

**Urban Splash Group Limited**  
and subsidiary undertakings

Annual report and financial statements  
for the 16 month period ended 31 March  
2004

Registered number: 03141013



## Chairman's statement

For the period ended 31 March 2004

The last financial period of account, I am pleased to report, has been another successful time for the Urban Splash Group Limited maintaining our unbroken record of increasing profitability each period.

The figures speak for themselves with profits on ordinary activities before taxation increasing by 52% to £6.33 million and net assets increasing by 68% to £30.4 million.

This achievement is all the more remarkable considering no major projects were physically completed during the year. Perhaps more impressive than the financial figures was the fact that we were, for the first time, placed in the Sunday Times Profit Track 100 (24<sup>th</sup>), The Sunday Times List of Best Small Companies to Work For (18<sup>th</sup>), the Hot 100 Companies List (30<sup>th</sup>) and the BBC's List of the 30 Coolest Movers and Shakers (16<sup>th</sup>). In all of these lists, we were the highest-ranking private property company in the country.

My colleagues and I are proud of this recognition, it is testament to our belief that we can build beautiful well designed buildings, help the regeneration of our towns and cities, make substantial profit and be good employers, all at the same time.

The period saw us open our third company office, in Bristol, joining our HQ in Manchester and office in Liverpool. We continued our expansion nationwide starting on projects such as: Fort Dunlop, Birmingham; Lister Mills, Bradford and The Royal William Yard, Plymouth as well as numerous projects in our home cities of Liverpool and Manchester.

I have learnt in life that the best way to succeed is to surround yourself with people who are cleverer and more talented than you, so my thanks go to my 107 colleagues here at Urban Splash who have made the Company what it is today.

Tom Bloxham MBE Hon FRIBA FRSA  
Group Chairman

29 September 2004

## Directors' report

For the period ended 31 March 2004

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the 16 month period ended 31 March 2004.

### Principal activities and business review

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

During the period the group changed their accounting reference date from 30 November to 31 March.

### 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 period ended 31 March 2004 are set out on pages 7 to 30. The group profit for the 16 month period after taxation, was £4,896,281 (12 months ended 30 November 2002 - £2,804,577).

The directors recommend a final dividend of 65.78p (2002 - 18.45p) per ordinary share to be paid in February 2005 to the ordinary shareholders on the register on 31 March 2004, which together with the interim dividend of 10p (12 months ended 2002 - 25p) per ordinary share paid in August 2003, makes a total of 75.78p for the period (12 months ended 2002 - 43.45p).

The dividend of £1,506,535 (12 months ended 30 November 2002 - £869,000) results in £3,389,746 (12 months ended 30 November 2002 - £1,935,577) 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 31 March 2004 £	At 30 November 2002 £
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 requiring disclosure under Schedule 7 of the Companies Act 1985.

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

## Directors' report (continued)

### Donations

During the period the group made the following contributions:

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Charitable	-	500

### Auditors

On 1 August 2003 Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as auditors to the company will be proposed at 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

29 September 2004

## 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 16 month period ended 31 March 2004, 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 28. 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 statement 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 31 March 2004 and of the profit of the group for the 16 months then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

### Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Manchester

30 309 September 2004

# Consolidated profit and loss account

For the 16 month period ended 31 March 2004

	Notes	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
<b>Turnover:</b> Group and share of joint ventures'		22,942,610	24,704,608
Less: share of joint ventures' turnover		(521,761)	(89,303)
<b>Group turnover</b>	1	22,420,849	24,615,305
Cost of sales		(9,411,491)	(15,416,190)
<b>Gross profit</b>		13,009,358	9,199,115
Other operating expenses (net)	2	(6,355,825)	(4,209,427)
<b>Operating profit</b>		6,653,533	4,989,688
Share of joint ventures' operating profit (loss)		463,139	(50,758)
Goodwill amortisation on joint ventures		(12,642)	-
<b>Profit on ordinary activities before finance charges</b>		7,104,030	4,938,930
Finance charges (net)			
Group	6	(680,529)	(675,578)
Joint ventures	6	(89,394)	(86,264)
		(769,923)	(761,842)
<b>Profit on ordinary activities before taxation</b>	3	6,334,107	4,177,088
Tax on profit on ordinary activities	7	(1,437,826)	(1,372,511)
<b>Profit on ordinary activities after taxation</b>		4,896,281	2,804,577
Dividends paid and proposed	9	(1,506,535)	(869,000)
<b>Retained profit for the period</b>		3,389,746	1,935,577

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 16 month period ended 31 March 2004

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Profit (loss) for the financial period		
- Group	3,148,978	2,072,599
- Joint ventures	240,768	(137,022)
	<u>3,389,746</u>	<u>1,935,577</u>
Unrealised surplus on revaluation of the group's investment properties		
- Group	8,834,692	1,199,745
- Joint ventures	242,331	-
	<u>12,466,769</u>	<u>3,135,322</u>

There is no difference between the historical depreciation charge and the actual depreciation charge as the revaluation surplus relates to the group's investment properties which are not depreciated.

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

# Consolidated balance sheet

31 March 2004

	Notes	31 March 2004 £	30 November 2002 £
<b>Fixed assets</b>			
Intangible fixed assets – goodwill	10	263,153	-
Investments	12	151,916	151,916
Tangible assets	11	52,529,061	34,497,913
Investments in joint ventures:			
- share of gross assets	12b)	2,610,319	1,335,203
- share of gross liabilities	12b)	(2,256,402)	(1,575,144)
		<u>53,298,047</u>	<u>34,409,888</u>
<b>Current assets</b>			
Stock	13	27,017,870	20,156,154
Debtors			
- due within one year	14	4,480,892	1,471,914
- due after one year	14	945,757	860,980
Cash at bank and in hand		4,692	381,877
		<u>32,449,211</u>	<u>22,870,925</u>
<b>Creditors:</b> Amounts falling due within one year	15	(14,290,829)	(11,639,710)
<b>Net current assets</b>		<u>18,158,382</u>	<u>11,231,215</u>
<b>Total assets less current liabilities</b>		<u>71,456,429</u>	<u>45,641,103</u>
<b>Creditors:</b> Amounts falling due after more than one year	16	(40,624,799)	(27,692,090)
Provisions for liabilities and charges	17	(416,601)	(753)
<b>Net assets</b>		<u>30,415,029</u>	<u>17,948,260</u>
<b>Capital and reserves</b>			
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	17,917,109	8,840,086
Profit and loss account	22	5,888,456	2,498,710
<b>Equity shareholders' funds</b>	23	<u>30,415,029</u>	<u>17,948,260</u>

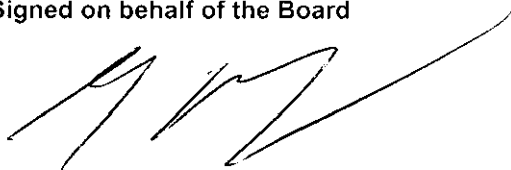
The accompanying notes are an integral part of this consolidated balance sheet.

# Company balance sheet

31 March 2004

	Notes	31 March 2004 £	30 November 2002 £
<b>Fixed assets</b>			
Tangible assets	11	1,418,760	1,418,370
Investments	12	6,414,280	6,272,525
		<u>7,833,040</u>	<u>7,690,895</u>
<b>Current assets</b>			
Debtors	14	1,513,630	546,282
Cash at bank and in hand		700	4,724,847
		<u>1,514,330</u>	<u>5,271,129</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(2,417,127)</u>	<u>(3,121,867)</u>
<b>Net current (liabilities) assets</b>		<u>(902,797)</u>	<u>2,149,262</u>
<b>Provisions for liabilities and charges</b>	17	<u>(56,578)</u>	<u>-</u>
<b>Net assets</b>		<u>6,873,665</u>	<u>9,840,157</u>
<b>Capital and reserves</b>			
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	264,201	3,230,693
<b>Equity shareholders' funds</b>		<u>6,873,665</u>	<u>9,840,157</u>

Signed on behalf of the Board



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

29 September 2004

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

# Consolidated cash flow statement

For the 16 month period ended 31 March 2004

	Notes	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
<b>Net cash (outflow) inflow from operating activities</b>	24	(615,402)	9,145,044
Returns on investments and servicing of finance	25(a)	(680,529)	(675,578)
Taxation	25(b)	(1,298,164)	(1,376,752)
Capital expenditure and financial investment	25(c)	(9,457,271)	(6,905,849)
Acquisition of joint venture	12(b)	(378,675)	-
Equity dividends paid		(560,000)	(650,000)
<b>Cash outflow before financing</b>		(12,990,041)	(463,135)
Financing	25(d)	12,932,709	920,922
<b>(Decrease) increase in cash in the period</b>	26	(57,332)	457,787

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

## Statement of accounting policies

31 March 2004

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. 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 period 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 for the 16 month period ended 31 March 2004. 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.

### **Intangible assets - Goodwill**

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any 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 deferred income 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

31 March 2004

## 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)

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Administrative expenses	6,461,244	4,209,427
Other operating income	(105,419)	-
	<u>6,355,825</u>	<u>4,209,427</u>

## 3 Profit on ordinary activities before taxation

Profit is stated after charging (crediting)

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Depreciation on owned fixed assets	358,886	170,444
Amortisation of goodwill	12,642	-
Impairment of investments	236,920	-
Profit on disposal of fixed assets	(98,071)	-
Operating lease rentals		
- plant and machinery	-	10,108
- other	-	1,933
Government grants released	(2,111,336)	(1,217,721)
Auditors' remuneration for audit services	<u>41,000</u>	<u>22,000</u>

Amounts payable to Deloitte & Touche LLP and their associates by the company and its subsidiary undertakings in respect of non-audit services were £36,480 (12 months ended 30 November 2002 - £14,925).

## 4 Staff costs

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

	16 months ended 31 March 2004 Number	12 months ended 30 November 2002 Number
Construction staff	45	62
Administrative staff	59	53
Architects and design staff	<u>3</u>	<u>2</u>
	<u>107</u>	<u>117</u>

## Notes to the financial statements (continued)

### 4 Staff costs (continued)

Their aggregate remuneration comprised:

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Wages and salaries	3,668,217	2,327,050
Social security costs	355,356	196,778
	<u>4,023,573</u>	<u>2,523,828</u>

### 5 Directors' remuneration and transactions

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

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Emoluments	<u>439,013</u>	<u>258,868</u>

#### *Highest paid director*

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

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Emoluments	<u>165,958</u>	<u>98,774</u>

#### *Directors' transactions*

The following transactions have taken place with directors, all of which have been on what directors consider to be an arm's length basis:

An amount of £302,407 (12 months ended 30 November 2002 - £444,990) 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 arm's length value of this transaction was £302,407 (12 months ended 30 November 2002 - £444,990). This amount is included within the total of £355,328 owed to (12 months ended 30 November 2002 - £219,798 owed by) the company at the period end.

Mr. T.P.R. Bloxham M.B.E. was paid lease rentals by the company of £133,333 (12 months ended 30 November 2002 - £100,000), during the current period, 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 period end.

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

### 6 Finance charges (net)

#### *Group*

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Bank loans and overdrafts	870,896	679,546
Interest receivable and similar income	(190,367)	(3,968)
	<u>680,529</u>	<u>675,578</u>

#### *Joint ventures*

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Bank loans and overdrafts	90,153	87,463
Interest receivable and similar income	(759)	(1,199)
	<u>89,394</u>	<u>86,264</u>

## Notes to the financial statements (continued)

### 7 Tax on profit on ordinary activities

The tax charge comprises

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
<b>Current tax</b>		
UK corporation tax	1,574,273	1,368,651
Adjustments in respect of prior years		
- UK corporation tax	(672,630)	3,107
<b>Total current tax</b>	<u>901,643</u>	<u>1,371,758</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	156,317	(17,423)
Adjustments in respect of prior years	259,532	18,176
<b>Total deferred tax</b>	<u>415,849</u>	<u>753</u>
<b>Share of joint venture tax</b>	<u>120,334</u>	<u>-</u>
<b>Total tax on profit on ordinary activities</b>	<u>1,437,826</u>	<u>1,372,511</u>

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:

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
<b>Profit on ordinary activities before tax</b>	<u>6,334,107</u>	<u>4,177,088</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (12 months ended 30 November 2002 – 30%)	1,900,232	1,253,126
Effects of:		
Expenses not deductible for tax purposes	55,150	97,679
Capital allowances in excess of depreciation	(150,647)	22,419
Difference in tax rates	(4,830)	(4,573)
Utilisation of tax losses	7,918	-
Share of joint venture tax	(120,335)	-
Profit on disposal of investment properties	(31,625)	-
Adjustments to tax charge in respect of previous periods	(754,220)	3,107
<b>Current tax charge for the period</b>	<u>901,643</u>	<u>1,371,758</u>

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%.

## Notes to the financial statements (continued)

### 8 Result attributable to Urban Splash Group Limited

The loss after taxation for the period dealt with in the financial statements of the parent company, Urban Splash Group Limited, was £1,459,957 (12 months ended 30 November 2002 – loss of £1,221,913). 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 dividends have been paid or proposed in respect of the period:

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Final proposed dividend of 65.78p per share (12 months ended 30 November 2002 – 18.45p)	1,315,535	369,000
Interim dividend paid of 10p per share (12 months ended 30 November 2002 – 25p)	200,000	500,000
Overprovision of prior year dividend	(9,000)	-
	<u>1,506,535</u>	<u>869,000</u>

### 10 Intangible fixed assets – goodwill

	31 March 2004 £	30 November 2002 £
<b>Cost</b>		
Beginning of period	-	-
Additions (see note 12b)	275,795	-
End of period	<u>275,795</u>	<u>-</u>
<b>Amortisation</b>		
Beginning of period	-	-
Charge for period	(12,642)	-
End of period	<u>(12,642)</u>	<u>-</u>
<b>Net book value</b>		
Beginning of period	-	-
End of period	<u>263,153</u>	<u>-</u>

## Notes to the financial statements (continued)

### 11 Tangible fixed assets

Group	Investment properties £	Other property £	Structural alterations £	Assets under the course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>							
Beginning of period	26,425,211	1,470,361	1,226,876	5,418,655	19,262	374,989	34,935,354
Additions	2,460,036	107,541	738,386	6,129,847	7,007	119,076	9,561,893
Transfers	(1,174,153)	-	(190,279)	1,364,432	-	-	-
Disposals	-	-	-	-	(3,650)	(6,186)	(9,836)
Revaluations	8,834,692	-	-	-	-	-	8,834,692
End of period	<u>36,545,786</u>	<u>1,577,902</u>	<u>1,774,983</u>	<u>12,912,934</u>	<u>22,619</u>	<u>487,879</u>	<u>53,322,103</u>
<b>Depreciation</b>							
Beginning of period	-	201,121	114,520	-	2,867	118,933	437,441
Charge for the period	-	24,525	198,012	-	9,399	126,950	358,886
Disposals	-	-	-	-	(3,143)	(142)	(3,285)
End of period	<u>-</u>	<u>225,646</u>	<u>312,532</u>	<u>-</u>	<u>9,123</u>	<u>245,741</u>	<u>793,042</u>
<b>Net book value</b>							
Beginning of period	<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>
End of period	<u>36,545,786</u>	<u>1,352,256</u>	<u>1,462,451</u>	<u>12,912,934</u>	<u>13,496</u>	<u>242,138</u>	<u>52,529,061</u>

Investment properties, which are all freehold, were valued on an open market existing use basis at 30 November 2003 by Knight Frank LLP, an external firm of property consultants. In the opinion of the directors the current open market value of such land and investment properties is not materially different from their valuation incorporated in the financial statements. Investment properties are not depreciated.

## Notes to the financial statements (continued)

### 11 Tangible fixed assets (continued)

If the investment properties had not been revalued they would have been included at a historical cost of £21,518,173 (30 November 2002 - £20,175,046).

Company	Property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
Beginning of period	1,268,810	186,583	1,455,393
Additions	92	71,212	71,304
Disposal	-	(4,482)	(4,482)
End of period	<u>1,268,902</u>	<u>253,313</u>	<u>1,522,215</u>
<b>Depreciation</b>			
Beginning of period	-	37,023	37,023
Charge for the period	-	66,432	66,432
End of period	-	<u>103,455</u>	<u>103,455</u>
<b>Net book value</b>			
Beginning of period	1,268,810	149,560	1,418,370
End of period	<u>1,268,902</u>	<u>149,858</u>	<u>1,418,760</u>

### 12 Fixed asset investments

Investments comprise:

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
Subsidiary undertakings (see note 12a)	-	-	5,798,687	6,035,607
Joint venture (see note 12b)	-	-	463,677	85,002
Other investment (see note 12c)	151,916	151,916	151,916	151,916
	<u>151,916</u>	<u>151,916</u>	<u>6,414,280</u>	<u>6,272,525</u>

## Notes to the financial statements (continued)

### 12 Fixed asset investments (continued)

The company's principal investments are:

	<u>Principal activities</u>	<u>Country of incorporation or principal business address</u>	<u>% Holding</u>
Urban Splash Limited	Property development and sales	England	100
Urban Splash Projects Limited	Property development	England	100
Urban Splash (Work) Limited (formerly Urban Splash (Properties) Limited)	Property lettings	England	100
Urban Splash (Manningham Mills) Limited	Property development	England	100
Urban Splash (South West) Limited	Property development	England	100
Urban Splash (West Midlands) Limited (formerly Urban Box Limited)	Property development	England	50

#### a) *Subsidiary undertakings*

Investments  
in subsidiary  
undertakings  
£

#### Company cost and net book value

At beginning and end of period 6,035,607

#### Impairments

At beginning of period -  
 Impairment in period (236,920)  
 At end of period (236,920)

#### Net book value

Beginning of period 6,035,607  
 End of period 5,798,687

#### b) *Joint ventures*

	31 March 2004 £	30 November 2002 £
<b>Group</b>		
Share of gross assets	2,610,319	1,335,203
Share of gross liabilities	(2,256,402)	(1,575,144)
Share of net assets (liabilities)	<u>353,917</u>	<u>(239,941)</u>

Investments  
in joint  
ventures  
£

#### Company

#### Cost and net book value

At beginning of period 85,002  
 Additions 378,675  
 At end of period 463,677

## Notes to the financial statements (continued)

### 12 Fixed asset investments (continued)

#### i) Woodfield House Limited

The group has an investment held by Urban Splash (Work) Limited of 50% of the issued share capital of Woodfield House Limited, a property development company, which is registered in England and Wales. The accounting reference period for this company is 31 December. The figures included in these financial statements are derived from the management accounts to 31 December 2003.

#### ii) 64a Jersey Street Limited

The group also holds 50% of the share capital of 64a Jersey Street Limited, a property development company, which is registered in England and Wales. Again this investment is held by Urban Splash (Work) Limited. The accounting reference period for this company is 30 November. The figures included in these financial statements are derived from the management accounts to 31 March 2004.

#### iii) Urban Splash (West Midlands) Limited

On 15 May 2003 the company acquired 50% of the issued share capital of Urban Splash (West Midlands) Limited for cash consideration of £378,675.

	Book and fair value £
<b>Fixed assets</b>	
Current assets	
Stock	623,469
Debtors	299,676
	<hr/>
	923,145
Creditors: Amounts falling due within one year	(717,384)
	<hr/>
Net assets	205,761
	<hr/>
50% of net assets acquired	102,880
<b>Goodwill</b>	275,795
	<hr/>
	378,675
	<hr/>
<b>Satisfied by:</b>	
Cash	378,675
	<hr/>

#### c) Other investments

The other investment relates to the cost of an option to purchase the land.

## Notes to the financial statements (continued)

### 13 Stock

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
<b>Work in progress</b>				
Finished apartments awaiting sale	8,457,395	17,339,913	-	-
Properties under redevelopment	18,021,162	1,133,402	-	-
Properties awaiting redevelopment	539,313	1,682,839	-	-
	<u>27,017,870</u>	<u>20,156,154</u>	<u>-</u>	<u>-</u>

### 14 Debtors

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
Amounts falling due within one year:				
Trade debtors	2,104,720	206,550	118,911	55
Amounts owed by group undertakings	-	-	1,146,987	360,880
Amounts owed by related parties (note 20)	1,130,201	357,484	160,000	21,910
Grants receivable	3,005	-	-	-
VAT recoverable	394,873	459,654	6,609	91,870
Other debtors	-	40,400	-	15,711
Directors' current accounts (note 5)	367,742	223,772	-	1,817
Prepayments and accrued income	480,351	184,054	81,123	54,039
	<u>4,480,892</u>	<u>1,471,914</u>	<u>1,513,630</u>	<u>546,282</u>
Amounts falling due after more than one year:				
Amounts owed by related parties	945,757	860,980	-	-
	<u>5,426,649</u>	<u>2,332,894</u>	<u>1,513,630</u>	<u>546,282</u>



## Notes to the financial statements (continued)

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

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
Deposits held	2,772,309	334,209	-	-
Bank loans and overdrafts (note 16)	68,930	388,783	42,655	-
Trade creditors	2,693,856	2,673,248	620,086	144,586
Amounts owed to group undertakings	-	-	68,894	1,342,140
Amounts owed to related parties (note 20)	141,263	101,796	40,499	-
Directors' loan accounts (note 5)	85,965	-	85,965	178,515
UK corporation tax	512,130	908,650	-	-
Other taxation and social security	353,301	112,607	16,943	12,735
Other creditors	51,223	53,402	-	-
Accruals and deferred income	6,296,317	6,698,015	226,550	1,074,891
Proposed dividends - equity shareholders	1,315,535	369,000	1,315,535	369,000
	<u>14,290,829</u>	<u>11,639,710</u>	<u>2,417,127</u>	<u>3,121,867</u>

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

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
Bank loans	<u>40,624,799</u>	<u>27,692,090</u>	<u>-</u>	<u>-</u>

Group borrowings are repayable as follows:

	31 March 2004 £	30 November 2002 £
<b>Bank loans and overdrafts</b>		
Between one and two years	26,724,799	13,792,090
After five years	13,900,000	13,900,000
	<u>40,624,799</u>	<u>27,692,090</u>
On demand or within one year	68,930	388,783
	<u>40,693,729</u>	<u>28,080,873</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 (30 November 2002 - £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 (30 November 2002 - £7.9m) are wholly repayable after more than five years, and these bear interest at LIBOR plus 1.25% and are repayable in full in 2012.

## Notes to the financial statements (continued)

### 17 Provisions for liabilities and charges

	Deferred tax	
	Group £	Company £
Beginning of period	753	-
Charged to profit and loss account	415,848	56,578
End of period	<u>416,601</u>	<u>56,578</u>

#### Deferred tax

Deferred tax is provided as follows:

	Group		Company	
	31 March 2004 £	30 November 2002 £	31 March 2004 £	30 November 2002 £
Accelerated capital allowances	<u>416,601</u>	<u>753</u>	<u>56,578</u>	<u>-</u>

### 18 Financial commitments

Annual commitments under non-cancellable leases are as follows:

#### Group

	31 March 2004		30 November 2002	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Expiry date				
- within two to five years	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>970</u>
	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>970</u>

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

## Notes to the financial statements (continued)

### 19 Contingencies

At the period end the company had contingent liabilities amounting to £40,693,729 (30 November 2002 - £28,080,873) 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 M.B.E. throughout the current period and previous year. Mr. Bloxham is the chairman and majority shareholder.

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

	31 March 2004 £	30 November 2002 £
Shed KM Limited	(50,800)	(39,785)
Shed Graphics Limited	2,764	-
Baa Bar Limited	17,915	5,156
TBI 2000 Limited	20,109	39,166
Dry Limited	7,773	7,655
Timber Wharf Management Limited	(44,267)	(20,701)
Box Works Management Limited	(6,648)	162,738
Smithfield Lofts Management Limited	130	9,613
Union North	(12,976)	(28,891)
Oak Farm Partners	297,176	22,946
Urban Splash West Midlands Limited	757,762	-
Woodfield House Limited	753,647	668,870
64A Jersey Street Limited	192,110	192,110

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

- received design and construction income amounting to £159,317 (30 November 2002 - £20,420 ) from Urban Splash West Midlands (formerly 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 £431,986 (30 November 2002 - £57,534), from Shed KM Limited, a company in which J.M. Falkingham is materially interested as a director and shareholder;
- made sales of £2,764 to Shed Graphics Ltd (30 November 2002 - £Nil), a company in which J.M. Falkingham is materially interested in as a director and shareholder;
- received rental and professional fee income amounting to £128,157 (30 November 2002 - £90,605) from Baa Bar Limited. In addition the group paid catering expenses of £46 (30 November 2002 - £Nil). Baa Bar Limited is a company in which T.P.R. Bloxham M.B.E. and J.M. Falkingham are materially interested in as directors and shareholders;
- the group was recharged employee expenses amounting to £nil (30 November 2002 - recharged £6,854) 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)

### 20 Related party transactions (continued)

- recharged costs amounting to £118 (30 November 2002 - £Nil) to Dry Limited, a company in which T.P.R Bloxham M.B.E. is materially interested as a director and shareholder;
- made sales of £4,600 (30 November 2002 - £Nil) to Smithfield Lofts Management Company Limited, a company in which T.P.R. Bloxham M.B.E. and J.M. Falkingham are materially interested in as directors and shareholders;
- incurred £95,789 (30 November 2002 - £Nil) of costs in relation to the 2002 annual report from Union North, an architecture practice owned by J.M. Falkingham's brother, Miles Falkingham;
- recharged costs amounting to £1,855 (30 November 2002 - £Nil) and paid service charges amounting to £10,957 (30 November 2002 - £21,191) 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 (30 November 2002 - £Nil) and paid service charges amounting to £nil (30 November 2002 - £22,440) to Box Works Management Limited, a company in which T.P.R Bloxham is materially interested as director; and
- received construction income amounting to £138,481 (30 November 2002 - £19,528) from Oak Farm Partners, a partnership in which J.M. Falkingham is materially interested in as a partner.

### 21 Called-up share capital

	31 March 2004 £	30 November 2002 £
<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

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
<b>Group</b>				
At 1 December 2002	4,609,464	8,840,086	2,498,710	15,948,260
Revaluation surplus				
- Group	-	8,834,692	-	8,834,692
- Joint ventures	-	242,331	-	242,331
Retained profit for the period				
- Group	-	-	3,148,978	3,148,978
- Joint ventures	-	-	240,768	240,768
At 31 March 2004	<u>4,609,464</u>	<u>17,917,109</u>	<u>5,888,456</u>	<u>28,415,029</u>
<b>Company</b>				
At 1 December 2002	4,609,464	-	3,230,693	7,840,157
Retained loss for the period	-	-	(2,966,492)	(2,966,492)
At 31 March 2004	<u>4,609,464</u>	<u>-</u>	<u>264,201</u>	<u>4,873,665</u>

## Notes to the financial statements (continued)

### 23 Reconciliation of movement in Group equity shareholders' funds

	31 March 2004 £	30 November 2002 £
Profit (loss) for the financial period		
- Group	3,148,978	2,072,599
- Joint ventures	240,768	(137,022)
Revaluation of investment properties		
- Group	8,834,692	1,199,745
- Joint ventures	242,331	-
	<u>12,466,769</u>	<u>3,135,322</u>
Opening equity shareholders' funds	17,948,260	14,812,938
Closing equity shareholders' funds	<u>30,415,029</u>	<u>17,948,260</u>

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

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Operating profit	6,653,533	4,989,688
Depreciation charges	358,886	170,444
Profit on sale of tangible fixed assets	(98,071)	-
(Increase) decrease in work in progress	(6,861,715)	3,340,049
(Increase) decrease in debtors	(3,093,755)	2,400,192
Increase (decrease) in creditors	2,425,720	(1,755,329)
<b>Net cash (outflow) inflow from operating activities</b>	<u>(615,402)</u>	<u>9,145,044</u>

### 25 Analysis of cash flows

#### a) Returns on investments and servicing of finance

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Interest received	190,367	3,968
Interest paid	(870,896)	(679,546)
<b>Net cash outflow</b>	<u>(680,529)</u>	<u>(675,578)</u>

## Notes to the financial statements (continued)

### 25 Analysis of cash flows (continued)

#### b) Taxation

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
UK corporation tax paid	(1,298,164)	(1,376,752)
<b>Net cash outflow</b>	<b>(1,298,164)</b>	<b>(1,376,752)</b>

#### c) Capital expenditure and financial investment

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Purchase of tangible fixed assets	(9,561,893)	(6,936,453)
Sale of tangible fixed assets	104,622	30,604
<b>Net cash outflow</b>	<b>(9,457,271)</b>	<b>(6,905,849)</b>

#### d) Financing

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
New bank loans	22,152,097	10,288,000
Repayment of loans	(9,219,388)	(9,367,078)
<b>Net cash inflow</b>	<b>12,932,709</b>	<b>920,922</b>

### 26 Analysis and reconciliation of net debt

	At 1 December 2002 £	Cash flows £	At 31 March 2004 £
Cash in hand and at bank	381,877	(377,185)	4,692
Overdrafts	(388,783)	319,853	(68,930)
	(6,906)	(57,332)	(64,238)
Debt due after more than one year	(27,692,090)	(12,932,709)	(40,624,799)
<b>Net debt</b>	<b>(27,698,996)</b>	<b>(12,990,041)</b>	<b>(40,689,037)</b>

## Notes to the financial statements (continued)

### 26 Analysis and reconciliation of net debt (continued)

	16 months ended 31 March 2004 £	12 months ended 30 November 2002 £
Decrease in cash in the year	(377,185)	(7,246,439)
Decrease in short term borrowings	319,853	7,704,226
	<u>(57,332)</u>	<u>457,787</u>
Net cash inflow from bank loans	<u>(12,932,709)</u>	<u>(920,922)</u>
<b>Change in net debt</b>	<b>(12,990,041)</b>	<b>(463,135)</b>
<b>Net debt at 1 December 2002</b>	<b><u>(27,698,996)</u></b>	<b><u>(27,235,861)</u></b>
<b>Net debt at 31 March 2004</b>	<b><u>(40,689,037)</u></b>	<b><u>(27,698,996)</u></b>

### 27 Capital commitments

At the year end the group had capital commitments amounting to £Nil (30 November 2002 - £Nil).

### 28 Ultimate controlling party

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