### **Government grants**

Government grants in respect of properties under development are credited to the profit and loss account in line with the costs incurred during development. Where the terms of the grant include a possible repayment, provision for such repayment is made immediately.

## Notes to the financial statements

30 November 2001

### 1 Turnover

The turnover and profit before tax are attributable to the principal activity of the group and arises wholly within the United Kingdom.

### 2 Other operating expenses (net)

	2001 £	2000 £
Administrative expenses	2,817,198	2,081,972
Other operating income	-	(5,000)
	<u>2,817,198</u>	<u>2,076,972</u>

### 3 Profit on ordinary activities before taxation

Profit is stated after charging (crediting)

	2001 £	2000 £
Depreciation on owned fixed assets	165,158	156,324
Profit on disposal of fixed assets	(247,583)	(502,701)
Operating lease rentals		
- plant and machinery	123,665	118,750
- other	10,114	5,320
Directors and officers indemnity insurance	1,160	1,050
Government grants received	(5,193,671)	(1,722,157)
Auditors' remuneration for audit services	<u>27,000</u>	<u>35,650</u>

Amounts payable to Arthur Andersen and their associates by the company in respect of non-audit services were £9,245 (2000 - £nil).

### 4 Staff costs

The average monthly number of employees (including executive directors) was:

	2001 Number	2000 Number
Construction staff	54	49
Administrative staff	34	27
Architects and design staff	2	21
Directors	<u>4</u>	<u>3</u>
	<u>94</u>	<u>100</u>

## Notes to the financial statements (continued)

### 4 Staff costs (continued)

Their aggregate remuneration comprised:

	2001 £	2000 £
Wages and salaries	2,360,057	1,735,324
Social security costs	165,696	160,198
	<u>2,525,753</u>	<u>1,895,522</u>

### 5 Directors' remuneration and transactions

The directors' aggregate emoluments in respect of qualifying services were:

	2001 £	2000 £
Emoluments	<u>192,118</u>	<u>75,707</u>

#### *Directors' transactions*

The following transactions have taken place with directors all of which have been on, what directors consider to be, an arms length basis.

#### *Credit transactions with directors:*

£144,313 is included within turnover in respect of goods and services supplied by a subsidiary undertaking to Mr. J.M. Falkingham. The total arm's length value of this transaction was £144,313 and this was repaid in full on 12 December 2001.

£655,000 is included within turnover in respect of goods and services supplied by a subsidiary undertaking to Mr. T.P.R. Bloxham M.B.E. The total arms length value of this transaction was £655,000. The consideration comprised an investment property at an arms length value of £300,000, and a reduction in his directors loan account of £355,000.

Mr. T.P.R. Bloxham M.B.E. was paid lease rentals of £118,333, during the current year, in respect of office space which he owned. This transaction was conducted at an arms length basis.

The maximum amount of the overdrawn directors current accounts outstanding during the year was the same as the amount outstanding at the year end.



## Notes to the financial statements (continued)

### 6 Finance charges (net)

#### Group

	2001 £	2000 £
Bank loans and overdrafts	452,725	403,662
Interest receivable and similar income	(69,358)	(57,195)
	<u>383,367</u>	<u>346,467</u>

#### Joint ventures

	2001 £	2000 £
Bank loans and overdrafts	81,976	10,406
Interest receivable and similar income	(2,108)	(461)
	<u>79,868</u>	<u>9,945</u>

### 7 Tax on profit on ordinary activities

#### The tax charge comprises

	2001 £	2000 £
UK corporation tax	1,259,677	639,223
Adjustment in respect of previous years:		
Corporation tax	(48,973)	(157,187)
	<u>1,210,714</u>	<u>482,039</u>

### 8 Profit attributable to Urban Splash Group Limited

The retained profit for the financial year dealt with in the financial statements of the parent company, Urban Splash Group Limited, was £2,480,424 (2000 - £2,002,026). As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

### 9 Dividends

The following dividend have been paid or proposed in respect of the year:

	2001 £	2000 £
Proposed dividend of 7.5p per share (2000 - 7.0p)	150,000	139,500
Dividend paid on ordinary shares of 7.5p per share (2000 - 4.0p)	149,998	80,500
	<u>299,998</u>	<u>220,000</u>

# Notes to the financial statements (continued)

## 10 Tangible fixed assets

Group	Investment properties £	Loft shop property £	Structural alterations £	Fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
<b>Cost or valuation</b>							
Beginning of year	14,865,902	200,262	264,755	198,047	-	145,611	15,674,577
Additions	2,916,836	1,289	227,392	4,194	3,650	47,396	3,200,757
Disposals	(1,965,775)	-	-	(105,761)	-	(36,012)	(2,107,548)
Revaluations	3,634,740	-	-	-	-	-	3,634,740
End of year	<u>19,451,703</u>	<u>201,551</u>	<u>492,147</u>	<u>96,480</u>	<u>3,650</u>	<u>156,995</u>	<u>20,402,526</u>
<b>Depreciation</b>							
Beginning of year	-	66,754	32,407	132,181	-	81,653	312,995
Charge for the year	-	67,184	26,473	12,325	1,216	57,960	165,158
Disposals	-	-	-	(74,321)	-	(17,606)	(91,927)
End of year	<u>-</u>	<u>133,938</u>	<u>58,880</u>	<u>70,185</u>	<u>1,216</u>	<u>122,007</u>	<u>386,226</u>
<b>Net book value</b>							
Beginning of year	<u>14,865,902</u>	<u>133,508</u>	<u>232,348</u>	<u>65,866</u>	<u>-</u>	<u>63,958</u>	<u>15,361,582</u>
End of year	<u>19,451,703</u>	<u>67,613</u>	<u>433,267</u>	<u>26,295</u>	<u>2,433</u>	<u>34,988</u>	<u>20,016,300</u>

During the year, the directors have reclassified the Matchworks property from work in progress to investment properties as it was acquired as a long term investment and as such they believe this treatment to be more appropriate.

Company	Computer Equipment £	Total £
<b>Cost</b>		
Beginning of year	-	-
Additions	28,141	28,141
End of year	<u>28,141</u>	<u>28,141</u>
<b>Depreciation</b>		
Beginning of year	-	-
Charge for the year	15,144	15,144
End of year	<u>15,144</u>	<u>15,144</u>
<b>Net book value</b>		
Beginning of year	-	-
End of year	<u>12,997</u>	<u>12,997</u>

## Notes to the financial statements (continued)

### 11 Fixed asset investments

Investments comprise:

#### Group

	Joint ventures £	Other investment £	Total £
<b>Cost or valuation</b>			
At beginning and end of year	<u>2</u>	<u>151,916</u>	<u>151,918</u>
<b>Net book value</b>			
At beginning and end of year	<u>2</u>	<u>151,916</u>	<u>151,918</u>

#### Joint ventures

During the previous year the group invested in 50% of the share capital of Woodfield House Limited, a property development company, which is registered in England and Wales. The accounting period for this company is 31 December. The figures included in these financial statements are derived from the management accounts to 30 September 2001 and the management accounts to 31 December 2001, assuming constant activity between these dates in order to estimate the position as at 30 November 2001.

The group holds 50% of the share capital of 64a Jersey Street Limited, a property development company, which is registered in England and Wales.

#### Other investment

The other investment relates to an option to purchase land.

	Investments in subsidiary undertakings £
<b>Company</b>	
<b>Cost</b>	
At beginning of end of year	<u>6,272,525</u>
<b>Net book value</b>	
At beginning and end of year	<u>6,272,525</u>

## Notes to the financial statements (continued)

### 11 Fixed asset investments (continued)

#### *Subsidiary undertakings*

The company's principal investments are in the following subsidiary undertakings:

	Principal activities	Country of incorporation or principal business address	% Holding
Urban Splash Limited	Property sales	England	100
Urban Splash Projects Limited	Property development	England	100
Urban Splash (Properties) Limited	Property lettings	England	100
Urban Splash (Manningham Mills) Limited	Property development	England	100

### 12 Work in progress

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Finished apartments awaiting sale	6,831,844	170,754	-	70,754
Properties under redevelopment	19,362,219	9,459,911	-	-
Properties awaiting redevelopment	3,848,603	-	-	-
	<u>30,042,666</u>	<u>9,630,665</u>	<u>-</u>	<u>70,754</u>

### 13 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,175,872	199,414	5,875	1,313
Amounts owed by group undertakings	-	-	356,399	1,658,761
Amounts owed by related parties (note 18)	191,834	62,528	16,812	-
Grants receivable	1,227,612	1,258,981	-	-
VAT recoverable	934,638	479,393	399,133	8,804
Dividends receivable	-	-	3,500,000	-
Other debtors	112,696	4,832	-	-
Directors' current accounts (note 5)	153,366	2,326	120	-
Prepayments and accrued income	144,478	397,622	46,354	21,187
	<u>3,940,496</u>	<u>2,405,096</u>	<u>4,324,693</u>	<u>1,690,065</u>
Amounts falling due after more than one year:				
Amounts owed by undertakings in which the group has a participating interest	792,590	656,517	-	-
	<u>4,733,086</u>	<u>3,061,613</u>	<u>4,324,693</u>	<u>1,690,065</u>

## Notes to the financial statements (continued)

### 14 Creditors: Amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Deposits held	755,143	792,118	-	-
Bank loans and overdrafts	8,093,009	11,135,252	-	-
Trade creditors	3,105,854	1,510,967	53,666	20,871
Amounts owed to group undertakings	-	-	2,936,750	2,201,726
Amounts owed to related parties (note 18)	95,960	62,857	22	-
Director's loan account (note 5)	204,953	514,711	211,335	570,470
UK corporation tax	913,644	302,816	-	261,516
Other taxation and social security	109,161	71,818	6,778	-
Other creditors	55,651	24,713	-	-
Accruals and deferred income	7,401,867	2,399,036	1,027,099	1,038,289
Proposed dividends - equity shareholders	150,000	139,500	150,000	139,500
	<u>20,885,242</u>	<u>16,953,788</u>	<u>4,385,650</u>	<u>4,232,372</u>

### 15 Creditors: Amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts	26,771,168	8,016,832	-	-
Directors' loan financial statements	-	14,411	-	-
	<u>26,771,168</u>	<u>8,031,243</u>	<u>-</u>	<u>-</u>

Group borrowings are repayable as follows:

	2001	2000
	£	£
<b>Bank loans and overdrafts</b>		
Between one and two years	20,771,168	2,016,832
After five years	6,000,000	6,000,000
	<u>26,771,168</u>	<u>8,016,832</u>
On demand or within one year	8,093,009	11,135,252
	<u>34,864,177</u>	<u>19,152,084</u>

## Notes to the financial statements (continued)

### 15 Creditors: Amounts falling due after more than one year (continued)

The bank loans are secured through a fixed charge on the freehold properties of certain group companies, together with a floating charge over the group's assets. As at the year end this amounted to £nil (2000 - £9,393,847).

All the company's bank loans have fixed repayment dates and are at a fixed interest rate.

### 16 Financial commitments

Annual commitments under non-cancellable leases are as follows:

#### Group

	2001		2000	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Expiry date				
- within two to five years	100,000	12,091	18,750	4,344
- after more than five years	-	-	100,000	-
	<u>100,000</u>	<u>12,091</u>	<u>118,750</u>	<u>4,344</u>

The company has no annual commitments under non-cancellable leases.

### 17 Contingencies

The group holds an option to purchase land amounting to £150,000 (2000 - £150,000). If the option to purchase is not exercised then the amount will be written off.

At the year end the company had contingent liabilities amounting to £34,864,177 (2000 - £14,872,880) relating to unlimited multilateral guarantees with the company's bank for subsidiary companies.

At the prior year end, the group held an unlimited cross guarantee to secure the amount owed by a former related party, A. Bigger Splash (Manchester) Limited, amounting to £243,882.

## Notes to the financial statements (continued)

### 18 Related party transactions

The company was under the control of Mr. T.P.R. Bloxham throughout the current and previous year. Mr. Bloxham is the chairman and majority shareholder.

The amounts owed by (or owed to) related parties at the year end were as follows:

	2001 £	2000 £
Urban Box Limited	35,404	22,716
Shed KM Limited	(48,912)	(62,857)
Baa Bar Limited	5,850	7,617
TBI 2000 Limited	29,989	28,511
Britannia Mills Management Limited	14,384	-
Dry Limited	7,655	-
Timber Wharf Management Limited	472	-
Box Works Management Limited	11,940	-
Smithfield Lofts Management Limited	17,531	-

These amounts all relate to trading balances which have arisen in the normal course of business, and are conducted on an arms length basis. During the group the group:

- received design and construction income amounting to £12,688 (2000 - £19,333) from Urban Box Limited, a company in which T.P.R. Bloxham M.B.E. and J.M. Falkingham are materially interested as both directors and shareholders;
- the group received rental income amounting to £3,221 in the period to 15 January 2001 (2000 - £31,248) and management charges amounting to £nil (2000 - £44,345) from A Bigger Splash (Manchester) Limited a company in which T.P.R. Bloxham M.B.E. was materially interested as a director and shareholder until 15 January 2001, when he resigned his directorship and the company was sold to an unrelated third party;
- incurred architect fees amounting to £260,134 (2000 - £224,819), and received rental income of £nil (2000 - £3,294) from Shed KM Limited, a company in which J.M. Falkingham is materially interested as a director and shareholder;
- received rental and professional fee income amounting to £80,842 (2000 - £80,161) from Baa Bar Limited. In addition the group paid catering expenses of £8,105 (2000 - £nil). Baa Bar Limited is a company in which T.P.R. Bloxham M.B.E. and J.M. Falkingham are materially interested as directors and shareholders;
- the group received employee expenses amounting to £526 (2000 - £nil) from TBI 2000 Limited, a company in which T.P.R. Bloxham M.B.E. is materially interested as a director and shareholder;

## Notes to the financial statements (continued)

### 18 Related party transactions (continued)

- received ground rents and insurances amounting to £14,384 (2000 - £nil) to Britannia Mills Management Limited, a company in which T.P.R Bloxham M.B.E. is materially interested as director. The group also sold an apartment to Britannia Mills Management for £91,200.
- Recharged costs amounting to £7,655 (2000 - £nil) from Dry Limited, a company in which T.P.R Bloxham M.B.E. is materially interested as a director and shareholder;
- Recharged costs amounting to £472 (2000 - £nil) from Timber Wharf Management Limited, a company in which T.P.R Bloxham M.B.E. is materially interested as director;
- costs amounting to £11,940 (2000 - £nil) from Box Works Management Limited, a company in which T.P.R Bloxham is materially interested as director;
- the group received ground rent amounting to £17,531 (2000 - £nil) from Smithfield Lofts Management Limited, a company in which T.P.R. Bloxham M.B.E. and J.M. Falkingham are materially interested as directors.

### 19 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

### 20 Reserves

#### Group

	Share premium account £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At 1 December 2000	4,609,464	1,196,002	238,346	1,720,802	7,764,614
Revaluation surplus	-	3,634,740	-	-	3,634,740
Other gains and losses in the year	-	51,929	-	(40,781)	11,148
Transfer of revaluation surplus	-	2,757,670	(238,346)	(2,519,324)	-
Retained profit (loss) for the year					
- Group	-	-	-	1,518,444	1,518,444
- Joint ventures	-	-	-	(116,008)	(116,008)
At 30 November 2001	<u>4,609,464</u>	<u>7,640,341</u>	<u>-</u>	<u>563,133</u>	<u>12,812,938</u>
<b>Company</b>					
At 1 December 2000	4,609,464	-	-	2,841,182	7,450,646
Retained profit for the year	-	-	-	2,480,424	2,480,424
At 30 November 2001	<u>4,609,464</u>	<u>-</u>	<u>-</u>	<u>5,321,606</u>	<u>9,931,070</u>



## Notes to the financial statements (continued)

### 21 Reconciliation of movement in shareholders' funds

Group	2001 £	2000 £
Profit for the financial year	1,402,436	881,645
Revaluation of investment properties	3,634,740	1,196,002
Other gains and losses in the year	20,148	-
	<u>5,048,324</u>	<u>2,077,647</u>
Opening shareholders' funds	9,764,614	7,686,967
Closing shareholders' funds	<u>14,812,938</u>	<u>9,764,614</u>

### 22 Reconciliation of operating profit to operating cash flows

	2001 £	2000 £
Operating profit	3,412,523	1,917,082
Depreciation charges	165,158	156,324
Profit on sale of tangible fixed assets	(247,583)	(502,701)
Increase in work in progress	(20,412,001)	(4,230,452)
Increase in debtors	(1,671,473)	(1,535,667)
Increase in creditors	5,016,544	716,177
Net cash outflow from operating activities	<u>(13,736,832)</u>	<u>(3,479,237)</u>

## Notes to the financial statements (continued)

### 23 Analysis of cash flows

#### *Returns on investments and servicing of finance*

	2001 £	2000 £
Interest received	69,358	57,195
Interest paid	(452,725)	(213,872)
<b>Net cash outflow</b>	<b>(383,367)</b>	<b>(156,677)</b>

#### *Taxation*

UK corporation tax paid	(599,886)	(880,899)
<b>Net cash outflow</b>	<b>(599,886)</b>	<b>(880,899)</b>

#### *Capital expenditure and financial investment*

	2001 £	2000 £
Purchase of tangible fixed assets	(283,921)	(512,995)
Net acquisition of investments	(939,914)	(2,779,819)
Sale of tangible fixed assets	297,429	900,557
<b>Net cash outflow</b>	<b>(926,406)</b>	<b>(2,392,257)</b>

#### *Acquisitions and disposals*

Investment in participating interests	-	(2)
<b>Net cash outflow</b>	<b>-</b>	<b>(2)</b>

#### *Financing*

	2001 £	2000 £
Increase in short term borrowings	1,335,825	-
Repayment of short term loan	(5,348,633)	(3,369,958)
New bank loans	19,724,901	10,858,559
Repayment of other long term borrowings	-	(22,663)
Repayment of directors' long term loans	(14,411)	(924,981)
<b>Net cash inflow</b>	<b>15,697,682</b>	<b>6,540,957</b>

## Notes to the financial statements (continued)

### 24 Analysis on reconciliation net debt

	At 1 December 2000 £	Cash flows 2001 £	At 30 November 2001 £
Cash in hand and at bank	6,530,798	1,097,518	7,628,316
Overdrafts	(6,757,184)	(1,335,825)	(8,093,009)
	<u>(226,386)</u>	<u>(238,307)</u>	<u>(464,693)</u>
Debt due within 1 year	(4,378,068)	4,378,068	-
Debt due after 1 year	(8,031,243)	(18,739,925)	(26,771,168)
	<u>(12,409,311)</u>	<u>(14,361,857)</u>	<u>(26,771,168)</u>
<b>Net debt</b>	<u>(12,635,697)</u>	<u>(14,600,164)</u>	<u>(27,235,861)</u>
		2001 £	2000 £
Increase (decrease) in cash in the year		1,097,518	(448,615)
Increase in short term borrowings		(1,335,825)	-
		<u>(238,307)</u>	<u>(448,615)</u>
Net cash inflow from bank loans		(14,376,268)	(7,488,601)
Net cash outflow from other long term borrowings		-	22,663
Net cash outflow from directors' long term loans		14,411	924,981
<b>Change in net debt</b>		<u>(14,600,164)</u>	<u>(6,989,572)</u>
<b>Net debt at 1 December 2000</b>		<u>(12,635,697)</u>	<u>(5,646,125)</u>
<b>Net debt at 30 November 2001</b>		<u>(27,235,861)</u>	<u>(12,635,697)</u>

### 25 Prior year comparatives

The prior year comparative figures were audited by a firm of accountants other than Arthur Andersen.

### 26 Capital commitments

At the year end the group had capital commitments amounting to £720,000 (2000 - £nil).

### 27 Ultimate controlling party

The directors regard T.P.R. Bloxham M.B.E. as the ultimate controlling party.