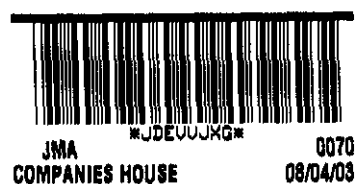


Urban Splash Group Limited
and subsidiary undertakings

Annual report and financial statements
for the year ended 30 November 2002

Registered number: 03141013



Chairman's statement

For the year ended 30 November 2002

I am pleased to report that 2002 has been another excellent year for Urban Splash, which has seen us move from a niche regional player to a major national developer.

Turnover has increased by 77% from £13.9 million to £24.6 million, profit before taxation has increased by 45% from £2.9m to £4.2m. Perhaps more impressive than simply the figures are the development schemes we have successfully undertaken. We have completed our first (£35m) new build scheme, Timber Wharf in Manchester and our first phase of investment at New Islington was successfully carried out with the completion of Waulk Mill. We also negotiated planning permission on 765 new residential units (including our Altrincham scheme designed by Lord Norman Foster) and 145,000 sq.ft. of commercial space.

We believe we were the most successful commercial landlord in Liverpool last year having let over 100,000 sq. ft. of commercial space.

We have agreed Development Agreements on significant sites, which are now underway including; Royal William Yard in Plymouth, Fort Dunlop in Birmingham, Manningham Mills in Bradford and New Islington in Manchester. These projects have been perceived as some of the hardest properties to deal with in the UK and I am pleased that we have been recognised by Central Government, RDA's and others, as having the imagination, skills and resources to develop them and extend our geographical reach. These projects will all present us with the fresh challenges we relish and look forward to bringing to fruition. You will see the progress over this coming year.

None of these achievements and hopes would be possible without the dedicated skills and enthusiasm of all the Urban Splash staff. I am very privileged to be able to work with such a good collection of people and my thanks go again to every one of them.



Tom Bloxham MBE Hon FRIBA FRSA
Group Chairman

24 March 2003

Directors' report

For the year ended 30 November 2002

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 2002.

Principal activities and business review

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 2002 are set out on pages 7 to 28. The group profit for the year after taxation, was £2,804,577 (2001 - £1,702,434).

The directors recommend a final dividend of 18.45p (2001 - 7.5p) per ordinary share to be paid in February 2003 to the ordinary shareholders on the register on 30 November 2002, which together with the interim dividend of 25p (2001 - 7.5p) per ordinary share paid in August 2002, makes a total of 43.45p for the year (2001 - 15p).

The dividend of £869,000 (2001 - £299,998) results in £1,935,577 (2001 - £1,402,436) being transferred to reserves.

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 2002 £	At 1 December 2001 £
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	-	-

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

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:

	2002 £	2001 £
Charitable	<u>500</u>	<u>4,550</u>

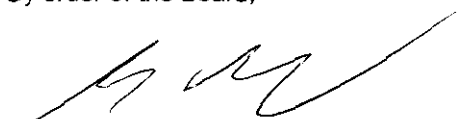
Fixed assets

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

On 31 July 2002 Arthur Andersen resigned as the company's auditors and the directors appointed Deloitte & Touche to fill the casual vacancy. A resolution to re-appoint Deloitte & Touche as auditors and to permit the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board,



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

Timber Wharf
16 – 22 Worsley Street
Manchester
M15 4LD

24 March 2003

Directors' responsibilities

United Kingdom 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.

Independent auditors' report**To the members of Urban Splash Group Limited:**

We have audited the financial statements of Urban Splash Group Limited for the year ended 30 November 2002, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement, the statement of accounting policies and the related notes numbered 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statements of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 company and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year and 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

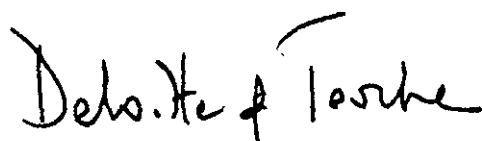
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 November 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Deloitte & Touche". The signature is written in a cursive, flowing style.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Manchester

24 March 2003

Consolidated profit and loss account

For the year ended 30 November 2002

	Notes	2002 £	2001 £
Turnover: Group and share of joint ventures'		24,704,608	13,957,142
Less: share of joint ventures' turnover		(89,303)	(60,127)
Group turnover	1	24,615,305	13,897,015
Cost of sales		(15,416,190)	(7,914,877)
Gross profit		9,199,115	5,982,138
Other operating expenses (net)	2	(4,209,427)	(2,817,198)
Operating profit		4,989,688	3,164,940
Share of joint ventures' operating (loss) profit		(50,758)	(36,140)
Profit on sale of tangible fixed assets		-	247,583
Profit on ordinary activities before finance charges		4,938,930	3,376,383
Finance charges (net)	6		
Group		(675,578)	(383,367)
Joint ventures		(86,264)	(79,868)
		(761,842)	(463,235)
Profit on ordinary activities before taxation	3	4,177,088	2,913,148
Tax on profit on ordinary activities	7	(1,372,511)	(1,210,714)
Profit on ordinary activities after taxation		2,804,577	1,702,434
Dividends paid and proposed	9	(869,000)	(299,998)
Retained profit for the year		1,935,577	1,402,436

A movement in reserves is given in note 22 to the financial statements.

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

All activities arose from continuing operations.

Consolidated statement of total recognised gains and losses

For the year ended 30 November 2002

	2002 £	2001 £
Profit (loss) for the financial year		
- Group	2,072,599	1,518,444
- Joint ventures	(137,022)	(116,008)
	<hr/> 1,935,577	<hr/> 1,402,436
Unrealised surplus on revaluation of the group's investment properties	1,199,745	3,634,740
Other gains and losses in the year	-	20,148
	<hr/> 3,135,322	<hr/> 5,057,324

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

Consolidated balance sheet

30 November 2002

	Notes	2002 £	2001 (as restated, see note 10) £
Fixed assets			
Tangible assets	11	34,497,913	26,562,763
Investments	12	151,916	151,916
Investments in joint ventures:			
- share of gross assets	12	1,335,203	1,331,166
- share of gross liabilities	12	(1,575,144)	(1,434,102)
		<u>34,409,888</u>	<u>26,611,743</u>
Current assets			
Work in progress	13	20,156,154	23,496,203
Debtors			
- due within one year	14	1,471,914	3,940,496
- due after one year	14	860,980	792,590
Cash at bank and in hand		381,877	7,628,316
		<u>22,870,925</u>	<u>35,857,605</u>
Creditors: Amounts falling due within one year	15	<u>(11,639,710)</u>	<u>(20,885,242)</u>
Net current assets		<u>11,231,215</u>	<u>14,972,363</u>
Total assets less current liabilities		<u>45,641,103</u>	<u>41,584,106</u>
Creditors: Amounts falling due after more than one year	16	<u>(27,692,090)</u>	<u>(26,771,168)</u>
Provisions for liabilities and charges	17	(753)	-
Net assets		<u>17,948,260</u>	<u>14,812,938</u>
Capital and reserves			
Called-up equity share capital	21	2,000,000	2,000,000
Share premium account	22	4,609,464	4,609,464
Revaluation reserve	22	8,840,086	7,640,341
Profit and loss account	22	2,498,710	563,133
Equity shareholders' funds	23	<u>17,948,260</u>	<u>14,812,938</u>

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

Company balance sheet

30 November 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	11	1,418,370	12,997
Investments	12	6,272,525	6,272,525
		<u>7,690,895</u>	<u>6,285,522</u>
Current assets			
Work in progress	13	-	-
Debtors	14	546,282	4,324,693
Cash at bank and in hand		4,724,847	5,706,505
		<u>5,271,129</u>	<u>10,031,198</u>
Creditors: Amounts falling due within one year	15	<u>(3,121,867)</u>	<u>(4,385,650)</u>
Net current assets		<u>2,149,262</u>	<u>5,645,548</u>
Net assets		<u>9,840,157</u>	<u>11,931,070</u>
Capital and reserves			
Called-up equity share capital	21	2,000,000	2,000,000
Share premium account	22	4,609,464	4,609,464
Profit and loss account	22	3,230,693	5,321,606
Equity shareholders' funds		<u>9,840,157</u>	<u>11,931,070</u>

Signed on behalf of the Board



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

24 March 2003

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

Consolidated cash flow statement

For the year ended 30 November 2002

	Notes	2002 £	2001 £
Net cash inflow (outflow) from operating activities	24	9,145,044	(13,736,832)
Returns on investments and servicing of finance	25	(675,578)	(383,367)
Taxation	25	(1,376,752)	(599,886)
Capital expenditure and financial investment	25	(6,905,849)	(926,406)
Equity dividends paid		(650,000)	(289,498)
Cash outflow before financing		(463,135)	(15,935,989)
Financing	25	920,922	15,697,682
Increase (decrease) in cash in the year	26	457,787	(238,707)

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

Statement of accounting policies

30 November 2002

The principal accounting policies are summarised below. Compliance with SSAP 19 'Accounting for investment properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the investment property accounting policy below. The accounting policies have all been applied consistently throughout the year and the preceding year with the exception of deferred tax, which is now provided for on a full rather than partial basis in accordance with Financial Reporting Standard No. 19 'Deferred tax'. This has had no material impact on the financial statements. In addition, a prior year adjustment has been made to reclassify certain properties from work in progress to tangible fixed assets (see note 10).

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

Assets under the course of construction are not depreciated.

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 because depreciation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Statement of accounting policies (continued)

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 equity accounting method.

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.

Leases

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

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. Such grants are held within work in progress until taken to the profit and loss account. Where the terms of the grant include a possible repayment, provision for such repayment is made immediately.

Notes to the financial statements

30 November 2002

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)

	2002 £	2001 £
Administrative expenses	<u>4,209,427</u>	<u>2,817,198</u>

3 Profit on ordinary activities before taxation

Profit is stated after charging (crediting)

	2002 £	2001 £
Depreciation on owned fixed assets	170,444	165,158
Profit on disposal of fixed assets	-	(247,583)
Operating lease rentals		
- plant and machinery	10,108	123,665
- other	1,933	10,114
Government grants received	(1,217,721)	(5,193,671)
Auditors' remuneration for audit services	<u>22,000</u>	<u>27,000</u>

Amounts payable to Deloitte & Touche and their associates by the company in respect of non-audit services were £14,925 (2001 - £nil).

4 Staff costs

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

	2002 Number	2001 Number
Construction staff	62	54
Administrative staff	53	38
Architects and design staff	2	2
	<u>117</u>	<u>94</u>

Notes to the financial statements (continued)

4 Staff costs (continued)

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	2,327,050	2,360,057
Social security costs	196,778	165,696
	<u>2,523,828</u>	<u>2,525,753</u>

5 Directors' remuneration and transactions

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

	2002 £	2001 £
Emoluments	<u>258,868</u>	<u>192,118</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2002 £	2001 £
Emoluments	<u>98,774</u>	<u>60,807</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:

£Nil (2001 - £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 £Nil (2001 - £144,313).

£444,990 (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 £444,990 (2001 - £655,000). This amount is included within the total of £219,798 owed to (2001 - £204,953 owed by) the company at the year end, however it was repaid in full on 3 February 2003.

Mr. T.P.R. Bloxham M.B.E. was paid lease rentals by the company of £100,000 (2001 - £118,333), during the current year, in respect of office space which he owned.

Notes to the financial statements (continued)

5 Directors' remuneration and transactions (continued)

The maximum amount of the overdrawn directors current accounts outstanding during the year was the same as the amount outstanding at the year end, with exception of Mr J.M. Falkingham. For the period from 1 December to 12 December 2001 the balance on this account was £147,840. A payment was received on 12 December 2001 which reduced the balance. At the year end the balance on the account was £3,470 (2001 - £147,840).

All other loan accounts were, at all times during the year, less than £5,000.

6 Finance charges (net)

Group

	2002 £	2001 £
Bank loans and overdrafts	679,546	452,725
Interest receivable and similar income	(3,968)	(69,358)
	<u>675,578</u>	<u>383,367</u>

Joint ventures

	2002 £	2001 £
Bank loans and overdrafts	87,463	81,976
Interest receivable and similar income	(1,199)	(2,108)
	<u>86,264</u>	<u>79,868</u>

7 Tax on profit on ordinary activities

The tax charge comprises

	2002 £	2001 £
Current tax		
UK corporation tax	1,368,651	1,239,662
Interest on UK corporation tax	-	2,206
Adjustments in respect of prior years		
- UK corporation tax	3,107	(31,154)
Total current tax	<u>1,371,758</u>	<u>1,210,714</u>
Deferred tax		
Origination and reversal of timing differences	(17,423)	-
Adjustments in respect of prior years	18,176	-
Total deferred tax	<u>753</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>1,372,511</u>	<u>1,210,714</u>

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2002 £	2001 £
Profit on ordinary activities before tax	4,177,088	2,913,148
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001 – 30%)	1,253,126	873,944
Effects of:		
Expenses not deductible for tax purposes	97,679	338,867
Capital allowances in excess of depreciation	22,419	31,137
Difference in tax rates	(4,573)	(4,286)
Interest on UK corporation tax	-	2,206
Adjustments to tax charge in respect of previous periods	3,107	(31,154)
Current tax charge for the year	1,371,758	1,210,714

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

8 Result attributable to Urban Splash Group Limited

The loss after taxation for the financial year dealt with in the financial statements of the parent company, Urban Splash Group Limited, was £1,221,913 (2001 – profit of £3,680,422). 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:

	2002 £	2001 £
Final proposed dividend of 18.45p per share (2001 – 7.5p)	369,000	150,000
Interim dividend paid of 25p per share (2001 – 7.5p)	500,000	149,998
	869,000	299,998

Notes to the financial statements (continued)

10 Prior year adjustment

During the year the directors have reclassified certain properties from work in progress to tangible fixed assets. These properties were acquired as long term investments, for continuing use in the business and as such the directors believe that they should be included as investment properties within fixed assets. The reclassification has been treated as a prior year adjustment to accurately state the balance sheet in both the current and prior year.

The effect of the change is set out below:

	2002 £	2001 £
Balance sheet		
Tangible fixed assets	5,418,655	6,546,463
Work in progress	(5,418,655)	(6,546,463)
	<u>-</u>	<u>-</u>

There is no impact on the profit and loss account.

11 Tangible fixed assets

Group	Investment properties £	Other property £	Structural alterations £	Assets under the course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation							
Beginning of year							
(As restated see note 10)	19,451,703	201,551	492,147	6,546,463	3,650	253,475	26,948,989
Additions	734,331	479,722	734,729	4,700,712	15,612	271,347	6,936,453
Transfers	5,039,432	789,088	-	(5,828,520)	-	-	-
Disposals	-	-	-	-	-	(149,833)	(149,833)
Revaluations	1,199,745	-	-	-	-	-	1,199,745
End of year	<u>26,425,211</u>	<u>1,470,361</u>	<u>1,226,876</u>	<u>5,418,655</u>	<u>19,262</u>	<u>374,989</u>	<u>34,935,354</u>
Depreciation							
Beginning of year	-	133,938	58,880	-	1,216	192,192	386,226
Charge for the year	-	67,183	55,640	-	1,651	45,970	170,444
Disposals	-	-	-	-	-	(119,229)	(119,229)
End of year	<u>-</u>	<u>201,121</u>	<u>114,520</u>	<u>-</u>	<u>2,867</u>	<u>118,933</u>	<u>437,441</u>
Net book value							
Beginning of year	19,451,703	67,613	433,267	6,546,463	2,434	61,283	26,562,763
End of year	<u>26,425,211</u>	<u>1,269,240</u>	<u>1,112,356</u>	<u>5,418,655</u>	<u>16,395</u>	<u>256,056</u>	<u>34,497,913</u>

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

Investment properties, which are all freehold, were valued on an open market existing use basis at 30 November 2001 by Dunlop Heywood Lorenz, an external firm of property consultants. Such properties are not depreciated.

Company	Property £	Fixtures, fittings and equipment £	Total £
Cost			
Beginning of year	-	28,141	28,141
Additions	479,722	168,350	648,072
Transfer from fellow group undertaking	789,088	-	789,088
Disposal	-	(9,908)	(9,908)
End of year	<u>1,268,810</u>	<u>186,583</u>	<u>1,455,393</u>
Depreciation			
Beginning of year	-	15,144	15,144
Charge for the year	-	21,879	21,879
End of year	<u>-</u>	<u>37,023</u>	<u>37,023</u>
Net book value			
Beginning of year	<u>-</u>	<u>12,997</u>	<u>12,997</u>
End of year	<u>1,268,810</u>	<u>149,560</u>	<u>1,418,370</u>

12 Fixed asset investments

Investments comprise:

Group

	Other investment £
Cost and net book value	
At beginning and end of year	<u>151,916</u>

Notes to the financial statements (continued)

12 Fixed asset investments (continued)

Joint ventures

The company has an investment 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 to 31 December. The figures included in these financial statements are derived from the management accounts to 31 December 2002.

The company also 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 the cost of an option to purchase land.

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

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

13 Work in progress

	Group		Company	
	2002	2001 (As restated, see note 10)	2002	2001
	£	£	£	£
Finished apartments awaiting sale	17,339,913	6,831,844	-	-
Properties under redevelopment	1,133,402	12,815,756	-	-
Properties awaiting redevelopment	1,682,839	3,848,603	-	-
	<u>20,156,154</u>	<u>23,496,203</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

14 Debtors

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	206,550	1,175,872	55	5,875
Amounts owed by group undertakings	-	-	360,880	356,399
Amounts owed by related parties (note 20)	357,484	191,834	21,910	16,812
Grants receivable	-	1,227,612	-	-
VAT recoverable	459,654	934,638	91,870	399,133
Dividends receivable	-	-	-	3,500,000
Other debtors	40,400	112,696	15,711	-
Directors' current accounts (note 5)	223,772	153,366	1,817	120
Prepayments and accrued income	184,054	144,478	54,039	46,354
	<u>1,471,914</u>	<u>3,940,496</u>	<u>546,282</u>	<u>4,324,693</u>
Amounts falling due after more than one year:				
Amounts owed by undertakings in which the group has a participating interest	860,980	792,590	-	-
	<u>2,332,894</u>	<u>4,733,086</u>	<u>546,282</u>	<u>4,324,693</u>

15 Creditors: Amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Deposits held	334,209	755,143	-	-
Bank loans and overdrafts	388,783	8,093,009	-	-
Trade creditors	2,673,248	3,105,854	144,586	53,666
Amounts owed to group undertakings	-	-	1,342,140	2,936,750
Amounts owed to related parties (note 20)	101,796	95,960	-	22
Director's loan account (note 5)	-	204,953	178,515	211,335
UK corporation tax	908,650	913,644	-	-
Other taxation and social security	112,607	109,161	12,735	6,778
Other creditors	53,402	55,651	-	-
Accruals and deferred income	6,698,015	7,401,867	1,074,891	1,027,099
Proposed dividends - equity shareholders	369,000	150,000	369,000	150,000
	<u>11,639,710</u>	<u>20,885,242</u>	<u>3,121,867</u>	<u>4,385,650</u>

Notes to the financial statements (continued)

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	27,692,090	26,771,168	-	-
	<u>27,692,090</u>	<u>26,771,168</u>	<u>-</u>	<u>-</u>

Group borrowings are repayable as follows:

	2002	2001
	£	£
Bank loans and overdrafts		
Between one and two years	13,792,090	20,771,168
After five years	13,900,000	6,000,000
	<u>27,692,090</u>	<u>26,771,168</u>
On demand or within one year	388,783	8,093,009
	<u>28,080,873</u>	<u>34,864,177</u>

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.

Bank loans of £6m (2001 - £6m) are wholly repayable after more than five years, and these bear interest at 7.5% per annum and are repayable in full in 2010.

Bank loans of £7.9m (2001 - £nil) are wholly repayable after more than five years, and these bear interest at LIBOR plus 1.25% and are repayable in full in 2012.

17 Provisions for liabilities and charges

	Deferred tax
	£
Beginning of year	-
Charged to profit and loss account	753
End of year	<u>753</u>

Deferred tax

Deferred tax is provided as follows:

	2002	2001
	£	£
Accelerated capital allowances	<u>753</u>	<u>-</u>

Notes to the financial statements (continued)

18 Financial commitments

Annual commitments under non-cancellable leases are as follows:

Group

	2002		2001	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Expiry date				
- within two to five years	100,000	970	100,000	12,091
	<u>100,000</u>	<u>970</u>	<u>100,000</u>	<u>12,091</u>

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

19 Contingencies

At the year end the company had contingent liabilities amounting to £28,080,872 (2001 - £34,864,177) relating to unlimited multilateral guarantees with the company's bank for subsidiary companies.

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

	2002 £	2001 £
Urban Box Limited	59,264	35,404
Shed KM Limited	(39,785)	(48,912)
Baa Bar Limited	5,156	5,850
TBI 2000 Limited	39,166	29,989
Britannia Mills Management Limited	38,527	14,384
Dry Limited	7,655	7,655
Timber Wharf Management Limited	(20,701)	472
Box Works Management Limited	162,738	11,940
Smithfield Lofts Management Limited	9,613	17,531
Union North	(28,891)	-
Oak Farm Partners	22,946	-
A Bigger Splash Limited	-	(927)

Notes to the financial statements (continued)

20 Related party transactions (continued)

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 year the group:

- received design and construction income amounting to £20,420 (2001 - £12,688) 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;
- incurred architect fees amounting to £57,534 (2001 - £260,134), 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 £90,605 (2001 - £80,842) from Baa Bar Limited. In addition the group paid catering expenses of £Nil (2001 - £8,105). 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 was recharged employee expenses amounting to £6,854 (2001 - received £526) from TBI 2000 Limited, a company in which T.P.R. Bloxham M.B.E. is materially interested as a director and shareholder;
- received ground rents and insurances amounting to £Nil (2001 - £14,384) from 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 £Nil (2001 - £91,200);
- recharged costs amounting to £Nil (2001 - £7,655) to 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 £Nil (2001 - £472) and paid service charges amounting to £21,191 (2001 - £Nil) to Timber Wharf Management Limited, a company in which T.P.R. Bloxham M.B.E. is materially interested as director;
- recharged costs amounting to £Nil (2001 - £11,940) and paid service charges amounting to £22,440 (2001 - £Nil) to Box Works Management Limited, a company in which T.P.R. Bloxham is materially interested as director;
- received construction income amounting to £19,528 (2001 - £Nil) from Oak Farm Partnership, a partnership in which J.M. Falkingham is materially interested as a partner.

Notes to the financial statements (continued)

21 Called-up share capital

	2002 £	2001 £
<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>

22 Reserves

Group

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 December 2001	4,609,464	7,640,341	563,133	12,812,938
Revaluation surplus	-	1,199,745	-	1,199,745
Retained profit (loss) for the year				
- Group	-	-	2,072,599	2,072,599
- Joint ventures	-	-	(137,022)	(137,022)
At 30 November 2002	<u>4,609,464</u>	<u>8,840,086</u>	<u>2,498,710</u>	<u>15,948,260</u>

Company

At 1 December 2001	4,609,464	-	5,321,606	9,931,070
Retained loss for the year	-	-	(2,090,913)	(2,090,913)
At 30 November 2002	<u>4,609,464</u>	<u>-</u>	<u>3,230,693</u>	<u>7,840,157</u>

23 Reconciliation of movement in equity shareholders' funds

	2002 £	2001 £
Group		
Profit for the financial year	1,935,577	1,402,436
Revaluation of investment properties	1,199,745	3,634,740
Other gains and losses in the year	-	20,148
	<u>3,135,322</u>	<u>5,048,324</u>
Opening equity shareholders' funds	14,812,938	9,764,614
Closing equity shareholders' funds	<u>17,948,260</u>	<u>14,812,938</u>

Notes to the financial statements (continued)

24 Reconciliation of operating profit to operating cash flows

	2002 £	2001 £
Operating profit	4,989,688	3,412,523
Depreciation charges	170,444	165,158
Profit on sale of tangible fixed assets	-	(247,583)
Decrease (increase) in work in progress	3,340,049	(20,412,001)
Decrease (increase) in debtors	2,400,192	(1,671,473)
(Decrease) increase in creditors	(1,755,329)	5,016,544
Net cash inflow (outflow) from operating activities	9,145,044	(13,736,832)

25 Analysis of cash flows

Returns on investments and servicing of finance

	2002 £	2001 £
Interest received	3,968	69,358
Interest paid	(679,546)	(452,725)
Net cash outflow	(675,578)	(383,367)

Taxation

UK corporation tax paid	(1,376,752)	(599,886)
Net cash outflow	(1,376,752)	(599,886)

Capital expenditure and financial investment

	2002 £	2001 £
Purchase of tangible fixed assets	(6,936,453)	(283,921)
Net acquisition of investments	-	(939,914)
Sale of tangible fixed assets	30,604	297,429
Net cash outflow	(6,905,849)	(926,406)

Notes to the financial statements (continued)

25 Analysis of cash flows (continued)

Financing

	2002 £	2001 £
Increase in short term borrowings	-	1,335,825
Repayment of short term loan	-	(5,348,633)
New bank loans	10,288,000	19,724,901
Repayment of loans	(9,367,078)	-
Repayment of directors' long term loans	-	(14,411)
Net cash inflow	920,922	15,697,682

26 Analysis and reconciliation of net debt

	At 1 December 2001 £	Cash flows £	At 30 November 2002 £
Cash in hand and at bank	7,628,316	(7,246,439)	381,877
Overdrafts	(8,093,009)	7,704,226	(388,783)
	<u>(464,693)</u>	<u>457,787</u>	<u>(6,906)</u>
Debt due after more than one year	<u>(26,771,168)</u>	<u>(920,922)</u>	<u>(27,692,090)</u>
Net debt	<u>(27,235,861)</u>	<u>(463,135)</u>	<u>(27,698,996)</u>

	2002 £	2001 £
Decrease (increase) in cash in the year	(7,246,439)	1,097,518
Decrease (increase) in short term borrowings	7,704,226	(1,335,825)
	<u>457,787</u>	<u>(238,307)</u>
Net cash inflow from bank loans	(920,922)	(14,376,268)
Net cash outflow from directors' long term loans	-	14,411
Change in net debt	(463,135)	(14,600,164)
Net debt at 1 December 2001	(27,235,861)	(12,635,697)
Net debt at 30 November 2002	<u>(27,698,996)</u>	<u>(27,235,861)</u>

Notes to the financial statements (continued)

27 Prior year comparatives

The prior year comparative figures were audited by a firm of auditors other than Deloitte & Touche.

28 Capital commitments

At the year end the group had capital commitments amounting to £Nil (2001 - £720,000).

29 Ultimate controlling party

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