

Company Registration No 04128638 (England and Wales)

BARNFIELD CONTRACTORS (UK) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006



BARNFIELD CONTRACTORS (UK) LIMITED

COMPANY INFORMATION

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

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Consolidated profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the consolidated financial statements	10 - 25

BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and group financial statements for the year ended 31 December 2006

Principal activities and review of the business

The principal activity of the group continued to be that of property investment, developers and builders

The Barnfield Group has achieved a satisfactory result for the year with turnover of £42,373,829 and profit before tax of £3,630,958. Sales have shown a reduction of 2% on the prior year with gross margin decreasing to 12.7% in 2006 (2005: 12.8%).

The outlook for 2007 and 2008 remains positive with a healthy order book already in place for construction and development projects and a good portfolio of investment properties and the directors believe that the company's turnover and profitability will be maintained at similar levels for the year to come.

Financial risk management

Financial risk management is an integral part of the company's processes.

Cash flow risk is monitored by regular review of cash position against forecasts and trade debt levels are continually monitored and managed to keep them at an acceptable level. This in turn ensures that the company has the ability to meet the cash flow requirements of the operations, whilst avoiding excessive levels of debt and / or breach of any loan agreements.

Tight management of credit risk is essential in our business. We assess every customer at the start of any contract and regularly monitor the aging of our debt profile to highlight any potential risk at the earliest opportunity. Given the relationships we have with our customers our exposure to bad debts is limited.

There is always a certain amount of uncertainty around the costs required to complete ongoing projects. However we have a vast amount of experience within our contracts department and this can be relied upon to produce accurate forecasts. Actual spends are constantly reviewed against these forecasts and the appropriate action taken to keep costs under control.

Other risk management

Competitor risk – There are a number of other companies who could be classed as a competitor to our business. In order to minimise the threat from them we regularly review our marketplace and our competitors. The building of close relationships with our customers is seen as key to maintaining this competitive advantage.

Environmental and Health and Safety

We continue to monitor activities which could lead to an environmental impact.

The company has had a Health and Safety Policy in place for a number of years. Our Health and Safety Officer liaises with site managers and organises health, safety and risk assessment courses as appropriate. We use external experts as and when required.

Employees

We continue to develop our staff using both external and in house resources. Programmes are developed around both business needs and personal development. It is important that our customer facing staff present a professional and friendly service and employees are encouraged to engage with customers to gain feedback on our activities. Where possible we promote from within.

BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

Results and dividends

The consolidated profit and loss account for the year is set out on page 5. A dividend of £1,469.94 per Ordinary share of £1 was paid 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 2006:

T J H Webber
S Webber

Creditor payment policy

The group's policy for the year to 31 December 2006 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 2006, the group took an average of 74 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 that Morley and Scott be re-appointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

Date . . . 30.10.07 . . .

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 2006 set out on pages 5 to 25. 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 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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.


BARNFIELD CONTRACTORS (UK) LIMITED

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 31 December 2006 and of the group's profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


Morley and Scott

Chartered Accountants
Registered Auditor

Date: 31 October 2007

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover – group and share of joint venture undertakings	2	42,373,829	43,207,029
Rent receivable		9,541	-
Group Turnover		42,383,370	43,207,029
Cost of sales		(37,018,641)	(37,682,885)
Gross profit		5,364,729	5,524,144
Distribution costs		(87,788)	(54,183)
Administrative expenses		(1,993,856)	(2,221,650)
Negative goodwill amortised		142,314	169,470
Other operating Income			33,505
Group operating profit	3	3,425,399	3,451,286
Profit on sale of investment property		(653)	-
Share of operating profit/(loss) in joint venture		-	-
Share of operating profit in associates		270,247	258,895
Profit on ordinary activities before interest		3,694,993	3,710,181
Loss on sale of investments	4	-	(44,850)
Other interest receivable and similar income (group)	4	380,393	179,091
Interest payable and similar charges	5	(444,428)	(398,343)
Profit on ordinary activities before taxation		3,630,958	3,446,079
Tax on profit on ordinary activities	6	(1,374,141)	(853,365)
Profit on ordinary activities after taxation		2,256,817	2,592,714
Minority interests		(8,624)	4,629
Profit for the year		2,248,193	2,597,343

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

BARNFIELD CONTRACTORS (UK) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2006

Note of historical cost profits and losses

	2006 £	2005 £
Reported profit on ordinary activities before taxation	3,630,958	3,446,079
Realisation of property revaluation based on previous years	286,999	228,875
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	3,917,957	3,674,954
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	2,048,816	2,233,614
	<hr/>	<hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2006

	Notes	Group		Company	
		2006 £	2005 £	2006 £	2005 £
Fixed assets					
Goodwill – Negative goodwill	8	(1,396,768)	(1,467,572)	-	-
Tangible assets	9 & 10	7,845,572	10,249,962	5,187,690	6,793,360
Investments in group undertakings	11	-	-	257	255
Investments in joint ventures					
- Share of gross assets	11	39,535	39,535	-	-
- Share of gross liabilities	11	(31,527)	(31,527)	-	-
Investments in associates	11	2,108,517	1,995,995	-	-
Investments – other	11	44,656	44,656	-	-
		<u>8,609,985</u>	<u>10,831,049</u>	<u>5,187,947</u>	<u>6,793,615</u>
Current assets					
Work in progress	12	1,532,600	4,272,217	-	-
Debtors	13	15,029,546	9,686,640	4,652,959	2,260,497
Cash at bank and in hand		10,437,375	7,975,402	4,867,144	3,440,238
Current asset investments		71,071	-	71,071	-
		<u>27,070,592</u>	<u>21,934,259</u>	<u>9,591,174</u>	<u>5,700,735</u>
Creditors: amounts falling due within one year	14	(23,019,136)	(21,881,728)	(5,117,410)	(4,767,465)
Net current assets		<u>4,051,456</u>	<u>52,531</u>	<u>4,473,764</u>	<u>933,270</u>
Total assets less current liabilities		<u>12,661,441</u>	<u>10,883,580</u>	<u>9,661,711</u>	<u>7,726,885</u>
Creditors, amounts falling due after more than one year	15	(867,242)	(851,198)	-	-
		<u>11,794,199</u>	<u>10,032,382</u>	<u>9,661,711</u>	<u>7,726,885</u>
Capital and reserves					
Called up share capital	17	400	400	400	400
Revaluation Reserve	18	598,795	885,794	-	-
Profit and loss account	18	11,149,159	9,108,967	9,661,311	7,726,485
Shareholders' funds - equity interests	20	<u>11,748,354</u>	<u>9,995,161</u>	<u>9,661,711</u>	<u>7,726,885</u>
Minority Interests	19	<u>45,845</u>	<u>37,221</u>	-	-
		<u>11,794,199</u>	<u>10,032,382</u>	<u>9,661,711</u>	<u>7,726,885</u>

The financial statements were approved by the board on

30 10 07

T J H Webber
Director

S Webber
Director

S. Webber

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006		2005	
	£	£	£	£
Net cash inflow from operating activities		2,376,161		5,323,084
Returns on investments and servicing of finance				
Interest received	375,332		174,920	
Interest paid	(298,709)		(309,698)	
Interest element of finance lease rentals	(26,404)		(19,978)	
Net cash (outflow) from returns on investments and servicing of finance		50,219		(154,756)
Taxation		(749,625)		(611,559)
Capital expenditure and financial investment				
Payment to acquire tangible assets	(3,636,162)		(6,842,406)	
Receipts from sales of fixed assets	6,365,456		136,732	
Net cash outflow for capital expenditure and financial investment		2,729,294		(6,705,674)
Equity dividends paid		(495,000)		(704,000)
Net cash inflow before financing and management of liquid resources		3,911,049		(2,852,905)
Management of liquid resources				
Current asset investments	(71,071)		-	
		(71,071)		-
Financing				
Increase in short term debt	3,227,378		2,829,161	
Capital element of hire purchase contracts	(151,603)		289,756	
(Decrease)/increase in long term debt	170,132		(74,031)	
Net cash inflow from financing		3,245,907		3,044,886
Increase in cash in the year		7,085,885		191,981

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating profit to net cash outflow from operating activities	2006	2005
		£	£
	Operating profit	3,425,399	3,451,286
	Depreciation of tangible assets	174,328	166,903
	Amortisation of intangible assets	(70,804)	(169,470)
	(Profit) on disposal of tangible assets	(499,885)	(2,036)
	Diminution of investment	22,079	-
	Decrease in work in progress	2,739,617	210,317
	Increase / (decrease) in debtors	(5,342,906)	67,362
	Increase/(decrease) in creditors	1,928,333	1,598,722
		<hr/>	<hr/>
	Net cash inflow from operating activities	2,376,161	5,323,084
		<hr/> <hr/>	<hr/> <hr/>
2	Analysis of net debt		
		1 January	31
		2006	December
		£	2006
			£
	Net cash		
	Cash at bank and in hand	7,975,402	10,437,375
	Bank overdrafts	(6,739,808)	(2,115,896)
		<hr/>	<hr/>
	Net funds	1,235,594	8,321,479
		<hr/>	<hr/>
	Debt		
	Finance leases and hire purchase contracts	(493,793)	(342,190)
	Debts falling due within one year	(1,916,702)	(5,144,080)
	Debts falling due after more than one year	(513,956)	(684,088)
		<hr/>	<hr/>
		(2,924,451)	(6,170,358)
		<hr/>	<hr/>
	Net (debt) / funds	(1,688,857)	2,151,121
		<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net debt		
		2006	2005
		£	£
	Increase in cash in the year	7,085,885	191,981
	Cash outflow from decrease in debt and lease financing	(3,245,907)	(3,044,886)
		<hr/>	<hr/>
	Movement in net (debt) / funds in the year	3,839,978	(2,852,905)
	Opening net funds / (debt)	(1,688,857)	1,164,048
		<hr/>	<hr/>
	Closing net (debt) / funds	2,151,121	(1,688,857)
		<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

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 2006

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 £2,429,826 (2005 £2,114,629)

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. The group does not recognise retentions on contracts until they are actually received, normally 12 months after completion when the retention is invoiced following certification.

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 Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies (continued)

1.8 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.

1.9 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.

1.10 Investment properties

Fixed asset investments are stated at cost less provision for diminution in value.

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.

1.11 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.

1.12 Pensions

A defined contribution scheme for the benefit of its employee's is operated. The pension costs charged in the financial statements represent the contributions payable during the year in accordance with FRS 17.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

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	2006 £	2005 £
Operating profit is stated after charging		
Depreciation of tangible assets	174,328	166,903
Operating lease rentals		
- Plant and machinery	1,368,989	1,635,408
Fees payable to the company's auditors for the audit of the company's annual accounts	9,000	5,150
Fees payable to company's auditors and it's associates for other services		
- The audit of the company's subsidiaries, pursuant to legislation	40,900	39,100
Other services pursuant to legislation		
- Tax services	17,130	15,350
	<hr/>	<hr/>
and after crediting		
Amortisation of intangible assets	70,809	169,470
Profit on sale of tangible assets	499,885	2,036
Profit on foreign exchange transactions	42,511	17,179
	<hr/>	<hr/>
4 Investment income	2006 £	2005 £
Loss on sale of investments	-	(44,850)
Bank interest	122,624	179,091
Other interest	257,769	-
	<hr/>	<hr/>
	380,393	134,241
	<hr/>	<hr/>
5 Interest payable	2006 £	2005 £
On bank loans and overdrafts	298,534	309,698
Lease finance charges	26,579	19,978
Associated undertakings	119,315	68,667
	<hr/>	<hr/>
	444,428	398,343
	<hr/>	<hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Taxation	2006 £	2005 £
Domestic current year tax		
UK corporation tax	1,344,127	817,463
Adjustment for prior years	8,622	(29,967)
Joint ventures	-	-
Associated undertakings	21,392	65,869
	<u>1,374,141</u>	<u>853,365</u>
Current tax charge		
	<u>1,374,141</u>	<u>853,365</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,630,958	3,446,079
	<u>3,630,958</u>	<u>3,446,079</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005 30.00%)	1,089,287	1,033,824
	<u>1,089,287</u>	<u>1,033,824</u>
Effects of		
Non deductible expenses	310,183	38,964
Depreciation add back	52,298	49,727
Capital allowances	(75,215)	(87,243)
Loss on sale of fixed assets	52,580	-
Share of partnership income	-	(2,431)
Adjustments to previous periods	8,622	(29,967)
Share of associates' results	(46,798)	(58,336)
Share of associates' tax	21,392	65,869
Share of joint venture's results	-	-
Share of joint ventures' tax	-	-
Group tax losses utilised	(21,999)	-
Amortisation of intangible fixed assets	-	(50,841)
Other tax adjustments	(16,209)	(106,201)
	<u>284,854</u>	<u>(180,459)</u>
Current tax charge	<u>1,374,141</u>	<u>853,365</u>

No provision has been made for deferred tax on unrealised gains recognised on revaluing property to its market value. Such tax would become payable if the properties were sold. The total amount unprovided is £173,000 (2005 £133,000). It is not envisaged that this tax will become payable in the foreseeable future.

7 Dividends	2006 £	2005 £
Dividends paid	495,000	587,975
	<u>495,000</u>	<u>587,975</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

8 Intangible fixed assets

Group	Negative Goodwill £
Cost	
At 1 January 2006	(4,310,301)
At 31 December 2006	(4,310,301)
Amortisation	
At 1 January 2006	2,842,729
Charge for the year	70,804
	2,913,533
Net book value	
At 31 December 2006	(1,396,768)
At 31 December 2005	(1,467,572)

9 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 2006	350,000	1,479,387	25,839	123,335	1,978,561
Additions	-	97,400	4,939	154,000	256,339
Disposals	-	(236,234)	(21,111)	(57,250)	(314,595)
At 31 December 2006	350,000	1,340,553	9,667	220,085	1,920,305
Depreciation					
At 1 January 2006	-	704,536	22,424	83,929	810,889
Charge for the year	-	149,645	1,451	23,232	174,328
On disposals	-	(189,395)	(19,194)	(40,491)	(249,080)
At 31 December 2006	-	664,786	4,681	66,670	736,137
Net book value					
At 31 December 2006	350,000	675,767	4,986	153,415	1,184,168
At 31 December 2005	350,000	774,851	3,415	39,406	1,167,672

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

9 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 2006	675,755	-	675,755
At 31 December 2005	795,006	-	795,006
Depreciation charge for the year			
At 31 December 2006	119,251	-	119,251
At 31 December 2005	99,857	-	99,857

10 Tangible fixed assets

Investment properties	Group £	Company £
Cost or valuation		
At 1 January 2006	9,082,290	6,793,360
Additions	3,379,823	3,856,345
Disposal	(5,800,709)	(5,462,015)
At 31 December 2006	6,661,404	5,187,690

The historical cost of the property held at valuation was £6,062,609 (company £5,187,690) (2005 - £8,196,496 (company £6,793,360)) At the year end included within the group's investment properties are £3,339,990 (2005 £3,419,760) of properties in the course of construction

The investment properties were valued at 31 December 2006 by M Taylforth BSc MRICS, an employee of Barnfield Construction Limited, on the basis of open market value for existing use

11 Fixed asset investments

Group	Unlisted investments £	Joint ventures £	Shares in associates £	Loans to associates £	Total £
Cost or valuation					
At 1 January 2006	44,656	8,008	1,030,580	965,415	2,048,659
Increase/(decrease) in value	-	-	112,522	-	112,522
At 31 December 2006	44,656	8,008	1,143,102	965,415	2,161,181

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

11 Fixed asset investments (continued)

Company	Shares in subsidiary undertakings £
Cost	
At 1 January 2006	255
Transfer	2
	—
31 December 2006	257
	=

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

Subsidiary undertakings	Country of registration or incorporation	Class	Shares held %
Barnfield Construction Limited	England & Wales	Ordinary	100
Roger Whalley Limited	England & Wales	Ordinary	100
Barnfield and Hyndburn Limited	England & Wales	Ordinary	70
Barnfield Peregrine Limited	England & Wales	Ordinary	55

Participating interests

Morrison Barnfield Homes Limited	England & Wales	Ordinary B	50
Globe Enterprises Limited	England & Wales	Ordinary	33

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

	Principal activity
Barnfield Construction Limited	Property builders
Roger Whalley Limited	Plumbing contractors
Barnfield & Hyndburn Limited	Property investment
Barnfield Peregrine Limited	Property developers
Morrison Barnfield Homes Limited	Dormant
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 principal activity of Barnfield & Hyndburn Development Partnership is that of property investment.

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.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

11 Fixed asset investments (continued)

The investments in Roger Whalley Limited, Barnfield and Hyndburn Limited, Barnfield and Hyndburn Development Partnership, Landmark Barnfield LLP, Morrison Barnfield Homes Limited and Globe Enterprises Limited are held by Barnfield Construction Limited

The information relating to Landmark Barnfield LLP relates to the year ended 30 September 2006 and 30 April 2006 respectively

12 Work in progress

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Work in progress				
Long term contract balances	3,237,559	4,423,017	-	-
- payment on account	(1,704,959)	(150,800)	-	-
	<u>1,532,600</u>	<u>4,272,217</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Trade debtors	5,219,941	5,724,330	11,783	2,051,088
Other debtors	9,538,316	3,749,691	4,641,176	209,409
Prepayments and accrued income	271,289	212,619		-
	<u>15,029,546</u>	<u>9,686,640</u>	<u>4,652,959</u>	<u>2,260,497</u>

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

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Other debtors	3,896,433	2,175,442	-	-
	<u>3,896,433</u>	<u>2,175,442</u>	<u>-</u>	<u>-</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

14 Creditors' amounts falling due within one year

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Bank loans and overdrafts	7,259,976	8,656,510	3,920,653	2,816,351
Payments received on account	2,904,273	2,347,532	-	-
Net obligations under finance leases and hire purchase contracts	159,036	156,551	-	-
Trade creditors	8,033,209	8,365,397	5,698	426,560
Corporation tax	1,243,819	640,695	-	-
Taxes and social security costs	544,279	279,590	89,753	9,452
Other creditors	2,355,226	853,975	1,101,306	1,515,102
Accruals and deferred income	519,318	581,478	-	-
	<u>23,019,136</u>	<u>21,881,728</u>	<u>5,117,410</u>	<u>4,767,465</u>

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

15 Creditors' amounts falling due after more than one year

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Net obligations under finance leases and hire purchase agreements	183,154	337,242	-	-
Bank loans and overdrafts	684,088	513,956	-	-
	<u>867,242</u>	<u>851,198</u>	<u>-</u>	<u>-</u>

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

The company and group is party to an inter-company guarantee on the bank borrowings of Barnfield Construction Limited and Roger Whalley Limited

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

15 Creditors. amounts falling due after more than one year (continued)

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Analysis of loans				
Not wholly repayable within five years by Instalments	224,133	-	-	-
Wholly repayable within 5 years	554,200	583,633	-	-
	<u>778,333</u>	<u>583,633</u>	<u>-</u>	<u>-</u>
Included in current liabilities	(94,245)	(69,677)	-	-
	<u>684,088</u>	<u>513,956</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	35	47	-	-
Loan maturity analysis				
Between one and two years	103,463	69,505	-	-
Between two and five years	356,492	208,515	-	-
In more than five years	224,133	235,936	-	-
	<u>684,088</u>	<u>513,956</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	179,850	183,611	-	-
Repayable between two and five years	193,655	367,832	-	-
	<u>373,505</u>	<u>551,443</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(31,315)	(57,650)	-	-
	<u>342,190</u>	<u>493,793</u>	<u>-</u>	<u>-</u>
Included in liabilities due within one year	(159,036)	(156,551)	-	-
	<u>183,154</u>	<u>337,242</u>	<u>-</u>	<u>-</u>

16 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 £25,752 (2005 £22,984).

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

17 Share capital

	2006 £	2005 £
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>

18 Statement of movements on reserves

Group	Revaluation Reserve £	Profit and loss account £
Balance at 1 January 2006	885,794	9,108,967
Retained profit for the year	-	2,248,193
Transfer from revaluation reserve to profit and loss account	(286,999)	286,999
Dividends paid		(495,000)
	<u> </u>	<u> </u>
Balance at 31 December 2006	598,795	11,149,159
	<u> </u>	<u> </u>
Company		Profit and loss account £
Balance at 1 January 2006		7,726,485
Retained profit for the year		2,429,826
Dividends paid		(495,000)
		<u> </u>
Balance at 31 December 2006		9,661,311
		<u> </u>

19 Minority Interests

	2006 £	2005 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	45,845	37,221
	<u> </u>	<u> </u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

20 Reconciliation of movements in shareholders' funds

Group	2006 £	2005 £
Profit for the financial year	2,248,193	2,597,343
Dividends	(495,000)	(587,975)
Other recognised gains and losses relating to the year (net)	-	-
	<hr/>	<hr/>
Net addition to shareholders' funds	1,753,193	2,009,368
Opening shareholders' funds	9,995,161	7,985,793
	<hr/>	<hr/>
Closing shareholders' funds	11,748,354	9,995,161
	<hr/> <hr/>	<hr/> <hr/>
	2006	2005
Company	£	£
Profit for the financial year	2,429,826	2,114,629
Dividends	(495,000)	(587,975)
Opening shareholders' funds	7,726,885	6,200,231
	<hr/>	<hr/>
Closing shareholders' funds	9,661,711	7,726,885
	<hr/> <hr/>	<hr/> <hr/>

21 Contingent liabilities

- (a) On 31 December 2006 Barnfield Construction Limited had in the course of business entered into performance and other bonds of £3,720,854 (2005 £512,000)
- (b) 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. Barnfield Construction Limited has also guaranteed the bank borrowings of Globe Enterprises Limited, of £3,637,315 (2005 £2,765,900) at the balance sheet date. Globe Enterprises had gross assets totalling £10,861,797 (2005 £9,334,288) at the balance sheet date.
- (c) Barnfield Construction Limited has also given an undertaking to Barnfield and 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. Barnfield and Hyndburn Limited had net assets totalling £191,063 (2005 £125,527) at the balance sheet date.
- (d) Barnfield Construction Limited as part of its investment in 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) There are contingent liabilities in respect of certain contracts and legal or potential claims, the outcome of which cannot at present be foreseen. Appropriate provision has been made, in the opinion of the directors, for all liabilities likely to materialise.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

22 Financial commitments

As at 31 December 2006 the group had annual commitments under operating leases as follows

	Land and Buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Expiry date				
Within one year	-	-	9,149	-
Between two and five years	11,510	14,850	98,573	3,897
In over five years	-	-	-	89,599
	<u>11,510</u>	<u>14,850</u>	<u>107,722</u>	<u>93,496</u>

23 Capital commitments

Group

Barnfield Construction has entered into a conditional contract for the purchase of a freehold property for £1,250,000 during the year

24 Directors' emoluments

	2006 £	2005 £
Emoluments for qualifying services	460,144	370,581
Company pension contributions to money purchase schemes	17,000	17,000
	<u>477,144</u>	<u>387,581</u>

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

	2006 £	2005 £
Emoluments for qualifying services	181,833	169,473
Company pension contributions to money purchase scheme	12,000	12,000

The number of directors with benefits accruing under money purchase pension schemes is 2 (2005 2)

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

25 Employees

Number of employees

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

	2006 Number	2005 Number
Office and management	36	28
Production and sales	87	81
	123	109

Employment costs	2006 £	2005 £
Wages and salaries	2,863,982	2,536,432
Social security costs	293,493	256,966
Other pension costs	25,752	22,984
	3,183,227	2,816,382

26 Controlling party

The ultimate controlling party of the company and the group is T J H Webber, a director

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

27 Related party transactions

Group

At 31 December 2006, Barnfield Investment Properties Limited, a company in which T Webber and S Webber have an interest, owed Barnfield Construction Limited £2,723,747 (2005 £2,775,343) in respect of a loan. During the year Barnfield Construction Limited charged Barnfield Investment Properties £135,000 (2005 £nil) interest on this loan. During the year, Barnfield Construction Limited made sales of £4,439,235 (2005 £947,014), and purchases of £2,097 (2005 £nil) to Barnfield Investment Properties Limited. Management charges were also charged to Barnfield Investment Properties Limited by Barnfield Construction Limited for £200,000 (2005 £214,534).

Last year, Barnfield Construction Limited made purchases £9,300 from Hyndburn Borough Council, who are partners with Barnfield Construction Limited in Barnfield & Hyndburn Development Partnership. No amounts were due at 31 December 2005 and at 31 December 2006.

During the year, Barnfield Construction Limited made sales of £477,861 (2005 £431,307) to Barnfield Pension Fund, a fund associated by T Webber and S Webber. Barnfield Construction Limited also charged Barnfield Pension Fund £5,000 (2005 £nil) in respect of management charges. At 31 December 2006, Barnfield Construction Limited was owed £488,337 (2005 £609,182) by Barnfield Pension Fund.

At 31 December 2006, Barnfield Construction Limited was owed £44,000 (2005 £44,000) by Barnfield Pension Limited, a company in which T Webber is a Director.

Last year Barnfield Construction Limited made sales of £1,892,797 to Modus Barnfield Partnership, an entity in which T Webber and S Webber have an interest. At the end of the previous year, Barnfield Construction Limited was owed £364,674 by Modus Barnfield Partnership.

At 31 December 2006, Pendle Property Development Limited (formerly known as Pendle Commercial Properties Limited), a company in which T Webber, S Webber and M Taylforth have an interest, owed £65,180 (2005 £288,908) to Barnfield Construction Limited. During the year, Barnfield Construction Limited made sales to Pendle Property Development Limited of £2,185,480 (2005 £3,438,764). Barnfield Construction Limited made no purchases from Pendle Property Development Limited during the year (2005 £233,946). Barnfield Construction Limited also charged Pendle Property Development Limited £5,000 (2005 £nil) in respect of management charges.

Dime Home Limited owns 26% of Barnfield Contractors (UK) Limited, the ultimate parent company of Barnfield Construction Limited. Dime Home Limited is controlled by the close family of R Dewan. Last year Barnfield Construction Limited made sales to R Dewan amounting to £2,804,818. These sales were not on a preferential basis and included extended credit and no deduction for retentions by mutual agreements. At 31 December 2005, R Dewan owed Barnfield Construction Limited £817,298 against which there was a bad and doubtful debt provision of £901. There is no such amount this year.

During the year, Barnfield Construction Limited made sales of £749 (2005 £nil) to, and purchases of £nil (2005 £250) from Barnfield Developments SL, a company under common control. There were also management charges made for £5,000 (2005 £nil). At 31 December 2006, Barnfield Construction Limited was owed £27,862 (2005 £22,903) by Barnfield Developments SL.

Last year Barnfield Construction Limited made sales of £1,842,592 to Rangetrack Limited, a company controlled by R Dewan. At 31 December 2005, Rangetrack Limited owed Barnfield Construction Limited £103,326. This amount was paid during this year.

At the end of last year, 31 December 2005, Swansea Call Centre Developments Limited, a company controlled by R Dewan, were owed £66,158 by Barnfield Construction Limited. This amount was paid during this year.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

27 Related party transactions (continued)

Group (continued)

Last year, Barnfield Construction Limited made sales of £77,152 to Shanbest Limited, a company controlled by R Dewan. No amounts were owed at 31 December 2005 and at 31 December 2006.

Last year, Barnfield Construction Limited made sales of £1,873,440 to Trans European Properties Limited, a company controlled by R Dewan. No amounts were owed at 31 December 2005 and at 31 December 2006.

Last year, Barnfield Construction Limited made sales of £30,941 to Globe Enterprises Limited, a company in which Barnfield Construction Limited has a participating interest. At 31 December 2005, Globe Enterprises Limited owed Barnfield Construction Limited £104,307 in respect of a loan. This was included in investments, and was cleared this year. During last year, Barnfield Construction Limited wrote off a trade debtor balance of £5,875, which was previously provided for, due from Stuart Nevison, a co-investor in Globe Enterprises Limited.

At 31 December 2006, Barnfield Construction Limited was owed £Nil (2005 £62,000) by Aymer Investments Limited, a company in which Barnfield Construction Limited previously had a participating interest. Last year, Barnfield Construction Limited made sales of £44,352 and management charges of £79,397 to Aymer Investment Limited. There were no sales to Aymer Investments Limited this year.

Last year, Barnfield Construction Limited made sales of £1,042,767 to, and purchases of £12,000 from Ribble Industrial Estates Limited, a company related by common control. T Webber has 12% ownership in this company. At 31 December 2005, Barnfield Construction Limited was owed £171,074 by Ribble Industrial Estates Limited which has been paid during this year. Similarly, at 31 December 2005, Barnfield Construction Limited owed £11,750 to Ribble Industrial Estates Limited. This amount was also paid during this year.

During the year, Barnfield Construction Limited made sales of £309 (2005 £7,333) to Pendle Bracken Limited, a company in which T and S Webber and M Taylforth have an interest. At 31 December 2006, Barnfield Construction Limited was owed £10,000 (2005 £776) by Pendle Bracken Limited.

At 31 December 2006, Barnfield Construction Limited was owed £204,651 (2005 £nil) by Barnfield Nevison Partnership, a company which has a joint venture interest along with S Nevison and Barnfield Construction.

At 31 December 2006, Barnfield Construction Limited was owed £20,900 (2005 £nil) by Bishopton Investments Limited, a company which has a common director with Barnfield Construction Limited.

Last year, Barnfield Construction Limited made sales of £22,836 to Bracken Developments Limited, a company which has a joint venture interest along with T and S Webber and M Taylforth. No amounts were due at 31 December 2005 and at 31 December 2006.

Barnfield Construction Limited has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.