

URBAN SPLASH (BRITANNIA MILLS) LIMITED
FINANCIAL STATEMENTS
30TH NOVEMBER 1999

Company Registration Number 03141013

EDWARDS VEEDER
Chartered Accountants & Registered Auditors
Brunswick Square
Union Street
Oldham
OL1 1DE



URBAN SPLASH (BRITANNIA MILLS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

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URBAN SPLASH (BRITANNIA MILLS) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr. T.P.R. Bloxham Mr. J.M. Falkingham
Company secretary	Mr. T.P.R. Bloxham
Registered office	Ducie House Ducie Street Manchester M1 2JW
Auditors	Edwards Veeder Chartered Accountants & Registered Auditors Brunswick Square Union Street Oldham OL1 1DE
Bankers	HSBC Bank plc 109 Union Street Oldham OL1 1RT
Solicitors	Pannone & Partners 123 Deansgate Manchester M3 2BU

URBAN SPLASH (BRITANNIA MILLS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30TH NOVEMBER 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th November 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of property developer. The directors consider the results for the year and the state of affairs at the year end to be satisfactory.

The principal activities of the company's subsidiaries are as follows:

Urban Splash Limited - property developer

Urban Splash (Properties) Limited - property landlord

Urban Splash Projects Limited - building project management and building contractor.

The principal activity of the company's subsubsidiary Urban Splash Homes Limited is that of property developer.

The results for the year and the state of affairs at the year end of the company's subsidiaries and subsubsidiary are considered to be satisfactory.

The group will continue its present activities of property investment, property development and property construction in the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

RESEARCH AND DEVELOPMENT

The company does not undertake any research or development.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

	Ordinary Shares of £1 each	
	At 30 Nov 99	At 1 Dec 98
Mr. T.P.R. Bloxham	1,414,401	270,002
Mr. J.M. Falkingham	451,799	115,714
	<u> </u>	<u> </u>

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

URBAN SPLASH (BRITANNIA MILLS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH NOVEMBER 1999

SIGNIFICANT CHANGES TO FIXED ASSETS

On 30th November 1999 the company acquired three subsidiaries, at market value of £6,272,524.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 9, 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 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).


AUDITORS

A resolution to re-appoint Edwards Veeder as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

Ducie House
Ducie Street
Manchester
M1 2JW

Signed by order of the directors



Mr. T.P.R. Bloxham
Company Secretary

Approved by the directors on 6th April 2000

URBAN SPLASH (BRITANNIA MILLS) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30TH NOVEMBER 1999

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 company's state of affairs as at 30th November 1999 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Brunswick Square
Union Street
Oldham
OL1 1DE

EDWARDS VEEDER
Chartered Accountants
& Registered Auditors

10th April 2000

URBAN SPLASH (BRITANNIA MILLS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH NOVEMBER 1999

		1999 £	1998 £
TURNOVER	2	2,697,575	-
Cost of sales		1,459,543	-
GROSS PROFIT		<u>1,238,032</u>	<u>-</u>
Administrative expenses		32,571	1,664
OPERATING PROFIT/(LOSS)	3	<u>1,205,461</u>	<u>(1,664)</u>
Interest receivable		2,382	-
Interest payable	6	(3)	(418)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,207,840</u>	<u>(2,082)</u>
Tax on profit/(loss) on ordinary activities	7	365,691	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>842,149</u>	<u>(2,082)</u>
Balance brought forward		(2,992)	(910)
Balance carried forward		<u><u>839,157</u></u>	<u><u>(2,992)</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.

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

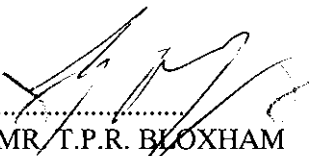
URBAN SPLASH (BRITANNIA MILLS) LIMITED

BALANCE SHEET


30TH NOVEMBER 1999

		1999		1998
		£	£	£
FIXED ASSETS				
Investments	8	6,272,524		-
CURRENT ASSETS				
Stocks	9	3,859,272	1,979,584	
Debtors	10	580,693	366,148	
Cash at bank and in hand		2	210	
		<u>4,439,967</u>	<u>2,345,942</u>	
CREDITORS: Amounts falling due within one year	11	<u>(3,263,870)</u>	<u>(1,963,218)</u>	
NET CURRENT ASSETS		1,176,097		382,724
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,448,621</u>		<u>382,724</u>
CAPITAL AND RESERVES				
Called-up equity share capital	14	2,000,000		385,716
Share premium account	15	4,609,464		-
Profit and loss account	16	839,157		(2,992)
SHAREHOLDERS' FUNDS	17	<u>7,448,621</u>		<u>382,724</u>

These financial statements were approved by the directors on the 6th April 2000, and are signed on their behalf by:



 MR. T.P.R. BLOXHAM



 MR. J.M. FALKINGHAM

URBAN SPLASH (BRITANNIA MILLS) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30TH NOVEMBER 1999

	1999	1998
	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	538,829	(1,403,360)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,382	-
Interest paid	(3)	(418)
NET CASH INFLOW/(OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2,379	(418)
CAPITAL EXPENDITURE		
ACQUISITIONS AND DISPOSALS		
Acquisition of shares in group undertakings	(6,272,524)	-
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(6,272,524)	-
CASH OUTFLOW BEFORE FINANCING	(5,731,316)	(1,403,778)
FINANCING		
Issue of equity share capital	1,614,284	-
Share premium on issue of equity share capital	4,609,464	-
Repayment of bank loans	(531,115)	1,361,564
NET CASH INFLOW FROM FINANCING	5,692,633	1,361,564
DECREASE IN CASH	(38,683)	(42,214)

URBAN SPLASH (BRITANNIA MILLS) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30TH NOVEMBER 1999

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit/(loss)	1,205,461	(1,664)
Increase in stocks	(1,879,688)	(1,497,389)
Increase in debtors	(214,545)	(353,269)
Increase in creditors	1,427,601	448,962
Net cash inflow/(outflow) from operating activities	<u>538,829</u>	<u>(1,403,360)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £	1998 £
Decrease in cash in the period	(38,683)	(42,214)
Net cash outflow/(inflow) from bank loans	531,115	(1,361,564)
Change in net debt	<u>492,432</u>	<u>(1,403,778)</u>
Net debt at 1st December 1998	<u>(1,361,354)</u>	42,424
Net debt at 30th November 1999	<u>(868,922)</u>	<u>(1,361,354)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 1998 £	Cash flows £	At 30 Nov 1999 £
Net cash:			
Cash in hand and at bank	210	(208)	2
Overdrafts	-	(38,475)	(38,475)
	<u>210</u>	<u>(38,683)</u>	<u>(38,473)</u>
Debt:			
Debt due within 1 year	(1,361,564)	531,115	(830,449)
Net debt	<u>(1,361,354)</u>	<u>492,432</u>	<u>(868,922)</u>

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(d) Work in progress

Work in progress of property development 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 in accordance with SSAP 9.

(e) Investments

Investments in subsidiaries are stated at the lower of cost and market value.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1999 £	1998 £
United Kingdom	<u>2,697,575</u>	<u>-</u>

3. OPERATING PROFIT/LOSS

Operating profit/loss is stated after charging:

	1999 £	1998 £
Auditors' remuneration - as auditors	<u>6,500</u>	<u>750</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999 No.	1998 No.
Number of management staff	<u>2</u>	<u>2</u>

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

4. PARTICULARS OF EMPLOYEES *(continued)*

No salaries or wages have been paid to employees during the year.

5. DIRECTORS' EMOLUMENTS

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

	1999 £	1998 £
Emoluments	<u>-</u>	<u>-</u>

6. INTEREST PAYABLE

	1999 £	1998 £
Interest payable on bank borrowing	<u>3</u>	<u>418</u>

7. TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES

	1999 £	1998 £
Corporation tax based on the results for the year at 31/30% (1998 - 31%)	<u>365,691</u>	<u>-</u>

8. INVESTMENTS

	Investments in subsidiaries £
COST	
Additions	6,272,524
At 30th November 1999	<u>6,272,524</u>
 NET BOOK VALUE	
At 30th November 1999	<u>6,272,524</u>

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

8. INVESTMENTS *(continued)*

On 30th November 1999 the company acquired the following wholly owned subsidiaries, at market value of £6,272,524. All of these companies are incorporated in England and Wales and trade in the United Kingdom.

	1999 £
Retained profit for the year	
Urban Splash Limited	508,509
Urban Splash (Properties) Limited	327,664
Urban Splash Projects Limited	10,441
Subsidiary - Urban Splash Homes Limited	182

	1999 £
Aggregate capital and reserves	
Urban Splash Limited	2,613,683
Urban Splash (Properties) Limited	4,018,587
Urban Splash Projects Limited	176,450
Subsidiary - Urban Splash Homes Limited	185

9. STOCKS

	1999 £	1998 £
Work in progress	3,859,272	1,979,584

10. DEBTORS

	1999 £	1998 £
Trade debtors	176	-
VAT recoverable	181,179	107,884
Grant receivable	365,819	257,903
Prepayments and accrued income	33,519	361
	580,693	366,148

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

11. CREDITORS: Amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts	868,924	1,361,564
Trade creditors	13,513	6,213
Amounts owed to group undertakings:		
Urban Splash (Properties) Limited	3,427	-
Urban Splash Projects Limited	1,108,155	-
	<u>1,111,582</u>	<u>-</u>
Amounts owed to related party undertakings:		
Urban Splash Limited	-	3,000
Corporation tax	365,691	-
Other creditors	5,384	-
Directors current account – T.P.R.		
Bloxham	572,356	575,000
Accruals and deferred income	326,420	17,441
	<u>3,263,870</u>	<u>1,963,218</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1999	1998
	£	£
Bank loans and overdrafts	<u>868,924</u>	<u>1,361,564</u>

The bank loan and overdraft are secured by a first legal charge dated 8th June 1998 over freehold property known as Britannia Mills, Hulme Hall Road, Manchester.

12. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	1999	1998
	£	£
In one year or less, or on demand	<u>868,924</u>	<u>1,361,564</u>

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

13. RELATED PARTY TRANSACTIONS

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

During the year the company undertook the following transactions with related parties which became subsidiaries on 30th November 1999.

- a) Received a loan of £100,000 which remained outstanding at the year end, and invoices for building work undertaken by Urban Splash Projects Limited amounting to £4,105,062.
- b) Repaid the outstanding loan of £3,000 to Urban Splash Limited.
- c) Paid management charges of £9,660 to Urban Splash (Properties) Limited.

T.P.R. Bloxham and J.M. Falkingham are materially interested as directors of the above companies, and were shareholders until 30th November 1999.

Any other movements on group/related party balances are due to ledger balances or payments and receipts made on behalf of the group/related party.

14. SHARE CAPITAL

Authorised share capital:

	1999 £	1998 £
20,000,000 Ordinary shares of £1 each	20,000,000	5,000,000

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital brought forward	385,716	385,716
Issue of ordinary shares	1,614,284	-
	<u>2,000,000</u>	<u>385,716</u>

On 30th November 1999 1,614,284 shares were issued on the acquisition of subsidiary companies, for a consideration of £6,272,524.

15. SHARE PREMIUM ACCOUNT

	1999 £	1998 £
Premium on shares issued in the year	4,658,240	-
Share issue expenses	(48,776)	-
	<u>4,609,464</u>	<u>-</u>

URBAN SPLASH (BRITANNIA MILLS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1999

16. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
Balance brought forward	(2,992)	(910)
Retained profit/(loss) for the financial year	842,149	(2,082)
Balance carried forward	<u>839,157</u>	<u>(2,992)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999		1998
	£	£	£
Profit/(Loss) for the financial year	842,149		(2,082)
New equity share capital subscribed	1,614,284	-	
Net premium on new share capital subscribed	<u>4,609,464</u>	<u>-</u>	
	6,223,748		-
Net addition/(reduction) to funds	<u>7,065,897</u>		(2,082)
Opening shareholders' equity funds	382,724		384,806
Closing shareholders' equity funds	<u>7,448,621</u>		<u>382,724</u>