Barteak Developments Limited

Directors' report and financial statements

Registered number 1363951

For the year ended 31 March 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company is, and will continue to be, that of property developers.

Business review

The retained profit for the year after taxation and dividends was £186,886 *(2001: £66,450)* and has been transferred to reserves.

The directors are constantly appraising development opportunities with a view to growing both the activity level and profitability of the company. The directors are confident this can be achieved in the short term by successfully completing developments in progress and constantly securing new opportunities.

Proposed dividends

The directors do not recommend the payment of a final ordinary dividend *(2001: £Nil)*. A dividend of £13,773 (£4.08 per share) *(2001: £Nil)* was paid in the year.

Directors and directors' interests

The directors who held office during the year, together with their interests in the share capital of the company, were as follows:

	Ordinary shares of 1 pence each at beginning and end of year
DR Back	3,063
SC Back	1,376
PJ Webb	312

No rights to subscribe for shares or debentures in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Material transactions involving the directors are disclosed in note 21.

Directors' report *(continued)*

Auditors

KPMG were reappointed auditors at the last Annual General Meeting. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 13 June 2002, and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors on 4 September 2002 and signed on its behalf by:

PJ Webb
Secretary

24B Forest Court
Dorridge
Solihull
West Midlands
B93 8HN

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 profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG
2 Cornwall Street
Birmingham
B3 2DL

Independent auditor's report to the members of Barteak Developments Limited

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

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

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

Opinion

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

KPMG LLP
Chartered Accountants
Registered Auditor

4 September 2002

Profit and loss account

for the year ended 31 March 2002

	Note	2002 £	2001 £
Turnover	2	**4,352,585**	4,346,224
Cost of sales		**(3,271,790)**	(3,532,068)
Gross profit		**1,080,795**	814,156
Administrative expenses		**(715,247)**	(593,118)
Other operating income	6	**31,712**	5,208
Operating profit		**397,260**	226,246
Interest receivable	7	**3,198**	1,841
Interest payable and similar charges	8	**(116,445)**	(126,903)
Profit on ordinary activities before taxation	3	**284,013**	101,184
Tax on profit on ordinary activities	9	**(83,354)**	(34,734)
Profit on ordinary activities after taxation and profit for the financial year		**200,659**	66,450
Dividends	10	**(13,773)**	-
Retained profit for the financial year	18	**186,886**	66,450

In both the current and preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

All results in both the current and preceding years were for continuing activities.

Balance sheet
at 31 March 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	*11*		**156,188**		108,664
Investments in subsidiaries	*12*		**200**		200
			156,388		108,864
Current assets					
Developments in progress	*13*	**3,901,629**		2,542,317	
Debtors	*14*	**53,271**		70,099	
Cash at bank and in hand		**13,540**		149,563	
		3,968,440		2,761,979	
Creditors: Amounts falling due within one year	*15*	**(3,255,851)**		(2,197,127)	
Net current assets			**712,589**		564,852
Total assets less current liabilities			**868,977**		673,716
Provision for liabilities and charges	*16*		**(14,375)**		(6,000)
Net assets			**854,602**		667,716
Capital and reserves					
Called up share capital	*17*		**61**		61
Share premium account	*20*		**110,487**		110,487
Profit and loss account	*19*		**744,054**		557,168
Equity shareholders' funds	*18*		**854,602**		667,716

These financial statements were approved by the board of directors on 4 September 2002 and were signed on its behalf by:

DR Back
Director

Cash flow statement

for the year ended 31 March 2002

	Note	**2002** £	2001 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		**397,260**	226,246
Depreciation		**27,287**	17,981
Profit on sale of fixed assets		**-**	(1,600)
Increase in developments in progress		**(1,359,312)**	(173,455)
Decrease in debtors		**16,828**	513,939
Increase/(decrease) in creditors		**392,180**	(68,165)
		(525,757)	514,946
Cash flow statement			
Cash (outflow)/inflow from operating activities		**(525,757)**	514,946
Returns on investments and the servicing of finance	*23*	**(113,247)**	(125,062)
Taxation		**(18,000)**	(56,734)
Capital expenditure	*23*	**(74,811)**	(108,289)
Equity dividends paid		**(13,773)**	-
(Decrease)/increase in cash in year		**(745,588)**	224,861
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in year	*24*	**(745,588)**	224,861
Movement in net debt in year		**(745,588)**	224,861
Net debt at start of year	*24*	**(1,454,611)**	(1,679,472)
Net debt at end of year	*24*	**(2,200,199)**	(1,454,611)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 18 "Accounting policies" and FRS 19 "Deferred tax" in these financial statements.

Basis of preparation

These financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Consolidation

Consolidated financial statements have not been prepared as the group qualifies as a medium-sized group under Section 248 of the Companies Act 1985 and is, therefore, exempt. Consequently, these financial statements only present information about Barteak Developments Limited as an individual company.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment	-	33% per annum
Fixtures and fittings	-	20% per annum
Motor vehicles	-	25% per annum

Developments in progress

Developments in progress comprises costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and related payments on account. In determining the developed costs, actual purchase cost of the site, materials and any attributable labour is used.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Turnover

Turnover represents the amounts invoiced by the company during the year, excluding value added tax, all of which arose within the United Kingdom.

Notes *(continued)*

3 Profit on ordinary activities before taxation

	2002 £	2001 £
Profit on ordinary activities before taxation is stated		
after charging/(crediting)		
Auditors' remuneration:		
Audit	**7,250**	6,900
Other services	**3,430**	4,620
Operating lease charge	**22,000**	12,290
Depreciation	**27,287**	17,981
Profit on sale of fixed assets	**-**	(1,600)

4 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	**85,819**	70,504

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2002	2001
Administration and management	**8**	6
Site	**3**	3
	11	9

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**353,416**	264,691
Social security costs	**34,121**	29,574
Pension costs	**275**	-
	387,812	294,265

Notes *(continued)*

6 Other operating income

	2002 £	2001 £
Rents receivable	**31,712**	5,208

7 Interest receivable

	2002 £	2001 £
On bank deposits	**3,198**	1,841

8 Interest payable and similar charges

	2002 £	2001 £
On bank loans and overdrafts	**100,445**	126,903
Interest due to related party (see note 21)	**16,000**	-
	116,445	126,903

9 Taxation

Analysis of charge for the year

	2002 £	2002 £	2001 £	2001 £
Current tax				
UK corporation tax at 30% *(2001: 20%)*	**74,979**		30,000	
Adjustments in respect of prior periods	**-**		(1,266)	
Total current taxation		**74,979**		28,734
Deferred tax				
Origination/reversal of timing differences		**7,775**		6,000
Effect of increased tax rate		**600**		-
Tax on profit on ordinary activities		**83,354**		34,734

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2001: higher)* than the standard rate of corporation tax in the UK (30% *(2001: 20%)*). The differences are explained below:

	2002 £	2001 £
Current tax reconciliation		
Profit on ordinary activities before tax	**284,013**	101,184
Current tax at 30% *(2001: 20%)*	**85,204**	20,237
Effects of:		
Expenses not deductible for tax purposes	**381**	1,054
Capital allowances for period in excess of depreciation	**934**	(3,291)
Small companies relief	**(11,540)**	-
Over provision for taxation in year	**-**	12,000
Adjustments in respect of prior periods	**-**	(1,266)
Total current tax charge	**74,979**	28,734

Based on current capital investment plans, the company expects to be able to claim capital allowances in excess of depreciation in future years.

10 Dividends

	2002 £	2001 £
Equity dividends paid	**13,773**	-

Notes *(continued)*

11 Tangible fixed assets

	Freehold land investment £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	10,000	42,116	88,029	-	140,145
Additions	-	22,016	795	52,000	74,811
At end of year	10,000	64,132	88,824	52,000	214,956
Depreciation					
At beginning of year	-	21,066	10,415	-	31,481
Charge for the year	-	10,098	16,106	1,083	27,287
At end of year	-	31,164	26,521	1,083	58,768
Net book value					
At 31 March 2002	**10,000**	**32,968**	**62,303**	**50,917**	**156,188**
At 31 March 2001	**10,000**	**21,050**	**77,614**	**-**	**108,664**

The freehold land investment relates to the freehold on four properties retained after the leaseholds were sold.

12 Investments in subsidiaries

Details of the company's subsidiary undertakings at 31 March 2002 are as follows:

Name	Country of incorporation	Nature of trade	Class of shares held	Percentage holding	£
Barteak Developments (Great Bridge) Limited	Great Britain	Dormant	Ordinary	100	100
Barteak Developments (Mayfields) Limited	Great Britain	Dormant	Ordinary	100	100
					200

13 Developments in progress

	2002 £	2001 £
Cost of work to date	**3,901,629**	2,542,317
Developments in progress includes the following:		
Net cost less foreseeable losses	**3,901,629**	2,542,317

Notes *(continued)*

14 Debtors

	2002 £	2001 £
Trade debtors	**14,187**	24,234
Other debtors including prepayments	**39,084**	45,865
	53,271	70,099

15 Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank overdrafts (secured)	**2,213,739**	1,604,174
Trade creditors	**710,794**	310,940
Other creditors including taxation and social security	**228,595**	152,365
Accruals	**102,723**	129,648
	3,255,851	2,197,127
Other creditors including taxation and social security comprise:		
Corporation tax	**86,979**	30,000
Other taxes	**11,545**	7,705
Other creditors	**130,071**	114,660
	228,595	152,365

Nature of security

The bank overdrafts are secured by several first legal charges agreements over certain developments and freehold land. Interest is charged at 2.5% above the bank's base rate.

Notes *(continued)*

16 Provisions for liabilities and charges

Deferred tax

	£
At beginning of year	6,000
Charge for the year	8,375
At end of year	14,375

The elements of deferred taxation are as follows:

	2002 £	2001 £
Difference between accumulated depreciation and amortisation and capital allowances	**14,375**	6,000
Deferred tax liability	**14,375**	6,000

17 Share capital

	2002 £	2001 £
Authorised:		
10,000 ordinary shares of 1p each	**100**	100
Allotted, called up and fully paid:		
6,126 ordinary shares of 1p each	**61**	61

18 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit for the financial year being net movement in shareholders' funds	**186,886**	66,450
Opening shareholders' funds	**667,716**	601,266
Closing shareholders' funds	**854,602**	667,716

Notes *(continued)*

19 Reserves

	Profit and loss £
At beginning of year	557,168
Profit for the financial year	186,886
At end of year	744,054

20 Share premium account

	£
At beginning and end of year	110,487

21 Directors' related party transactions

Mr David Back is a director and shareholder of Fairfield Investments Limited and Back Group Limited.

During the year, Laraine Back (D Back's spouse) charged the company £12,827 for accountancy assistance *(2001: £12,570)*. Laraine Back is owed £Nil by the company *(2001: £Nil)*.

Transactions with Back Group Limited during the year on an arms length basis were:

	2002 £	2001 £
Professional services and management charges payable	**62,104**	88,593
Balance owed at end of year	**1,799**	37,812

During the year, land was acquired by Barteak Developments Limited from David Back's own pension scheme, Gannymead pension scheme, for £900,000 which was considered to be the market value. The balance outstanding due to Gannymead pension scheme at the year end is £316,000 and is included within creditors. Interest of £16,000 was charged on this outstanding balance.

Notes *(continued)*

22 Commitments

(a) Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2002	2001
	£	£
Operating leases which expire:		
In the second to fifth years inclusive	**22,000**	22,000

(b) Capital expenditure commitments:

	2002	2001
	£	£
Contracted but not provided in these accounts	**-**	-

23 Analysis of cash flows

	2002	2001
	£	£
Returns of investments and the servicing of finance		
Interest paid	**(116,445)**	(126,903)
Interest received	**3,198**	1,841
	(113,247)	(125,062)
Capital expenditure		
Purchase of tangible fixed assets	**(74,811)**	(109,989)
Sale of fixed asset investments	**-**	100
Sale of tangible fixed assets	**-**	1,600
	(74,811)	(108,289)

24 Analysis of net debt

	At beginning of year	Cash flow	**At end of year**
	£	£	**£**
Cash at bank and in hand	149,563	(136,023)	**13,540**
Bank overdraft	(1,604,174)	(609,565)	**(2,213,739)**
	(1,454,611)	(745,588)	**(2,200,199)**

25 Ultimate controlling party

The Back family have a controlling interest in the share capital of the company.