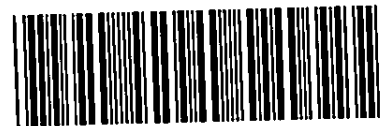


Company Registration No 04128638 (England and Wales)

BARNFIELD CONTRACTORS (UK) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007

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BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS AND ADVISERS

Directors	T J H Webber S Webber
Secretary	A Couper
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 6 New Street Square New Fetter Lane London EC4A 3BF

BARNFIELD CONTRACTORS (UK) LIMITED

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BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and group financial statements for the year ended 31 December 2007

Principal activities and review of the business

The principal activity of the group continued to be that of property investment, development and construction

The Barnfield Group has continued to expand showing an increase in sales of 39% on the prior year to £58.9m. This has generated profit before tax of £3.0m (5.1%)

The outlook for 2008 and 2009 remains positive with a healthy order book already in place for construction and development projects. The Group has 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 a 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 2007

Results and dividends

The consolidated profit and loss account for the year is set out on page 5. A dividend of £1,237.50 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 2007

T J H Webber

S Webber

Charitable donations

	2007	2006
	£	£
During the year the company made the following payments		
Charitable donations	7,445	16,441

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.

Statement of disclosures to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

T J H Webber

Director

Date 17.10.08

BARNFIELD CONTRACTORS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BARNFIELD CONTRACTORS (UK) LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of Barnfield Contractors (UK) Limited for the year ended 31 December 2007 set out on pages 5 to 26. 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 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 affairs of the parent company and group as at 31 December 2007 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 21 October 2008

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover			
Group and share of joint venture undertakings	2	58,310,204	42,374,540
Less share of joint ventures' turnover		(34,548)	-
Rent receivable		176,980	9,541
Other income		425,462	-
Group Turnover		58,878,098	42,384,081
Cost of sales		(52,625,201)	(37,019,352)
Gross profit		6,252,897	5,364,729
Distribution costs		(153,985)	(87,788)
Administrative expenses		(3,189,404)	(2,065,313)
Other operating income		122,603	142,314
Amortisation of negative goodwill		234,376	70,804
Group operating profit	3	3,266,487	3,424,746
Share of operating loss in joint ventures		(387,492)	-
Share of operating profit in associates		192,052	270,247
Profit on ordinary activities before interest		3,071,047	3,694,993
Other interest receivable and similar income (group)	4	755,412	380,393
Interest payable and similar charges	5	(872,952)	(444,428)
Profit on ordinary activities before taxation		2,953,507	3,630,958
Tax on profit on ordinary activities	6	(1,028,140)	(1,374,141)
Profit on ordinary activities after taxation		1,925,367	2,256,817
Minority interests		(178,097)	(8,624)
Profit for the year		1,747,270	2,248,193

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 2007

	2007 £	2006 £
Profit for the financial year	1,925,367	2,256,817
Unrealised surplus on revaluation of properties	861,534	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	2,786,901	2,256,817
	<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Notes	Group		Company	
		2007 £	2006 £	2007 £	2006 £
Fixed assets					
Goodwill – Negative goodwill	8	(1,162,392)	(1,396,768)	-	-
Tangible assets	9 & 10	4,288,081	3,273,808	-	-
Investments in group undertakings	11	-	-	257	257
Investments – other	11	1,991,912	2,153,173	-	-
Investments in joint ventures					
- Share of gross assets	11	4,800,082	39,535	-	-
- Share of gross liabilities	11	(5,102,474)	(31,527)	-	-
		<u>4,815,209</u>	<u>4,038,221</u>	<u>257</u>	<u>257</u>
Current assets					
Stocks and work in progress	12	11,419,984	6,944,812	4,136,229	5,037,690
Debtors	13	12,845,493	15,179,546	6,234,520	4,802,959
Current asset investments		59,507	71,071	-	71,071
Cash at bank and in hand		15,520,465	10,437,375	9,549,537	4,867,144
		<u>39,845,449</u>	<u>32,632,804</u>	<u>19,920,286</u>	<u>14,778,864</u>
Creditors: amounts falling due within one year	14	(26,640,326)	(23,009,584)	(7,425,956)	(5,117,410)
Net current assets		<u>13,205,123</u>	<u>9,623,220</u>	<u>12,494,330</u>	<u>9,661,454</u>
Total assets less current liabilities		<u>18,020,332</u>	<u>13,661,441</u>	<u>12,494,587</u>	<u>9,661,711</u>
Creditors, amounts falling due after more than one year	15	(3,934,232)	(1,867,242)	-	-
		<u>14,086,100</u>	<u>11,794,199</u>	<u>12,494,587</u>	<u>9,661,711</u>
Capital and reserves					
Called up share capital	17	400	400	400	400
Revaluation Reserve	18	1,460,329	598,795	-	-
Profit and loss account	18	12,401,429	11,149,159	12,494,187	9,661,311
Shareholders' funds - equity interests	20	<u>13,862,158</u>	<u>11,748,354</u>	<u>12,494,587</u>	<u>9,661,711</u>
Minority interests	19	<u>223,942</u>	<u>45,845</u>	<u>-</u>	<u>-</u>
		<u>14,086,100</u>	<u>11,794,199</u>	<u>12,494,587</u>	<u>9,661,711</u>

The financial statements were approved by the board on 17 10 08

T J H Webber
Director

S Webber
Director



BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007		2006	
	£	£	£	£
Net cash inflow from operating activities		3,893,677		610,723
Returns on investments and servicing of finance				
Interest received	739,544		375,332	
Interest paid	(529,903)		(298,709)	
Interest element of finance lease rentals	(21,471)		(26,404)	
Net cash inflow from returns on investments and servicing of finance		188,170		50,219
Taxation		(1,597,040)		(749,625)
Capital expenditure and financial investment				
Payment to acquire tangible assets	(1,243,325)		(1,822,072)	
Receipts from sales of fixed assets	98,726		6,316,804	
Payments to acquire fixed asset investments	(15,496)		-	
Receipts from sale of fixed asset investments	549,915		-	
Net cash (outflow) / inflow for capital expenditure and financial investment		(610,180)		4,494,732
Equity dividends paid		(495,000)		(495,000)
Net cash inflow before financing and management of liquid resources		1,379,627		3,911,049
Management of liquid resources				
Current asset investments	11,564		(71,071)	
		11,564		(71,071)
Financing				
Decrease / (increase) in short term debt	(1,533,049)		3,227,378	
Capital element of hire purchase contracts	163,984		(151,603)	
Decrease in long term debt	1,352,532		170,132	
Net cash (outflow) / inflow from financing		(16,533)		3,245,907
Increase in cash in the year		1,374,658		7,085,885

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating profit to net cash outflow from operating activities	2007	2006
		£	£
	Operating profit	3,266,487	3,424,746
	Depreciation of tangible assets	106,566	174,328
	Amortisation of intangible assets	(234,376)	(70,804)
	(Profit) on disposal of tangible assets	(2,212)	(450,580)
	Share in profit from associates and joint ventures	(75,420)	-
	(Increase) / decrease in work in progress	(4,475,172)	85,079
	Decrease / (increase) in debtors	2,334,053	(5,492,906)
	Diminution of investment	-	22,079
	Increase in creditors	2,973,751	2,918,781
		<hr/>	<hr/>
	Net cash inflow from operating activities	3,893,677	610,723
		<hr/> <hr/>	<hr/> <hr/>
2	Analysis of net debt		31
		1 January	December
		2007	2007
		£	£
	Net cash		
	Cash at bank and in hand	10,437,375	15,520,465
	Bank overdrafts	(2,115,896)	(5,824,328)
		<hr/>	<hr/>
	Net funds	8,321,479	9,696,137
		<hr/>	<hr/>
	Debt		
	Finance leases and hire purchase contracts	(342,190)	(178,206)
	Debts falling due within one year	(5,144,080)	(3,611,031)
	Debts falling due after more than one year	(684,088)	(2,036,620)
		<hr/>	<hr/>
		(6,170,358)	(5,825,857)
		<hr/>	<hr/>
	Net funds	2,151,121	3,870,280
		<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net debt		
		2007	2006
		£	£
	Increase in cash in the year	1,374,658	7,085,885
	Cash inflow / (outflow) from decrease in debt and lease financing	344,501	(3,245,907)
		<hr/>	<hr/>
	Movement in net (debt) / funds in the year	1,719,159	3,839,978
	Opening net funds / (debt)	2,151,121	(1,688,857)
		<hr/>	<hr/>
	Closing net funds	3,870,280	2,151,121
		<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007

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 £3,327,876 (2006 £2,429,826), including dividends received from group companies

The group financial statements include the net assets of Barnfield Developments SL, and the losses made during the previous year are included in the administrative expenses of the group for the current year, on the basis that they are immaterial. During the previous year, no information was available on this entity, resulting in the requirement of this adjustment

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

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies (continued)

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

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

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies (continued)

1.12 Pensions

The group makes contributions to a defined contribution scheme for the benefit of its employees. The pension costs charged in the financial statements represent the contributions payable during the year in accordance with FRS 17.

1.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.14 Prior period restatement

As a result of the restatement of the Barnfield Contractors UK Limited comparatives, to reflect the trading nature of the entity, there has been a transfer from investment properties to stocks. This has had no effect on reported profits in either current or comparative years, and is done to enhance comparability.

There has also been restatement of the Barnfield Construction Limited comparatives, to disclose the accrual for losses on long term contracts under creditors (and not stocks). This has had no effect on reported profits in either current or comparative years, and is done to enhance comparability.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

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

	2007 £	2006 £
--	-----------	-----------

Operating profit is stated after charging

Depreciation of tangible assets	106,566	174,328
Loss on foreign exchange transactions	165,412	-
Operating lease rentals		
- Plant and machinery	8,124	8,826
Fees payable to the company's auditors for the audit of the company's annual accounts	9,000	9,000
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	40,900
- Tax services	15,030	15,130
- other services pursuant to legislation	2,000	2,000

and after crediting

Amortisation of intangible assets	234,376	70,804
Profit on disposal of tangible assets	2,212	450,580
Profit on foreign exchange transactions	-	42,511

4 Investment income

	2007 £	2006 £
--	-----------	-----------

Bank interest	450,024	122,624
Other interest	289,520	257,769
Associated undertakings	8,942	-
Joint venture undertakings	6,926	-

755,412 380,393

5 Interest payable

	2007 £	2006 £
--	-----------	-----------

On bank loans and overdrafts	481,623	298,534
Lease finance charges	21,471	26,579
Interest on overdue tax	48,280	-
Associated undertakings	147,924	119,315
Joint venture undertakings	173,654	-

872,952 444,428

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

6 Taxation	2007 £	2006 £
Domestic current year tax		
UK corporation tax	949,449	1,344,127
Adjustment for prior years	13,283	8,622
Joint ventures	2,424	-
Associated undertakings	62,984	21,392
	<u>1,028,140</u>	<u>1,374,141</u>
Current tax charge	<u>1,028,140</u>	<u>1,374,141</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,953,507	3,630,958
	<u>2,953,507</u>	<u>3,630,958</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	886,052	1,089,287
	<u>886,052</u>	<u>1,089,287</u>
Effects of		
Non deductible expenses	204,455	310,183
Depreciation and amortisation add back	(60,671)	52,298
Capital allowances	(52,801)	(75,215)
(Profit)/Loss on sale of fixed assets	(221,856)	52,580
Share of partnership loss	1,404	-
Subject to foreign taxation	25,282	-
Adjustments to previous periods	13,417	8,622
Share of associates' results	(15,921)	(46,798)
Share of associates' tax	62,984	21,392
Share of joint venture's results	166,266	-
Share of joint ventures' tax	2,424	-
Group tax losses utilised	-	(21,999)
Other tax adjustments	17,105	(16,209)
	<u>142,088</u>	<u>284,854</u>
Current tax charge	<u>1,028,140</u>	<u>1,374,141</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 £320,000 (2006 £173,000). It is not envisaged that this tax will become payable in the foreseeable future.

7 Dividends	2007 £	2006 £
Dividends paid	495,000	495,000
	<u>495,000</u>	<u>495,000</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

8 Intangible fixed assets

Group	Negative Goodwill £
Cost	
At 1 January 2007 and 31 December 2007	(4,310,301)
Amortisation	
At 1 January 2007	2,913,533
Charge for the year	234,376
	3,147,909
Net book value	
At 31 December 2007	(1,162,392)
At 31 December 2006	(1,396,768)

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 2007	350,000	1,340,553	9,667	220,085	1,920,305
Additions	-	-	12,237	20,629	32,866
Disposals	-	(367,910)	-	(15,700)	(383,610)
Revaluations	150,000	-	-	-	150,000
At 31 December 2007	500,000	972,643	21,904	225,014	1,719,561
Depreciation					
At 1 January 2007	-	664,786	4,681	66,670	736,137
Charge for the year	-	64,342	2,389	39,835	106,566
On disposals	-	(275,391)	-	(12,843)	(288,234)
At 31 December 2007	-	453,737	7,070	93,662	554,469
Net book value					
At 31 December 2007	500,000	518,906	14,834	131,352	1,165,092
At 31 December 2006	350,000	675,767	4,986	153,415	1,184,168

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

9 Tangible fixed assets (continued)

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

	Plant and equipment £	Total £
Net book values		
At 31 December 2007	443,188	433,188
	<u> </u>	<u> </u>
At 31 December 2006	675,755	675,755
	<u> </u>	<u> </u>
Depreciation charge for the year		
At 31 December 2007	34,108	34,108
	<u> </u>	<u> </u>
At 31 December 2006	119,251	119,251
	<u> </u>	<u> </u>

10 Tangible fixed assets

Investment properties	Group £	Company £
Cost or valuation		
At 1 January 2007 as previously stated	6,661,404	5,187,690
Transferred to stocks (see note 1 14)	(5,187,690)	(5,187,690)
Provision for unrealised profit (transferred to stocks)	615,926	-
	<u> </u>	<u> </u>
At 1 January 2007 as restated	2,089,640	-
Additions	1,210,459	-
Disposal	(444,891)	-
Revaluations	711,534	-
Transfers to current assets	(443,753)	-
	<u> </u>	<u> </u>
At 31 December 2007	3,122,989	-
	<u> </u>	<u> </u>

The historical cost of the property held at valuation was £2,226,376 (company £Nil) (2006 - £1,490,845 (company £Nil))

The investment properties were valued at 31 December 2007 by M Taylforth BSc MRICS, an employee of Barnfield Construction Limited, on the basis of open market value for existing use

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Fixed asset investments

Group	Unlisted investments	Joint ventures	Shares in group undertakings and participating interests	Loans to group undertakings and participating interests	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2007	44,656	8,008	1,143,102	965,415	2,161,181
Additions	15,495	-	373,159	65,054	453,708
Disposals	-	(8,008)	-	(614,969)	(622,977)
At 31 December 2007	60,151	-	1,516,261	415,500	1,991,912
Provisions for diminution in value					
At 1 January 2007	-	-	-	-	-
Charge for the year	-	302,392	-	-	302,392
At 31 December 2007	-	302,392	-	-	302,392
Net book value					
At 31 December 2007	60,151	(302,392)	1,516,261	415,500	1,689,520
At 31 December 2006	44,656	8,008	1,143,102	965,415	2,161,181
Company					
					Shares in subsidiary undertakings
					£
Cost					
At 1 January 2007					257
Transfer					-
At 31 December 2007					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

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Fixed asset investments (continued)

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 Developments SL	Spain	Ordinary	100
Barnfield and Hyndburn Limited	England & Wales	Ordinary	70
Barnfield Peregrine Limited	England & Wales	Ordinary	55
Barnfield & Hyndburn Development Partnership	England & Wales	Partner	70

Participating interests

Morrison Barnfield Homes Limited	England & Wales	Ordinary B	50
Globe Enterprises Limited	England & Wales	Ordinary	33
Globe TMC Limited	England & Wales	Ordinary	50
Park Lane Plaza Limited	England & Wales	Ordinary	50

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

Barnfield Construction Limited	Property builders
Roger Whalley Limited	Plumbing contractors
Barnfield Developments SL	Property developers
Barnfield & Hyndburn Limited	Property development and investment
Barnfield Peregrine Limited	Property developers
Morrison Barnfield Homes Limited	Dormant
Globe Enterprises Limited	Property developers
Globe TMC Limited	Property investment
Park Lane Plaza 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 development.

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.

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

Globe Enterprises Limited is accounted for as an associate of the group.

The principal place of business for Globe TMC Limited is Globe Centre, St James Square, Accrington, BB5 0RE, and the principal place of business for Park Lane Plaza Limited is Kenyon Road, Lomeshaye Industrial Estate, Nelson, Lancashire, BB9 5SP. These entities are accounted for as joint ventures.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

12 Stocks and work in progress

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Work in progress	10,250,039	4,519,966	4,136,229	5,037,690
Long term contract balances	1,226,349	2,424,846	-	-
- net cost less foreseeable losses	(56,404)	-	-	-
	<u>11,419,984</u>	<u>6,944,812</u>	<u>4,136,229</u>	<u>5,037,690</u>

13 Debtors

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	5,702,150	5,219,941	844,648	11,783
Other debtors	6,325,804	9,688,316	5,371,109	4,791,176
Prepayments and accrued income	817,539	271,289	18,763	-
	<u>12,845,493</u>	<u>15,179,546</u>	<u>6,234,520</u>	<u>4,802,959</u>

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

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Other debtors	2,740,055	3,896,433	-	-
	<u>2,740,055</u>	<u>3,896,433</u>	<u>-</u>	<u>-</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

14 Creditors. amounts falling due within one year

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank loans and overdrafts	9,435,359	7,259,976	4,130,978	3,920,653
Payments received on account	3,912,457	2,894,721	-	-
Net obligations under finance leases and hire purchase contracts	120,594	159,036	-	-
Trade creditors	9,700,000	8,033,209	7,073	5,698
Corporation tax	609,511	1,243,819	1,583	-
Taxes and social security costs	1,051,191	544,279	-	89,753
Other creditors	1,519,555	2,355,226	3,258,297	1,101,306
Accruals and deferred income	291,659	519,318	28,025	-
	<u>26,640,326</u>	<u>23,009,584</u>	<u>7,425,956</u>	<u>5,117,410</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	
	2007 £	2006 £	2007 £	2006 £
Provisions for losses on long term contracts	1,840,000	1,000,000	-	-
Net obligations under finance leases and hire purchase agreements	57,612	183,154	-	-
Bank loans an overdrafts	2,036,620	684,088	-	-
	<u>3,934,232</u>	<u>1,867,242</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 2007

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

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Analysis of loans				
Not wholly repayable within five years by Instalments	1,799,456	224,133	-	-
Wholly repayable within 5 years	3,848,195	4,275,590	3,330,216	3,721,390
	<u>5,647,651</u>	<u>4,499,723</u>	<u>3,330,216</u>	<u>3,721,390</u>
Included in current liabilities	(3,611,031)	(3,815,635)	(3,330,216)	(3,721,390)
	<u>2,036,620</u>	<u>684,088</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	1,799,456	35	-	-
	<u>1,799,456</u>	<u>35</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
Between one and two years	102,324	103,463	-	-
Between two and five years	134,840	356,492	-	-
In more than five years	1,799,456	224,133	-	-
	<u>1,799,456</u>	<u>224,133</u>	<u>-</u>	<u>-</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	129,418	179,850	-	-
Repayable between two and five years	58,653	193,655	-	-
	<u>188,071</u>	<u>373,505</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(9,865)	(31,315)	-	-
	<u>178,206</u>	<u>342,190</u>	<u>-</u>	<u>-</u>
Included in liabilities due within one year	(120,594)	(159,036)	-	-
	<u>57,612</u>	<u>183,154</u>	<u>-</u>	<u>-</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

16 Pension costs

Defined contribution	2007 £	2006 £
Contributions payable by the group for the year	51,146	25,752

17 Share capital

	2007 £	2006 £
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 400 Ordinary shares of £1 each	400	400

18 Statement of movements on reserves

Group	Revaluation Reserve £	Profit and loss account £
Balance at 1 January 2007	598,795	11,149,159
Retained profit for the year	-	1,747,270
Dividends paid	-	(495,000)
Revaluation in the year	861,534	-
Balance at 31 December 2007	1,460,329	12,401,429
Company		Profit and loss account £
Balance at 1 January 2007		9,661,311
Retained profit for the year		3,327,876
Dividends paid		(495,000)
Balance at 31 December 2007		12,494,187

19 Minority Interests

	2007 £	2006 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	223,942	45,845

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

20 Reconciliation of movements in shareholders' funds

Group	2007 £	2006 £
Profit for the financial year	1,747,270	2,248,193
Dividends	(495,000)	(495,000)
Other recognised gains and losses relating to the year (net)	861,534	-
	<hr/>	<hr/>
Net addition to shareholders' funds	2,113,804	1,753,193
Opening shareholders' funds	11,748,354	9,995,161
	<hr/>	<hr/>
Closing shareholders' funds	13,862,158	11,748,354
	<hr/>	<hr/>
Company	2007 £	2006 £
Profit for the financial year	3,327,876	2,429,826
Dividends	(495,000)	(495,000)
Opening shareholders' funds	9,661,711	7,726,885
	<hr/>	<hr/>
Closing shareholders' funds	12,494,587	9,661,711
	<hr/>	<hr/>

21 Contingent liabilities

- (a) On 31 December 2007 Barnfield Construction Limited had in the course of business entered into performance and other bonds of £2,817,490 (2006 £3,720,854)
- (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 £4,171,470 (2006 £3,637,315) at the balance sheet date. Globe Enterprises had gross assets totalling £14,429,210 (2006 £10,861,797) at the balance sheet date.
- (c) 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 2007

22 Financial commitments

As at 31 December 2007 the group had annual commitments under operating leases as follows

Expiry date	Land and Buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Within one year	-	-	-	9,149
Between two and five years	-	11,510	96,302	98,573
In over five years	-	-	-	-
	<u>-</u>	<u>11,510</u>	<u>96,302</u>	<u>107,722</u>

23 Capital commitments

Group

Barnfield Construction has entered into a conditional contract for the purchase of a freehold property for £4,960,000 during the year

24 Directors' emoluments

	2007 £	2006 £
Emoluments for qualifying services	485,893	460,144
Pension contributions to money purchase schemes	12,000	17,000
	<u>497,893</u>	<u>477,144</u>

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

Emoluments for qualifying services	205,224	181,833
Pension contributions to money purchase scheme	10,000	12,000

The number of directors with benefits accruing under money purchase pension schemes is 2 (2006 2)

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

25 Employees

Number of employees

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

	2007 Number	2006 Number
Office and management	32	36
Production and sales	72	87
	104	123

Employment costs

	2007 £	2006 £
Wages and salaries	2,884,070	2,863,982
Social security costs	298,650	293,493
Other pension costs	51,146	25,752
	3,223,866	3,183,227

26 Controlling party

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

27 Related party transactions

Barnfield Investment Properties Limited is a company in which T Webber and S Webber have an interest
Hyndburn Borough Council are partners with Barnfield Construction Limited in Barnfield & Hyndburn Development Partnership

Barnfield Pension Fund is a fund associated by T Webber and S Webber

Barnfield Pension Limited is a company in which T Webber is a Director

Modus Barnfield Partnership is an entity in which T Webber and S Webber have an interest

Pendle Property Development Limited is a company in which T Webber, S Webber and M Taylforth have an interest

Dime Home Limited owns 26% of Barnfield Contractors (UK) Limited

Dime Home Limited is controlled by the close family of R Dewan

Globe Enterprises Limited is a company in which Barnfield Construction Limited has a participating interest

Ribble Industrial Estates Limited, a company related by an interest T Webber holds in this company

Pendle Bracken Limited is a company in which T and S Webber, and M Taylforth have an interest

Barnfield Nevison Partnership is a joint venture interest of S Nevison and Barnfield Construction Limited

Bishopton Investments Limited is a company which has a common director with Barnfield Construction Limited

Bracken Developments Limited is a company which has a joint venture interest along with T and S Webber and M Taylforth

Park Lane Plaza Limited is a joint venture in which Barnfield Contractors UK Limited have an interest

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2007

27 Related party transactions (continued)

The following balances were owed to Barnfield Construction Limited at the year-end
£4,408,840 (2006 £2,723,747) by Barnfield Investment Properties Limited
£375,011 (2006 £488,337) by Barnfield Pension Fund
£44,000 (2006 £44,000) by Barnfield Pensions Limited A doubtful debt provision of £30,000 has been included against this amount
£147,362 (2006 £364,674) by Modus Barnfield Partnership
£Nil (2006 £65,180) by Pendle Property Developments Limited
£1,678,981 (2006 £833,472) by R Dewan
£213,061 (2006 £Nil) by Globe Enterprises Limited
£558 (2006 £Nil) by Ribble Industrial Estates Limited
£375,029 (2006 £10,000) Pendle Bracken Limited
£174,911 (2006 £204,651) Barnfield Nevison Partnership There is a doubtful debt provision against this balance of £174,911 (2006 £200,000)
£38,924 (2006 £20,900) by Bishopton Investments Limited

At the year-end Barnfield Construction Limited owed £10,470 (2006 £Nil) to Pendle Property Developments Limited

The following balances were owed to Barnfield Contractors UK Limited at the year-end
At the year-end Barnfield Contractors UK Limited was owed £1,227,045 (2006 £1,219,575) by Park Lane Plaza Limited There is a doubtful debt provision of £661,728 (2006 £Nil) relating to this debt

During the year, Barnfield Construction Limited were charged the following amounts by related parties
£Nil (2006 £2,097) by Barnfield Investment Properties Limited
£Nil (2006 £9,300) by Hyndburn Borough Council
£251,783 (2006 £Nil) by Modus Barnfield Partnership
£20,217 (£Nil) by Ribble Industrial Estates Limited

During the year, Barnfield Construction Limited charged the following amounts to related parties
£4,192,644 (2006 £4,439,235) to Barnfield Investment Properties Limited
£135,000 (2006 £135,000) of interest to Barnfield Investment Properties Limited
£200,000 (2006 £200,000) of management charges to Barnfield Investment Properties Limited
£7,701 (2006 £477,861) to Barnfield Pension Fund
£5,000 (2006 £5,000) of management charges to Barnfield Pension Fund
£2,340,615 (2006 £1,892,797) to Modus Barnfield Partnership
£282,286 (2006 £2,185,480) to Pendle Property Developments Limited
£50,000 (2006 £5,000) to Pendle Property Developments Limited
£1,824,201 (2006 £2,804,818) to R Dewan
£3,384,656 (2006 £Nil) to Globe Enterprises Limited
£93,964 (2006 £Nil) of interest to Globe Enterprises Limited
£1,345 (2006 £Nil) to Ribble Industrial Estates Limited
£3,486,877 (2006 £309) to Pendle Bracken Limited
£30,168 (2006 £Nil) to Bishopton Investments Limited
£Nil (2006 £22,836) to Bracken Developments Limited

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