

Rialto No 4 Limited
Annual report and financial statements
for the year ended 31 July 2001

Registered Number 3455141



Rialto No 4 Limited
Annual report and financial statements
for the year ended 31 July 2001
Contents

| | |
|-------------------------------------------------------------------------|---|
| Directors' report for the year ended 31 July 2001 | 1 |
| Auditors' report to the members of Rialto No 4 Limited | 3 |
| Profit and loss account for the year ended 31 July 2001 | 4 |
| Balance sheet as at 31 July 2001 | 5 |
| Notes to the financial statements for the year ended 31 July 2001 | 6 |

Rialto No 4 Limited

Directors' report for the year ended 31 July 2001

The directors present their report and the audited financial statements for the year ended 31 July 2001.

Principal activities and review of the business

The principal activity of the company is housing development and construction.

Both the level of business and the year end position are satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were as follows:

J A Barham
P G Ayton
S C Potter

Directors' interests in shares

None of the directors had an interest at any time during the year in the share capital of the company and, with the exception of Mr J A Barham, in the share capital of the holding company, Bayfordbury Holdings plc.

Mr J A Barham is a director of Bayfordbury Holdings plc and his interests in that company are disclosed in its directors' report.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2001 and that applicable accounting standards have been followed.

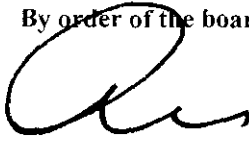
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Rialto No 4 Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'A. S.', written over the text 'By order of the board'.

Company Secretary

Rialto No 4 Limited

Independent auditors' report to the members of Rialto No 4 Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only of the directors' report.

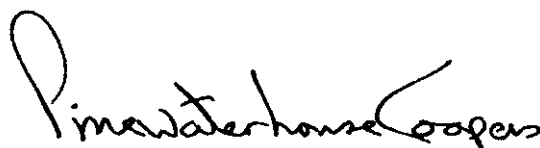
Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cambridge

9 January 2002

Rialto No 4 Limited

Profit and loss account for the year ended 31 July 2001

| | Note | 2001 £ | 2000 £ |
|-------------------------------------------------------------|------|------------------|-------------|
| Turnover – continuing operations | 1 | 1,200,000 | 9,080,100 |
| Changes in stocks of land and work-in-progress | | (792,832) | (1,355,557) |
| Land acquisition and development expenditure | | - | (2,131,593) |
| Construction expenditure | | (168,529) | (5,376,745) |
| Sales expenditure and incentives | | (40,248) | (343,117) |
| | | 198,391 | (126,912) |
| Other operating charges | | (1,015) | (24) |
| Operating profit/(loss) – continuing operations | 2 | 197,376 | (126,936) |
| Interest payable and similar charges | 4 | - | - |
| Profit/(loss) on ordinary activities before taxation | | 197,376 | (126,936) |
| Tax on profit/(loss) on ordinary activities | 5 | (57,205) | 38,081 |
| Retained profit/(loss) for the year | 11 | 140,171 | (88,855) |

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

Rialto No 4 Limited

Balance sheet as at 31 July 2001

| | Note | 2001 £ | 2000 £ |
|-------------------------------------------------------|------|-----------------|--------------------|
| Current assets | | | |
| Stock | 6 | - | 792,832 |
| Debtors | 7 | 109,522 | 2,142,541 |
| | | 109,522 | 2,935,373 |
| Creditors: amounts falling due within one year | 8 | (58,205) | (3,024,227) |
| Net assets/(liabilities) | | 51,317 | (88,854) |
| Capital and reserves | | | |
| Called up share capital | 10 | 1 | 1 |
| Profit and loss account | 11 | 51,316 | (88,855) |
| Equity shareholders' funds/(deficit) | 12 | 51,317 | (88,854) |

The financial statements on pages 4 to 9 were approved by the board of directors on 9 January 2002 and were signed on its behalf by:



Chairman



Finance Director

Rialto No 4 Limited

Notes to the financial statements for the year ended 31 July 2001

1 Principal accounting policies

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

Financial Reporting Standard No 17 "Retirement Benefits" and No 18 "Accounting Policies" have been adopted during the year. There has been no impact on the financial statements for the year under review and the comparative figures.

Basis of preparation

These financial statements have been prepared on a going concern basis on the assumption that continuing support is provided by the parent company.

Turnover

Credit for sales to third parties is taken either on legal completion or upon receipt of all monies due under an unconditionally exchanged contract for sale.

Turnover is the total amount received on completion of sales to third parties and consists entirely of sales made in the United Kingdom.

Land and development work-in-progress

Land and development work-in-progress is valued at the lower of cost and net realisable value.

Cost comprises direct expenditure and attributable overheads according to the stage of construction reached.

Deferred taxation

Provision is made for deferred taxation using the liability method to recognise timing differences between profits stated in the financial statements and profits computed for taxation purposes where it is probable that the liability to taxation is likely to crystallise on such timing differences.

Capitalisation of interest

Interest incurred on developments that are financed by loans specifically arranged and secured on those developments is capitalised and included within work-in-progress. Interest incurred on finance that does not relate to specific developments is written off as incurred.

Cash flow

The company is a wholly owned subsidiary of Bayfordbury Holdings plc and the cash flows of the company are included in the consolidated group cash flow statement of Bayfordbury Holdings plc. Consequently the company is exempt from the requirement to publish a cash flow statement.

2 Profit on ordinary activities before taxation

| | 2001 £ | 2000 £ |
|--------------------------------------------|-----------|-----------|
| Operating profit is stated after charging: | | |
| Auditors' remuneration | 1,000 | - |

For the year ended 31 July 2000 the audit fee was borne by Rialto Homes plc, a fellow subsidiary of Bayfordbury Holdings plc, and was not recharged.

Rialto No 4 Limited

3 Directors' emoluments and employees

There are no employees of the company and the directors received no remuneration in respect of their services to the company.

4 Interest payable and similar charges

| | 2001 £ | 2000 £ |
|-----------------------------------------------------|-----------|-----------|
| Total interest payable on bank loans and overdrafts | - | 285,930 |
| Less: interest capitalised on developments | - | (285,930) |
| | - | - |

5 Taxation

| | 2001 £ | 2000 £ |
|---------------------------------------------------|-----------|-----------|
| United Kingdom corporation tax at 20% (2000: 20%) | | |
| Charge for the year | 57,205 | - |
| Receivable for group relief | - | (38,081) |
| | 57,205 | (38,081) |

6 Stocks

| | 2001 £ | 2000 £ |
|---------------------------------------|-----------|-----------|
| Land and development work-in-progress | - | 792,832 |

Interest of £Nil (2000: £285,930) was capitalised during the year in respect of specific loans on development sites.

7 Debtors

| | 2001 £ | 2000 £ |
|--------------------------------------------|-----------|-----------|
| Amounts falling due within one year | | |
| Amounts receivable for group relief | - | 38,081 |
| Amounts owed by group undertakings | 109,521 | 2,104,459 |
| Called up share capital not paid | 1 | 1 |
| | 109,522 | 2,142,541 |

Rialto No 4 Limited

8 Creditors: amounts falling due within one year

| | 2001 £ | 2000 £ |
|------------------------------|---------------|------------------|
| Loan | - | 2,700,340 |
| Corporation tax | 4,615 | - |
| Payable for group relief | 52,590 | - |
| Accruals and deferred income | 1,000 | 323,887 |
| | 58,205 | 3,024,227 |

The loan was repaid during the year. The loan was secured over the freehold property at the Coppett's Wood development. The interest rate was 7% per annum.

9 Provisions for liabilities and charges

Deferred taxation

Deferred taxation has not been provided in the financial statements, as there is neither an actual nor a potential liability.

10 Called up share capital

| | 2001 £ | 2000 £ |
|-----------------------------------------|--------------|--------------|
| Authorised | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up but not paid | | |
| 1 ordinary share of £1 | 1 | 1 |

11 Profit and loss account

| | £ |
|------------------------------|---------------|
| At 1 August 2000 | (88,855) |
| Retained profit for the year | 140,171 |
| At 31 July 2001 | 51,316 |

Rialto No 4 Limited

12 Reconciliation of movements in shareholders' funds

| | 2001 £ | 2000 £ |
|---------------------------------------|-----------|-----------|
| Opening shareholders' (deficit)/funds | (88,854) | 1 |
| Retained profit/(loss) for the year | 140,171 | (88,855) |
| Closing shareholders' funds/(deficit) | 51,317 | (88,854) |

13 Related party transactions

The company has taken advantage of the exemption available to 90% subsidiaries under Financial Reporting Standard No 8 "Related party disclosures" not to disclose transactions with other group companies.

The directors do not consider that the company entered into any transactions during the year with related parties which were not 90% subsidiaries of the ultimate parent company.

14 Ultimate holding company and ultimate controlling party

The company is a wholly owned subsidiary of Bayfordbury Holdings plc, a company registered in England. Copies of the parent's consolidated financial statements may be obtained from the Secretary, Bayfordbury Holdings plc, Bayfordbury, Lower Hatfield Road, Hertford, Hertfordshire, SG13 8EE.

The directors consider Mr J A Barham to be the ultimate controlling party of Bayfordbury Holdings plc.