

Company Registration No. 04128638 (England and Wales)

BARNFIELD CONTRACTORS (UK) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004



BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS AND ADVISERS

Directors	T.J.H. Webber S. Webber
Secretary	S. Webber
Company number	04128638
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Registered Auditors	Morley and Scott Lynton House 7-12 Tavistock Square London WC1H 9LT
Business address	Kenyon Road Lomeshaye Industrial Estate Nelson Lancashire BB9 5SP
Bankers	National Westminster Bank Plc 2 Leeds Road Nelson Lancashire BB9 9SY
Solicitors	DMH 60 St John Street London EC1M 4HG

BARNFIELD CONTRACTORS (UK) LIMITED

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BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and group financial statements of the company for the year ended 31 December 2004.

Principal activities and review of the business

The principal activity of the group is that of property developers and builders.

The progress of the group during the period accorded with expectations and the position at the year end is regarded as satisfactory. No significant changes in the future development of the group are proposed.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4. A dividend of £892.50 per ordinary share of £1 was proposed in respect of the year.

Market value of land and buildings

In the opinion of the directors the market value of long leasehold properties held as fixed assets at the balance sheet date is not materially different to the amount included in the financial statements in relation to its use in the group's trade.

Directors

The following directors have held office since 1 January 2004:

T.J.H. Webber
S. Webber

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2004	31 December 2003
T.J.H. Webber	260	260
S. Webber	10	10

Creditor payment policy

The group's policy for the year to 31 December 2004 for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of business.

For the year ended 31 December 2004, the group took an average of 65 days to pay its suppliers, as calculated in accordance with the provisions of the Companies Act 1985.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing Morley and Scott be re-appointed as auditors of the company will be put to the Annual General Meeting.

BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. 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 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 the 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

T.J.H. Webber
Director

17-10-05

BARNFIELD CONTRACTORS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BARNFIELD CONTRACTORS (UK) LIMITED

We have audited the financial statements of Barnfield Contractors (UK) Limited for the year ended 31 December 2004 on pages 4 to 23. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 auditor's 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

The directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 and the group's affairs as at 31 December 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Morley and Scott

Chartered Accountants
Registered Auditor

20 October 2005

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 as restated £
Turnover – group and share of joint venture undertakings	2	45,922,808	35,769,344
Less share of joint venture undertakings		(27,096)	(2,116,732)
Group Turnover		45,895,712	33,652,612
Cost of sales		(41,441,228)	(30,360,148)
Gross profit		4,454,484	3,292,464
Distribution costs		(72,980)	(83,966)
Administrative expenses		(1,451,347)	(2,223,295)
Negative goodwill amortised		145,015	1,237,911
Other operating Income		40,000	249,218
Group operating profit	3	3,115,172	2,472,332
Profit on sale of investment property		392,718	-
Share of operating profit/(loss) in joint venture		(365,532)	307,553
Share of operating profit in associates		267,847	295,099
Profit on ordinary activities before interest		3,410,205	3,074,984
Other interest receivable and similar income (group)		197,234	81,596
Interest payable and similar charges	4	(388,192)	(177,541)
Profit on ordinary activities before taxation		3,219,247	2,979,039
Tax on profit on ordinary activities	5	(751,475)	(602,482)
Profit on ordinary activities after taxation		2,467,772	2,376,557
Minority interests		47,600	(60,861)
Profit for the financial year		2,515,372	2,315,696
Dividends		(357,000)	-
Retained profit for the year		2,158,372	2,315,696

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

BARNFIELD CONTRACTORS (UK) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	as restated £
Profit for the financial year	2,515,372	2,315,696
Unrealised deficit on revaluation of properties	-	(574,433)
Unrealised gain on associates' revaluation of properties	-	413,716
Unrealised surplus on revaluation of properties	700,953	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	3,216,325	2,154,979
Prior year adjustment	(555,088)	337,606
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	2,661,237	2,492,585

BARNFIELD CONTRACTORS (UK) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2004

	Notes	2004 £	Group 2003 as restated £	Company 2004 £	Company 2003 £
Fixed assets					
Intangible assets	6	(1,637,042)	(1,782,057)	-	-
Tangible assets	7 and 8	3,620,056	3,595,797	-	-
Investments	9	1,054,921	1,054,921	200	400
Investments in joint ventures:					
Share of gross assets	9	39,535	913,685	-	-
Share of gross liabilities	9	(31,527)	(537,453)	-	-
Investments in associates	9	900,241	725,772	-	-
		<u>3,946,184</u>	<u>3,970,665</u>	<u>200</u>	<u>400</u>
Current assets					
Work in progress	10	4,482,534	5,578,126	-	-
Debtors	11	9,754,002	10,002,322	1,118,000	-
Cash at bank and in hand		7,783,421	4,042,425	5,256,037	2,500,000
		<u>22,019,957</u>	<u>19,622,873</u>	<u>6,374,037</u>	<u>2,500,000</u>
Creditors: amounts falling due within one year	12	(17,213,662)	(17,674,791)	(174,006)	-
Net current assets/(liabilities)		<u>4,806,295</u>	<u>1,948,082</u>	<u>6,200,031</u>	<u>2,500,000</u>
Total assets less current liabilities		<u>8,752,479</u>	<u>5,918,747</u>	<u>6,200,231</u>	<u>2,500,000</u>
Creditors: amounts falling due after more than one year	13	(724,836)	(344,665)	-	-
		<u>8,027,643</u>	<u>5,574,082</u>	<u>6,200,231</u>	<u>2,500,000</u>
Capital and reserves					
Called up share capital	15	400	400	400	400
Revaluation Reserve		1,114,669	413,716	-	-
Profit and loss account	16	6,870,724	4,712,352	6,199,831	2,500,000
Shareholders' funds - equity interests	18	<u>7,985,793</u>	<u>5,126,468</u>	<u>6,200,231</u>	<u>2,500,000</u>
Minority interests	17	<u>41,850</u>	<u>447,614</u>	<u>-</u>	<u>-</u>
		<u>8,027,643</u>	<u>5,574,082</u>	<u>6,200,231</u>	<u>2,500,000</u>

The financial statements were approved by the board on 17.10.05

T.J.H. Webber
Director

S. Webber
Director

S. Webber

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004		2003	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		3,545,754		(1,965,842)
Returns on investments and servicing of finance				
Interest received	197,324		29,365	
Interest paid	(303,306)		(66,830)	
Interest element of finance lease rentals	(7,997)		(10,218)	
Net cash inflow /(outflow) from returns on investments and servicing of finance		(113,979)		(47,683)
Taxation		(585,694)		(537,833)
Capital expenditure and financial investment				
Payment to acquire tangible assets	(771,863)		(73,722)	
Receipts from sales of fixed assets	1,628,931		12,800	
Net cash outflow for capital expenditure and financial investment		857,068		(60,922)
Equity dividends paid		(240,975)		(220,000)
Net cash inflow/(outflow) before financing		3,462,174		(2,832,280)
Financing				
Increase in short term debt	505,292		1,820,776	
Capital element of hire purchase contracts	176,813		(110,325)	
Increase in long term debt	587,987		-	
Net cash (outflow)/inflow from financing		1,270,092		1,710,451
(Decrease)/increase in cash in the year		4,732,266		(1,121,829)

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

1	Reconciliation of operating profit to net cash outflow from operating activities	2004	2003
		£	as restated £
	Operating profit	3,115,172	2,472,332
	Depreciation of tangible assets	155,661	194,642
	Amortisation of intangible assets	(145,015)	(1,237,911)
	(Profit)/loss on disposal of tangible assets	(28,000)	855
	Decrease/(increase) in work in progress	1,095,592	(1,112,980)
	Decrease/(increase) in debtors	248,320	(4,235,613)
	(Decrease)/increase in creditors	(895,976)	1,952,833
		<hr/>	<hr/>
	Net cash outflow from operating activities	3,545,754	(1,965,842)
		<hr/> <hr/>	<hr/> <hr/>
2	Analysis of net debt		
		1 January 2004	31 December 2004
		£	£
	Net cash:		
	Cash at bank and in hand	4,042,425	7,783,421
	Bank overdrafts	(4,156,217)	(3,164,947)
		<hr/>	<hr/>
	Net (debt) / funds	(113,792)	4,618,474
		<hr/>	<hr/>
	Debt:		
	Finance leases and hire purchase contracts	(27,224)	(204,037)
	Debts falling due within one year	(2,157,110)	(2,662,402)
	Debts falling due after more than one year	-	(587,987)
		<hr/>	<hr/>
		(2,184,334)	(3,454,426)
		<hr/>	<hr/>
	Net (debt) / funds	(2,298,126)	1,164,048
		<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net debt		
		2004	2003
		£	£
	Increase/(decrease) in cash in the year	4,732,266	(1,121,829)
	Cash outflow from movement in net debt	(1,270,092)	(1,710,451)
		<hr/>	<hr/>
	Movement in net funds / (debt) in the year	3,462,174	(2,832,280)
	Opening net (debt) / funds	(2,298,126)	534,154
		<hr/>	<hr/>
	Closing net funds / (debt)	1,164,048	(2,298,126)
		<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004.

The company has taken advantage of the exemption granted by s230 Companies Act 1985 not to prepare a separate profit and loss account for the parent company. The parent company's profit for the year was £3,699,831 (2003: £2,500,000).

1.4 Associated and joint venture undertakings

The group's share of net assets of associated undertakings has been consolidated into the group financial statements under the equity accounting method in compliance with FRS 9. Joint venture undertakings are arrangements in which the group has a long-term interest and shares control under a contractual arrangement. The group's financial statements include the appropriate share of the joint venture undertaking's results and retained reserves which have been included in the financial statements on a gross equity basis in accordance with FRS 9. These amounts are taken from the latest audited financial statements of the undertakings concerned.

1.5 Turnover

Turnover represents amounts receivable for goods sold, services provided and rental income net of VAT and trade discounts.

Rents are included in turnover in the year in which they are receivable.

1.6 Goodwill

On the acquisition of a business fair values are attributed to its net tangible assets. Where the cost of acquisition exceeds the values attributed to such assets, the difference is treated as purchased goodwill. Where the cost of acquisition is less than the fair values attributed to such assets, the difference is treated as negative goodwill. Negative goodwill is released to the profit and loss account in the periods in which the non-monetary assets acquired are sold.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Long leasehold land and buildings	Nil
Plant and equipment	15-20% on cost
Motor vehicles	25% on net book value

Long leasehold property is not depreciated as the current period charge and any potential aggregate depreciation, is considered immaterial. This results from the long useful economic life of the property and the high residual value. The property is subject to regular maintenance and repair (costs of which are charged to the profit and loss account) to ensure its high residual value is maintained.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies (continued)

1.8 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Payments under operating leases are charged to the profit and loss account in the period in which they are incurred. Rentals receivable under operating leases are credited to income as they fall due.

1.9 Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.10 Work in progress

Long term contract work in progress is stated at cost plus attributable profit estimated to be earned to date, less any provision for anticipated future losses on contracts. Cost comprises prime cost together with a proportion of direct overhead charges. Profit on individual contracts is only taken when their outcome can be assessed with reasonable certainty.

Where such an outcome cannot be assessed with reasonable certainty, an appropriate proportion of turnover is recognised, based on the total contract value, using a zero estimate of profit.

1.11 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.13 Government grants

Grants receivable relating to work in progress have been treated as payments on account.

Grants receivable relating to capital assets are accounted for as creditors and are released to the profit and loss account over the period that the asset is depreciated. Where the capital asset is an investment property, the grant is released on disposal of the asset.

1.14 Changes in accounting policy

The prior period accounting policy for the group was to account for retentions on contracts at an average rate of 2.5%. The directors now consider that it would be more appropriate not to account for retentions on contracts until they are actually received, normally 12 months after completion. This change in accounting policy has given rise to a prior period adjustment. This has resulted in a decrease in income of £427,242 in the current year and £555,088 in the prior year. Restatement of the reserves are as per note 16. In addition, balances previously disclosed as 'amounts recoverable on contracts' in the prior year have been reclassified as 'work in progress'. The directors consider that this is more in accordance with SSAP 9.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

2004
£

2003
£

Operating profit is stated after charging:

Depreciation of tangible assets	155,661	194,642
Loss on sale of tangible assets	-	855
Operating lease rentals		
- Plant and machinery	1,545,879	1,149,065
- Other assets	3,584	3,584
Auditors' remuneration	38,439	32,819
Remuneration of Auditors for non-audit work	-	21,627

and after crediting:

Lease surrender	-	100,000
Amortisation of intangible assets	145,015	1,237,911
Profit on sale of tangible assets	28,000	-

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

4 Interest payable	2004 £	2003 £
On bank loans and overdrafts	303,306	66,815
Lease finance charges	7,997	10,218
On overdue tax	-	15
Associated undertakings	76,889	100,493
	<u>388,192</u>	<u>177,541</u>
	<u><u>388,192</u></u>	<u><u>177,541</u></u>
5 Taxation	2004 £	2003 £
Domestic current year tax		
UK corporation tax	752,270	475,907
Adjustment for prior years	(51,045)	(481)
Joint ventures	2,693	80,099
Associated undertakings	47,557	46,957
	<u>751,475</u>	<u>602,482</u>
	<u><u>751,475</u></u>	<u><u>602,482</u></u>
Current tax charge		
	<u>751,475</u>	<u>602,482</u>
	<u><u>751,475</u></u>	<u><u>602,482</u></u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,219,247	3,534,127
	<u>3,219,247</u>	<u>3,534,127</u>
	<u><u>3,219,247</u></u>	<u><u>3,534,127</u></u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	965,774	1,060,238
	<u>965,774</u>	<u>1,060,238</u>
	<u><u>965,774</u></u>	<u><u>1,060,238</u></u>
Effects of:		
Non deductible expenses	(209,135)	6,572
Depreciation add back	45,265	58,393
Capital allowances	(51,292)	(46,992)
Share of partnership income	16,282	21,907
Adjustments to previous periods	(51,045)	(481)
Share of associates' results	(57,287)	(58,382)
Share of associates' tax	47,557	46,957
Share of joint venture's results	109,659	(92,266)
Share of joint ventures' tax	2,693	80,099
Amortisation of intangible fixed assets	(43,505)	(371,373)
Other tax adjustments	(23,491)	(102,190)
	<u>(214,299)</u>	<u>(457,756)</u>
	<u><u>(214,299)</u></u>	<u><u>(457,756)</u></u>
Current tax charge	751,475	602,482
	<u>751,475</u>	<u>602,482</u>
	<u><u>751,475</u></u>	<u><u>602,482</u></u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

6 Intangible fixed assets						
Group						Negative Goodwill £
Cost						
At 1 January 2004						(4,310,301)
						<u> </u>
At 31 December 2004						(4,310,301)
						<u> </u>
Amortisation						
At 1 January 2004						2,528,244
Charge for the year						145,015
						<u> </u>
						2,673,259
						<u> </u>
Net book value						
At 31 December 2004						(1,637,042)
						<u> </u>
At 31 December 2003						(1,782,057)
						<u> </u>
7 Tangible fixed assets						
Group	Long leasehold land and buildings £	Plant and equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £	
Cost or valuation						
At 1 January 2004	350,000	1,217,451	25,839	210,924	1,804,214	
Additions	-	406,770	-	-	406,770	
Disposals	-	(423,350)	-	-	(423,350)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
At 31 December 2004	350,000	1,200,871	25,839	210,924	1,787,634	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Depreciation						
At 1 January 2004	-	715,706	17,339	99,489	832,534	
Charge for the year	-	125,167	2,635	27,859	155,661	
On disposals	-	(184,372)	-	-	(184,372)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
At 31 December 2004	-	656,501	19,974	127,348	803,823	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Net book value						
At 31 December 2004	350,000	544,370	5,865	83,576	983,811	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
At 31 December 2003	350,000	501,745	8,500	111,435	971,680	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

7 Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and equipment £	Motor vehicles £	Total £
Net book values			
At 31 December 2004	376,263	26,283	402,546
At 31 December 2003	261,027	35,044	296,071
Depreciation charge for the year			
At 31 December 2003	71,400	11,681	83,081
At 31 December 2004	30,507	8,761	39,268

8 Tangible fixed assets

Investment properties

	Group £
Cost or valuation	
At 1 January 2004	2,624,117
Additions	365,093
Revaluation	700,953
Disposals	(1,053,918)
At 31 December 2004	2,636,245

The historical cost of the property held at valuation was £1,935,292 (company: £Nil) (2003 - £2,624,117 (company £Nil)).

The investment properties were valued at 31 December 2004 by M Taylforth BSc MRICS, an employee of Barnfield Construction Limited, on the basis of open market value for existing use.

9 Fixed asset investments

Group	Unlisted investments £	Joint ventures £	Shares in associates £	Loans to associates £	Total £
Cost or valuation					
At 1 January 2004	89,506	376,232	725,772	965,415	2,156,925
Increase/(decrease) in value	-	(368,224)	174,469	-	(194,205)
At 31 December 2004	89,056	8,008	900,241	965,415	1,962,720

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

9 Fixed asset investments (continued)

Company	Shares in subsidiary undertakings £
Cost	
At 1 January 2004	400
Disposals	(200)
	—
31 December 2004	200

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Barnfield Construction Limited	England & Wales	Ordinary	100	100
Roger Whalley Limited	England & Wales	Ordinary	100	100
Barnfield and Hyndburn Limited	England & Wales	Ordinary	70	70
Barnfield Peregrine Limited	England & Wales	Ordinary	55	55
Aymer Investments Limited	England & Wales	Ordinary	50	50
Morrison Barnfield Homes Limited	England & Wales	Ordinary B	50	50
Globe Enterprises Limited	England & Wales	Ordinary	33	33

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Barnfield Construction Limited	Property developers
Roger Whalley Limited	Plumbing contractors
Barnfield & Hyndburn Limited	Property developers
Barnfield Peregrine Limited	Property developers
Aymer Investments Limited	Property developers
Morrison Barnfield Homes Limited	Property developers
Globe Enterprises Limited	Property developers

The group is a 70% member of Barnfield & Hyndburn Development Partnership whose registered office is at Kenyon Road, Lomeshaye Industrial Estate, Nelson, Lancashire, BB9 5SP.

The group is a 50% member of Landmark Barnfield LLP, a limited liability partnership registered in England & Wales. Landmark Barnfield LLP was dormant during the year.

During the year Barnfield Investments Limited, Barnfield Enterprises Limited and A J F Restaurants Limited, wholly owned subsidiaries, were dissolved. These events had no material impact on the results of the group.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

10 Work in progress

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Work in progress				
Long term contract balances	4,700,066	5,991,177	-	-
- payment on account	(217,532)	(413,051)	-	-
	<u>4,482,534</u>	<u>5,578,126</u>	<u>-</u>	<u>-</u>

11 Debtors

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Trade debtors	4,930,415	4,093,883	-	-
Corporation tax	-	7,095	-	-
Other debtors	4,228,916	5,550,257	1,117,800	-
Prepayments and accrued income	594,671	351,087	-	-
	<u>9,754,002</u>	<u>10,002,322</u>	<u>1,117,800</u>	<u>-</u>

Amounts falling due after more than one year and included in the debtors above are:

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Other debtors	2,215,558	2,176,098	-	-
	<u>2,215,558</u>	<u>2,176,098</u>	<u>-</u>	<u>-</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Creditors: amounts falling due within one year

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Bank loans and overdrafts	5,827,349	6,313,327	7,615	-
Payments received on account	1,697,077	1,575,268	-	-
Net obligations under finance leases and hire purchase contracts	67,188	16,156	-	-
Trade creditors	7,388,329	6,097,658	-	-
Corporation tax	464,758	298,977	44,359	-
Taxes and social security costs	718,467	287,617	-	-
Directors' current accounts	-	-	-	-
Other creditors	585,787	2,766,470	6,007	-
Accruals and deferred income	464,207	319,318	116,025	-
	<u>17,213,662</u>	<u>17,674,791</u>	<u>174,006</u>	<u>-</u>

The bank loans and overdrafts are secured by charges over the assets of the group.

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Net obligations under finance leases and hire purchase agreements	136,849	11,068	-	-
Bank loans	587,987	-	-	-
Government grants	-	333,597	-	-
	<u>724,836</u>	<u>344,665</u>	<u>-</u>	<u>-</u>

The bank loans and overdrafts are secured by charges over the assets of the group.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

13 Creditors: amounts falling due after more than one year (continued)

	Group		Company	
	2004 £	2003 £	2004 £	2003 £
Analysis of loans				
Not wholly repayable within five years by Instalments	309,957	-	-	-
Wholly repayable within 5 years	347,707	2,157,110	-	-
	<u>657,664</u>	<u>2,157,110</u>	<u>-</u>	<u>-</u>
Included in current liabilities	(69,677)	(2,157,110)	-	-
	<u>587,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	55	-	-	-
Loan maturity analysis				
Between one and two years	69,505	-	-	-
Between two and five years	208,525	-	-	-
In more than five years	309,957	-	-	-
	<u>657,664</u>	<u>2,157,110</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	76,266	18,286	-	-
Repayable between one and five years	155,056	12,784	-	-
	<u>231,322</u>	<u>31,070</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(27,285)	(3,846)	-	-
	<u>204,037</u>	<u>27,224</u>	<u>-</u>	<u>-</u>
Included in liabilities due within one year	(67,188)	(16,156)	-	-
	<u>136,849</u>	<u>11,068</u>	<u>-</u>	<u>-</u>

14 Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £11,004 (2003: £23,004).

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

15 Share capital

	2004 £	2003 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
400 Ordinary shares of £1 each	400	400
	<u> </u>	<u> </u>

16 Statement of movements on reserves

Group	Revaluation Reserve £	Profit and loss account £
Balance at 1 January 2004	413,716	5,267,440
Prior year adjustment	-	(555,088)
	<u> </u>	<u> </u>
Balance at 1 January 2004 as restated	413,716	4,712,352
Retained Profit for the year	-	2,158,372
Revaluations in the year	700,953	-
	<u> </u>	<u> </u>
Balance at 31 December 2004	1,114,669	6,870,724
	<u> </u>	<u> </u>
Company		Profit and loss account £
Balance at 1 January 2004		2,500,000
Result for year		3,699,831
		<u> </u>
Balance at 31 December 2004		6,199,831
		<u> </u>

17 Minority Interests

	2004 £	2003 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	41,850	447,614
	<u> </u>	<u> </u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

18 Reconciliation of movements in shareholders' funds

	2004	2003
Group	£	£
Profit for the financial year	2,515,372	2,315,696
Dividends	(357,000)	-
Other recognised gains and losses relating to the year (net)	700,953	(160,717)
	<hr/>	<hr/>
Net addition to shareholders' funds	2,859,325	2,154,979
Opening shareholders' funds (as restated)	5,126,468	2,971,489
	<hr/>	<hr/>
Closing shareholders' funds	7,985,793	5,126,468
	<hr/>	<hr/>
Company	2004	2003
	£	£
Profit for the financial year	4,056,831	2,500,000
Dividends	(357,000)	-
Opening shareholders' funds	2,500,400	400
	<hr/>	<hr/>
Closing shareholders' funds	6,200,231	2,500,400
	<hr/>	<hr/>

19 Contingent liabilities

- (a) On 31 December 2004 Barnfield Construction Limited had in the course of business entered into performance and other bonds of £2,503,153 (2003: £1,591,676).
- (b) Barnfield Construction Limited has guaranteed the bank borrowings of Roger Whalley Limited and Barnfield Contractors (UK) Limited which amounted to £272,173 (2003: £Nil) at the Balance Sheet date.
- (c) The group has guaranteed the bank borrowings of Barnfield Construction Limited which amounted to £5,425,984 (2003: £6,298,848). At 31 December 2004, Barnfield Construction Limited had gross assets of £19,205,281.
- (d) Barnfield Construction Limited, as part of its investment in the Barnfield and Hyndburn Development Partnership, is contracted to invest a further £100,000 in this partnership should it fail to obtain planning permission on one of its development sites.
- (e) Barnfield Construction Limited have also given an undertaking to Barnfield & Hyndburn Limited that it will provide financial support to enable it to meet its liabilities as they fall due, for as long as it remains a subsidiary.
- (f) Barnfield Construction Limited is party to a group VAT registration. The contingent liability of this company at the balance sheet date amounts to £Nil (2003: £Nil).

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

19 Contingent liabilities

- (g) Barnfield Construction Limited has given an undertaking to Globe Enterprises Limited that it will provide financial support to enable it to meet its liabilities as they fall due, for as long as it remains a participating interest. The company has also guaranteed the bank borrowings of Globe Enterprises Limited which amounted to £3,008,069 (2003: £3,768,929) at the balance sheet date. Globe Enterprises Limited had gross assets totalling £8,367,503 at the balance sheet date.

20 Financial commitments

As at 31 December 2004 the group had annual commitments under operating leases as follows:

	Land and Buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date				
Between two and five years	14,850	-	3,584	79,839
In over five years	-	14,850	-	-
	<u>14,850</u>	<u>14,850</u>	<u>3,584</u>	<u>79,839</u>

21 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	337,308	294,645
Company pension contributions to money purchase schemes	4,000	12,000
	<u>341,308</u>	<u>306,645</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	152,519	135,766
Company pension contributions to money purchase scheme	-	10,000
	<u>152,519</u>	<u>145,766</u>

The number of directors with benefits accruing under money purchase pension schemes is 1 (2003: 2).

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

22 Employees

Number of employees

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

	2004 Number	2003 Number
Office and management	28	29
Production and sales	113	103
	<hr/>	<hr/>
	141	132
	<hr/>	<hr/>

Employment costs	2004 £	2003 £
Wages and salaries	2,778,677	2,692,151
Social security costs	286,248	78,542
Other pension costs	11,004	23,004
	<hr/>	<hr/>
	3,075,929	2,793,697
	<hr/>	<hr/>

23 Control and related party transactions

Group

- (a) At 31 December 2004 Pendle Commercial Properties Limited, a company related by common control, owed £61,848 (2003: £173,662 owed to Pendle Commercial Properties Limited) to Barnfield Construction Limited. This balance is included in other creditors. During the period Barnfield Construction Limited made sales to Pendle Commercial Properties Limited of £52,637 (2003: £59,177). At 31 December 2004, an amount of £315,678 (2003: £Nil) owed to Pendle Commercial Properties Limited was written off in accordance with the treatment in that company's accounts for the year ended 31 March 2004.
- (b) Dime Home Limited owns 26% of Barnfield Contractors (UK) Limited. Dime Home Limited is controlled by the close family of R. Dewan. During the period Barnfield Construction Limited made sales to R. Dewan amounting to £1,241,521 (2003: £383,460). At 31 December 2004, R. Dewan owed Barnfield Construction Limited £367,669 (2003: £383,460).

During the year Barnfield Construction Limited made sales of £227,874 (2003: £Nil) to Rangetrack Limited, a company controlled by R Dewan. At 31 December 2004, Rangetrack Limited owed Barnfield Construction £24,872 (2003: £Nil).

During the year Barnfield Construction Limited made sales of £2,247,447 (2003: £Nil) to Swansea Call Centre Developments Limited, a company controlled by R Dewan. At 31 December 2004, Barnfield Construction Limited was owed £66,158 (2003: £Nil) by the company.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2004

23 Control and related party transactions (continued)

During the year Barnfield Construction Limited made sales of £1,318,209 (2003: £Nil) to Shanbest Limited, a company controlled by R Dewan. At 31 December 2004, Barnfield Construction Limited was owed £444,827 (2003: £Nil) by Shanbest Limited.

During the year Barnfield Construction Limited made sales of £173,735 (2003: £Nil) to Trans European Properties Limited, a company controlled by R Dewan. At 31 December 2004, Barnfield Construction Limited was owed £204,138 (2003: £Nil) from Trans European Properties Limited.

- (c) T.J.H. Webber is a director of Globe Enterprises Limited. During the period Barnfield Construction Limited made sales to Globe Enterprises Limited amounting to £46,563 (2003: £86,435). At 31 December 2004 Globe Enterprises Limited owed Barnfield Construction Limited £965,415 (2003: £965,415) in respect of an interest free loan, which is included in investments.
- (d) At 31 December 2004 Barnfield Construction Limited was owed £123,212 (2003: £123,212) by Aymer Investments Limited, a company in which Barnfield Construction Limited is a shareholder.
- (e) T.J.H. Webber is a director of Ribble Industrial Estates Limited. During the year Barnfield Construction Limited made sales amounting to £81,635 (2003: £474,331) and purchases of £2,000 (2003: £7,500) from Ribble Industrial Estates Limited. At 31 December 2004, Barnfield Construction Limited was owed £Nil (2003: £2,145) by Ribble Industrial Estates Limited.
- (f) T.J.H. Webber is a director of Ribble Enterprises Limited. During the period Barnfield Construction Limited made sales amounting to £482,717 (2003: £1,266,258) to Ribble Enterprises Limited and purchases of £20,378 (2003: £Nil). At 31 December 2004, Barnfield Construction Limited was owed £77,336 (2003: £Nil) by Ribble Enterprises Limited.
- (g) Barnfield Pensions Limited is owned by Barnfield Pension Fund. T.J.H. Webber is a trustee of Barnfield Pension Fund. At 31 December 2004 Barnfield Pension Fund owed Barnfield Construction Limited £487,097 (2003: £508,760).
- (h) Barnfield Investments Properties Limited, a company which is related by common control, paid management charges amounting to £214,534 (2003: £268,168) and made sales of £Nil (2003: £936,028) during the year. At 31 December 2004, Barnfield Investment Properties owed the group £2,171,558 (2003: £2,176,098).
- (i) During the year, Barnfield Construction Limited made sales of £547,622 (2003: £Nil) to Pendle Bracken Limited, a company in which T.J.H. Webber and S. Webber have an interest. There was no outstanding balance at the year end, nor in the previous year.
- (j) During the year Barnfield Construction Limited made sales of £344,617 (2003: £Nil) to Modus Barnfield Partnership, an entity in which T.J.H. Webber and S. Webber have an interest. At 31 December 2004, Barnfield Construction Limited was owed £216,464 (2003: £Nil) by Modus Barnfield Partnership.
- (k) Barnfield Construction Limited has a joint venture with Morrison Homes Limited called Morrison Barnfield Homes Limited. The directors consider that each venturer operates its own business independently and is able to control their own assets, liabilities and cash flows in that framework. Therefore, in accordance with FRS 9, the group has accounted directly for its share of assets and liabilities arising from this joint venture. During the year, the group made sales of £430,608 (2003: £1,317,027) to Morrison Barnfield Homes Limited. At 31 December 2004 the group was owed £Nil (2003: £98,335) by Morrison Barnfield Homes Limited.
- (l) The ultimate controlling party of the company and the group is T.J.H. Webber, a director.