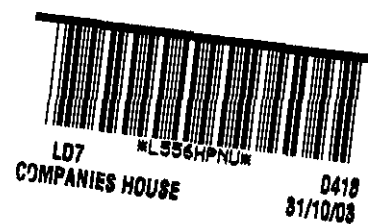


Company Registration No. 04128638 (England and Wales)

BARNFIELD CONTRACTORS (UK) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002



BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS AND ADVISERS

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

BARNFIELD CONTRACTORS (UK) LIMITED

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BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and group financial statements of the company for the year ended 31 December 2002. The company was incorporated on 20 December 2000 and was dormant until 14 December 2001, when it acquired the entire shareholding of Barnfield Construction Limited. Therefore the comparative figures reflect the group's trading activities for the period from 14 December 2001 to 31 December 2001.

Principal activities and review of the business

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

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

Results and dividends

The consolidated profit and loss account for the year is set out on page 4. A final dividend of £550 per ordinary share of £1 was proposed in respect of the year.

Market value of land and buildings

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

Directors

The following directors have held office since 1 January 2002:

T.J.H. Webber
S. Webber

Directors' interests

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

	Ordinary shares of £1 each	
	31 December 2002	31 December 2001
T.J.H. Webber	260	260
S. Webber	10	10

Creditor payment policy

The group's policy for the year to 31 December 2003 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 2002, the group took an average of 40 days to pay its suppliers, as calculated in accordance with the provisions of the Companies Act 1985.

BARNFIELD CONTRACTORS (UK) LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

Auditors

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

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

On behalf of the board


T.J.H. Webber
Director

Date 12.10.02

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 2002 on pages 4 to 21. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Morley and Scott

Morley and Scott

Chartered Accountants
Registered Auditor

30 October 2003

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 as restated £
Turnover	2	38,685,256	1,384,173
Cost of sales		(35,669,595)	(1,245,362)
Gross profit		3,015,661	138,811
Distribution costs		(73,562)	(5,478)
Administrative expenses		(1,491,292)	(25,752)
Negative goodwill amortised		1,237,911	-
Operating profit	3	2,688,718	107,581
Exceptional item			
Profit on sale of investment property		442,501	-
Income from interests in associated undertakings		287,381	9,220
Other interest receivable and similar income		105,800	4,499
Interest payable and similar charges	4	(152,901)	(11,822)
Profit on ordinary activities before taxation		3,371,499	109,478
Tax on profit on ordinary activities	5	(526,911)	(19,187)
Profit on ordinary activities after taxation		2,844,588	90,291
Ordinary dividend		(258,500)	-
Minority interests		(41,147)	(1,749)
Profit for the financial year and retained profit for the year		2,544,941	88,542

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

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

BARNFIELD CONTRACTORS (UK) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2002

	Notes	Group		Company	
		2002 £	2001 £	2002 £	2001 £
Fixed assets					
Intangible assets	6	(3,019,968)	(4,257,879)	-	-
Tangible assets	7 and 8	4,435,448	6,058,704	-	-
Investments	9	1,166,320	1,018,209	400	400
		<u>2,581,800</u>	<u>2,819,034</u>	<u>400</u>	<u>400</u>
Current assets					
Work in progress	10	3,497,756	2,388,137	-	-
Debtors: amounts falling due within one Year	11	4,203,124	3,764,680	-	-
Debtors: amounts falling due after more than one year	11	2,342,098	2,066,075	-	-
Cash at bank and in hand		3,919,091	2,683,120	-	-
		<u>13,962,069</u>	<u>10,902,012</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	12	(13,355,870)	(13,035,467)	-	-
Net current assets/(liabilities)		<u>606,199</u>	<u>(2,133,455)</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>3,187,999</u>	<u>685,579</u>	<u>400</u>	<u>400</u>
Creditors: amounts falling due after more than one year	13	(27,223)	(110,881)	-	-
		<u>3,160,776</u>	<u>574,698</u>	<u>400</u>	<u>400</u>
Capital and reserves					
Called up share capital	15	400	400	400	400
Profit and loss account	16	2,633,483	88,542	-	-
Shareholders' funds - equity interests	17	<u>2,633,883</u>	<u>88,942</u>	<u>400</u>	<u>400</u>
Minority interests		<u>526,893</u>	<u>485,756</u>	<u>-</u>	<u>-</u>
		<u>3,160,776</u>	<u>574,698</u>	<u>400</u>	<u>400</u>

The financial statements were approved by the board on 13/10/03

T.J.H. Webber
Director

S. Webber
Director

S. Webber

BARNFIELD CONTRACTORS (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		2,268,198		(1,360,260)
Returns on investments and servicing of finance				
Interest received	105,234		4,499	
Interest paid	(59,929)		(11,822)	
Net cash inflow /(outflow) from returns on Investments and servicing of finance		45,305		(7,323)
Taxation		(449,045)		-
Capital expenditure and financial investment				
Purchase of investments	(104,184)		(400)	
Repayment of loan to connected company	113,404		-	
Purchase of fixed assets	(3,095,571)		-	
Receipts from sales of fixed assets	2,080,162		-	
Net cash outflow for capital expenditure and financial investment		(1,006,189)		(400)
Equity dividends paid		(112,250)		-
Net cash inflow/(outflow) before financing		746,019		(1,367,983)
Financing				
Issuing of ordinary share capital	-		400	
Increase in debt	-		10,779	
Repayment of short term bank loans	(1,090,087)		-	
Capital element of hire purchase contracts	(133,194)		-	
Net cash (outflow)/inflow from financing		(1,223,281)		11,179
Acquisitions and disposals				
Net cash acquired with subsidiaries		-		2,842,103
(Decrease)/increase in cash in the year		(477,262)		1,485,299

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash outflow from operating activities	2002	2001
		£	£
	Operating profit	2,688,718	107,581
	Depreciation of tangible assets	190,457	8,429
	Amortisation of negative goodwill	(1,237,911)	(52,422)
	(Increase)/decrease in work in progress	(1,109,619)	110,592
	(Increase)/decrease in debtors	(714,467)	566,250
	Decrease in creditors	(447,031)	(2,104,611)
	Movement in associated undertakings	7,342	3,921
	Reclassification of investment property as work in progress	2,890,709	-
		<hr/>	<hr/>
	Net cash outflow from operating activities	2,268,198	(1,360,260)
		<hr/> <hr/>	<hr/> <hr/>
2	Analysis of net debt		
		1 January	31
		2002	December
		£	2002
			£
	Net cash:		
	Cash at bank and in hand	2,683,120	3,919,091
	Bank overdrafts	(1,197,821)	(2,911,054)
		<hr/>	<hr/>
	Net funds	1,485,299	1,008,037
		<hr/>	<hr/>
	Debt:		
	Finance leases and hire purchase contracts	(270,743)	(137,549)
	Debts falling due within one year	(1,426,421)	(336,334)
		<hr/>	<hr/>
		(1,697,164)	(473,883)
		<hr/>	<hr/>
	Net debt	(211,865)	534,154
		<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net debt		
		2002	2001
		£	£
	(Decrease)/increase in cash in the year	(477,262)	1,485,299
	Cash inflow/(outflow) from movement in net debt	1,223,281	(1,697,164)
		<hr/>	<hr/>
	Movement in net debt in the year	746,019	(211,865)
	Opening net debt	(211,865)	-
		<hr/>	<hr/>
		534,154	(211,865)
		<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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. The comparative figures reflect the group's trading activities for the period from 14 December 2001 to 31 December 2001.

1.2 Compliance with accounting standards

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

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2002.

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, which was dormant throughout the period.

1.4 Associated undertakings

Participating interests are included in the consolidated financial statements under the equity method of accounting.

1.5 Turnover

Turnover represents amounts receivable for goods sold, services provided and rental income net of VAT and trade discounts. Details of a change in presentation with regard to turnover is given in note 1.16.

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

1.6 Goodwill

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

1.7 Tangible fixed assets and depreciation

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

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

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

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies (continued)

1.8 Leasing

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

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

1.9 Investment properties

Properties acquired for investment purposes are included at valuation and are not depreciated. The difference between cost and valuation is taken to the investment revaluation reserve.

1.10 Work in progress

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

Where such an outcome cannot be assessed with reasonable certainty, an appropriate proportion of turnover is recognised, based on the total contract value, using a zero estimate of profit. In this regard alone there has been a change in presentation, which is detailed in note 1.16.

1.11 Pensions

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

1.12 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - 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. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

1.13 Government grants

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

Grants receivable relating to investment properties have been deducted from the cost of these assets. This is not in accordance with Schedule 4 to the Companies Act 1985, which requires assets to be shown at their purchase price or production cost. This departure from the requirement of the Act is, in the opinion of the directors, necessary to give a true and fair view as no provision is made for depreciation on these properties and any grants and contributions relating to such assets would not be taken to the profit and loss account.

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies (continued)

1.14 Retentions

It is the policy of the group not to account for retentions on contracts until they are actually received, normally 12 months after completion. These retentions average 5% of contract value.

1.15 Joint ventures

Joint ventures are accounted for in accordance with FRS 9, Associates and Joint Ventures. Where venturers operate their own business independently, the group accounts directly for its share of assets and liabilities from the joint venture (see note 23).

1.16 Change in presentation

As stated in note 1.10, the directors have reviewed the accounting policy with regard to work in progress and turnover where the outcome of contracts cannot be assessed with reasonable certainty. In these cases turnover is shown as an appropriate proportion of total contract value, using a zero estimate of profit. In prior years invoiced amounts were shown as a deduction from work in progress until the outcome of a project was considered profitable with a reasonable degree of certainty. The directors consider that this revised policy more accurately reflects the current nature of the company's business which now predominately consists of contracts of a long term nature.

There has been no effect on profit for the prior year. Nor has there been a material effect on the presentation of turnover and cost of sales for the prior year, although for consistency sales and cost of sales figures have been restated.

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

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	109,712	4,338
Depreciation of tangible assets held under hire purchase agreements	80,745	4,091
Amortisation of intangible assets	(1,237,911)	(52,422)
Operating lease rentals		
- Plant and machinery	863,548	49,722
Auditors' remuneration	37,150	1,579

Auditor's remuneration for non-audit work for the year ended 31 December 2002 was £18,659 (2001 - £2,316).

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

4 Interest payable	2002 £	2001 £
On bank loans and overdrafts	51,635	6,832
Lease finance charges	8,294	819
On overdue tax	-	955
Associated undertakings	92,972	3,216
	<u>152,901</u>	<u>11,822</u>
	<u><u>152,901</u></u>	<u><u>11,822</u></u>
5 Taxation	2002 £	2001 £
Domestic current year tax		
UK corporation tax	496,619	18,482
Associated undertakings	30,292	705
	<u>526,911</u>	<u>19,187</u>
	<u><u>526,911</u></u>	<u><u>19,187</u></u>
Current tax charge		
	<u>526,911</u>	<u>19,187</u>
	<u><u>526,911</u></u>	<u><u>19,187</u></u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,371,499	109,478
	<u>3,371,499</u>	<u>109,478</u>
	<u><u>3,371,499</u></u>	<u><u>109,478</u></u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001: 30.00%)	1,011,450	32,843
	<u>1,011,450</u>	<u>32,843</u>
	<u><u>1,011,450</u></u>	<u><u>32,843</u></u>
Effects of:		
Non deductible expenses	5,949	1,616
Depreciation add back	57,776	2,541
Capital allowances	(84,700)	(3,143)
Adjustments to previous periods	-	1,096
Tax losses utilised	-	(889)
Share of partnership income	(7,863)	(907)
Share of associates' results	(86,214)	-
Share of associates' tax	30,292	-
Amortisation of intangible fixed assets	(371,373)	(15,726)
Other tax adjustments	(28,406)	1,756
	<u>(484,539)</u>	<u>(13,656)</u>
	<u><u>(484,539)</u></u>	<u><u>(13,656)</u></u>
Current tax charge		
	<u>526,911</u>	<u>19,187</u>
	<u><u>526,911</u></u>	<u><u>19,187</u></u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

6 Intangible fixed assets

Group	Negative Goodwill £
Cost	
At 1 January 2002	(4,310,301)
	<hr/>
At 31 December 2002	(4,310,301)
	<hr/> <hr/>
Amortisation	
At 1 January 2002	52,422
Released for year	1,237,911
	<hr/>
	1,290,333
	<hr/> <hr/>
Net book value	
At 31 December 2002	(3,019,968)
	<hr/> <hr/>
At 31 December 2001	(4,257,879)
	<hr/> <hr/>

7 Tangible fixed assets

Group	Long leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2002	350,000	1,149,202	288,969	1,788,171
Additions	-	66,224	103,554	169,778
Disposals	-	-	(173,200)	(173,200)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	350,000	1,215,426	219,323	1,784,749
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2002	-	432,193	186,596	618,789
Charge for the year	-	153,682	36,775	190,457
On disposals	-	-	(143,755)	(143,755)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	585,875	79,616	665,491
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2002	350,000	629,551	139,707	1,119,258
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2001	350,000	717,009	102,373	1,169,382
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Tangible fixed assets (continued)

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

	Plant and equipment £	Motor vehicles £	Total £
Net book values			
At 31 December 2002	332,427	46,725	379,152
At 31 December 2001	526,897	59,800	586,697
Depreciation charge for the year			
At 31 December 2002	71,400	9,345	80,745
At 31 December 2001	1,784	615	2,399

8 Tangible fixed assets

	Group £	Company £
Investment properties		
Cost or valuation		
At 1 January 2002	4,889,322	-
Grants receivable	(37,970)	-
Additions	2,993,208	-
Reclassification as work in progress	(2,890,709)	-
Disposals	(1,637,661)	-
At 31 December 2002	3,316,190	-

The historical cost of the property held at valuation was £3,316,190 (company: £Nil) (2001 - £4,889,322 (company £Nil)).

The investment properties were valued at 31 December 2002 by M. Taylforth, BSc MRICS, an employee of Barnfield Construction Limited, on the basis of open market value for existing use.

Tangible fixed assets at the balance sheet date were made up as follows:

	Group £	Company £
Investment properties	3,316,190	-
Other tangible assets	1,119,258	-
	4,435,448	-

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

9 Fixed asset investments

Group	Unlisted investments £	Shares in participating interests £	Loans to participating interests £	Loans to connected companies £	Total £
Cost or valuation					
At 1 January 2002	89,506	6,299	809,000	113,404	1,018,209
Additions	-	-	104,184	-	104,184
Disposals	-	-	-	(113,404)	(113,404)
Increase in value	-	157,331	-	-	157,331
	<u>89,506</u>	<u>163,630</u>	<u>913,184</u>	<u>-</u>	<u>1,166,320</u>
Company					
					Shares in subsidiary undertakings £
Cost					
At 1 January 2002 and 31 December 2002					400

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

9 Fixed asset investments (continued)

Holdings of more than 20%

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

Company	Country of registration or incorporation	Class	Shares held	%
Barnfield Construction Limited	England & Wales	Ordinary		100
Barnfield Investments Limited	England & Wales	Ordinary		100
Barnfield Enterprises Limited	England & Wales	Ordinary		100
Roger Whalley Limited	England & Wales	Ordinary		100
AJF Restaurants Limited	England & Wales	Ordinary		100
Barnfield and Hyndburn Limited	England & Wales	Ordinary		70
Aymer Investments Limited	England & Wales	Ordinary		50
Barnfield Morrison Homes Limited	England & Wales	Ordinary		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 developers
Barnfield Investments Limited	Property developers
Barnfield Enterprises Limited	Property developers
Roger Whalley Limited	Plumbing contractors
AJF Restaurants Limited	Property developers
Barnfield & Hyndburn Limited	Property developers
Aymer Investments Limited	Property developers
Barnfield Morrison Homes Limited	Property developers
Globe Enterprises Limited	Property developers

Barnfield Construction Limited holds a 70% share in Barnfield & Hyndburn Partnership, an unincorporated undertaking.

The investment in Barnfield Construction Limited is held directly with the remainder of the investments held by Barnfield Construction Limited.

10 Work in progress

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Work in progress	3,497,756	2,338,137	-	-

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

11 Debtors

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Trade debtors	2,435,412	2,248,018	-	-
Corporation tax	7,095	7,095	-	-
Other debtors	3,461,554	3,105,905	-	-
Prepayments and accrued income	641,161	469,737	-	-
	<u>6,545,222</u>	<u>5,830,755</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Other debtors	2,342,098	2,066,075	-	-
	<u>2,342,098</u>	<u>2,066,075</u>	<u>-</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Bank loans and overdrafts	3,247,388	2,624,242	-	-
Payments received on account	355,093	4,205,552	-	-
Net obligations under finance leases and hire purchase contracts	110,326	159,862	-	-
Trade creditors	6,528,313	4,357,148	-	-
Corporation tax	360,903	313,329	-	-
Taxes and social security costs	150,213	250,067	-	-
Directors' current accounts	467	467	-	-
Other creditors	703,425	670,124	-	-
Accruals and deferred income	1,679,742	380,296	-	-
Proposed dividend	220,000	73,750	-	-
	<u>13,355,870</u>	<u>13,035,467</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 2002

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Net obligations under finance leases and hire purchase agreements	27,223	110,881	-	-
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	120,384	171,158	-	-
Repayable between one and five years	31,059	120,674	-	-
	151,443	291,832	-	-
Finance charges and interest allocated to future accounting periods	(13,894)	(21,089)	-	-
	137,549	270,743	-	-
Included in liabilities falling due within one year	(110,326)	(159,862)	-	-
	27,223	110,881	-	-

14 Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £22,740 (2001: £1,512). Contributions totalling £Nil (2001: £Nil) were payable to the fund at the year end.

15 Share capital

	2002 £	2001 £
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

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

16 Statement of movements on reserves

Group	Profit and loss account £
Balance at 1 January 2002	88,542
Retained profit for the year	2,544,941
	<hr/>
Balance at 31 December 2002	2,633,483
	<hr/> <hr/>
 Company	 Profit and loss account £
Balance at 1 January 2002 and 31 December 2002	-
	<hr/> <hr/>

17 Reconciliation of movements in shareholders' funds

Group	2002 £	2001 £
Profit for the financial year	2,544,941	88,542
Proceeds from issue of shares	-	400
	<hr/>	<hr/>
Net addition to shareholders' funds	2,544,941	88,942
Opening shareholders' funds	88,942	-
	<hr/>	<hr/>
Closing shareholders' funds	2,633,883	88,942
	<hr/> <hr/>	<hr/> <hr/>
 Company	 2002 £	 2001 £
Profit for the financial year	-	-
	<hr/>	<hr/>
Proceeds from issue of shares	-	400
	<hr/>	<hr/>
Net addition to shareholders' funds	-	400
Opening shareholders' funds	400	-
	<hr/>	<hr/>
Closing shareholders' funds	400	400
	<hr/> <hr/>	<hr/> <hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

18 Contingent liabilities

- (a) On 31 December 2002 Barnfield Construction Limited had in the course of business entered into performance and other bonds of £1,232,965 (2001: £1,156,534).
- (b) Barnfield Construction Limited has guaranteed the bank borrowings of Roger Whalley Limited, Barnfield Enterprises Limited and Barnfield Investments Limited which amounted to £86,349 (2001: £265,693) at the Balance Sheet date.
- (c) The group has guaranteed the bank borrowings of Barnfield Construction Limited which amounted to £3,225,184 (2001: £2,360,296). At 31 December 2002, Barnfield Construction Limited had gross assets of £17,293,216.
- (d) The group has guaranteed the bank borrowings of Barnfield Investment Properties Limited, a company related by common directorship, amounting to £6,233,766. At 31 December 2002, Barnfield Investment Properties Limited had gross assets of £12,533,763
- (e) Barnfield Construction Limited has also given an undertaking to Barnfield Investments Limited that it will provide financial support to enable it to meet its liabilities as they fall due, for as long as it remains a subsidiary.
- (f) Barnfield Construction Limited, as part of its investment in the Barnfield and Hyndburn Development Partnership, is contracted to invest a further £100,000 in this partnership should it fail to obtain planning permission on one of its development sites.
- (g) Barnfield Construction Limited is party to a group VAT registration. The contingent liability of this company at the balance sheet date amounts to £Nil (2001: £Nil).
- (h) Barnfield Construction Limited has guaranteed bank borrowings of Barnfield Pension Fund which amounted to £Nil (2001: £130,331) at the balance sheet date. The pension fund had gross assets totalling £1,897,110 at the last accounts date of 5 April 2002.
- (i) Barnfield Construction Limited has given an undertaking to Globe Enterprises Limited that it will provide financial support to enable it to meet its liabilities as they fall due, for as long as it remains a participating interest. The company has also guaranteed the bank borrowings of Globe Enterprises Limited which amounted to £4,209,828 (2001: £2,897,039) at the balance sheet date. Globe Enterprises Limited had gross assets totalling £8,367,503 at the balance sheet date.

19 Financial commitments

As at 31 December 2002 the group had annual commitments under operating leases as follows:

	2002 £	2001 £
Expiry date		
Between two and five years (Other assets)	79,839	63,554
In over five years (Land and buildings)	14,850	14,850
	<hr/>	<hr/>
	94,689	78,404
	<hr/>	<hr/>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

20 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	266,548	9,745
Company pension contributions to money purchase schemes	12,000	3,693
	<u>278,548</u>	<u>13,438</u>

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

Emoluments for qualifying services	<u>165,817</u>	<u>4,434</u>
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The number of directors with benefits accruing under money purchase pension schemes is 2 (2001:2).

21 Employees

Number of employees

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

	2002 Number	2001 Number
Office and management	27	26
Production and sales	110	103
	<u>137</u>	<u>129</u>

Employment costs

	2002 £	2001 £
Wages and salaries	3,747,274	101,646
Social security costs	232,219	8,203
Other pension costs	22,740	1,025
	<u>4,002,233</u>	<u>110,874</u>

BARNFIELD CONTRACTORS (UK) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2002

22 Control and related party transactions

Group

- (a) At 31 December 2002 Pendle Commercial Properties Limited, a company related by common control, was owed £317,667 (2001: £296,443) by Barnfield Construction Limited in respect of an interest free loan. This balance is included in other creditors. During the period Barnfield Construction Limited made sales to Pendle Commercial Properties Limited of £70,589 (2001: £13,400).
- (b) Dime Home Limited owns 26% of Barnfield Construction Limited. Dime Home Limited is controlled by the close family of R. Dewan. During the period Barnfield Construction Limited made sales to R. Dewan amounting to £1,769,969 (2001: £40,685). At 31 December 2002 R. Dewan owed Barnfield Construction Limited £320,256 (2001: £138,783). This balance is included in trade debtors.
- (c) T.J.H. Webber is a director of Globe Enterprises Limited. During the period Barnfield Construction Limited made sales to Globe Enterprises Limited amounting to £3,169,560 (2001: £49,505). At 31 December 2002 Globe Enterprises Limited owed Barnfield Construction Limited £153 (2001: £284,777) in respect of trade debtors. At 31 December 2002 Globe Enterprises Limited owed Barnfield Construction Limited £913,184 (2001: £809,000) in respect of an interest free loan, which is included in investments.
- (d) At 31 December 2002 Barnfield Construction Limited was owed £123,212 (2001: £123,212) by Aymer Investments Limited, a company in which Barnfield Construction Limited is a shareholder. This balance is included in other debtors. During the period Barnfield Construction Limited made sales to Aymer Investments Limited amounting to £29,807 (2001: £890).
- (e) T.J.H. Webber is a director of Ribble Industrial Estates Limited. At 31 December 2002, Barnfield Construction Limited was owed £21,968 (2001: £308,787) by Ribble Industrial Estates Limited. This balance is included in trade debtors. During the year Barnfield Construction Limited made sales amounting to £405,777 (2001: £314,331) to Ribble Industrial Estates Limited.
- (f) T.J.H. Webber is a director of Ribble Enterprises Limited. At 31 December 2002, Barnfield Construction Limited was owed £Nil (2001: £87,388) by Ribble Enterprises Limited. During the period Barnfield Construction Limited made sales amounting to £1,271,088 (2001: £25,543) to Ribble Enterprises Limited.
- (g) Barnfield Pensions Limited is owned by Barnfield Pension Fund. T.J.H. Webber is a trustee of Barnfield Pension Fund. At 31 December 2002 Barnfield Pension Fund owed Barnfield Construction Limited £Nil (2001: £16,773).
- (h) Barnfield Investments Properties Limited, a company which is related by common control, paid management charges amounting to £268,168 (2001: £9,910) and made sales of £3,951,773 (2001: £Nil) during the year. At 31 December 2002, Barnfield Investment Properties owed the group £2,342,098 (2001: £2,066,075), see note 11.
- (i) The ultimate controlling party of the company and the group is T.J.H. Webber, a director.

23 Investment in joint arrangements

Barnfield Construction Limited has a joint venture with Morrison Homes Limited called Morrison Barnfield Homes Limited. The directors consider that each venturer operates its own business independently and are able to control their own assets, liabilities and cash flows in that framework. Therefore in accordance with FRS 9, the group has accounted directly for its share of the assets and liabilities arising from this joint venture. During the period the group made sales of £1,226,602 (2001: £1,190,225) to Morrison Barnfield Homes Limited. At 31 December 2002 the group was owed £128,416 (2001: £nil) by Morrison Barnfield Homes Limited. This amount is included in trade debtors.