

Henry Boot

Henry Boot Developments Limited
(Co. No. 1390361)

2001 Annual Report



CONTENTS

Page

Company Information	1
Report of the Directors	2
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5
Profit and Loss Account	6
Balance Sheet	7
Accounting Policies	8
Notes to the Financial Statements	9

COMPANY INFORMATION

Directors

D Greaves *Chairman*
J K Gledhill *Managing*
D R Anderson
E J Boot
J H Boot
R Brady
T M Washer

Company Secretary

E S S Foster

Registered Office

Banner Cross Hall
Sheffield
S11 9PD

Registered in England
No. 1390361

Auditors

Hawsons
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Bankers

Barclays Bank Plc
2 Arena Court
Sheffield
S9 2WU

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31st December 2001.

Results and dividend

The profit for the year and the appropriation thereof are set out in the Profit and Loss Account.

The Directors recommend that a dividend on the Ordinary shares be paid on 21st May 2002 absorbing £5,009,000.

Principal activity

The principal activity of the Company is the development, letting, sale and management of commercial properties.

Review of operations and future prospects

An excellent year in terms of turnover and profit, both showing substantial increases over the previous year's high figures.

Further schemes are being progressed to give optimism for 2002.

Creditor payment policy

The Company's policy is to agree the terms and conditions with suppliers.

Payments are then generally made on the basis of this agreement, providing the suppliers conform with the terms and conditions stipulated.

At 31st December 2001, the Company had an average of 31 days purchases outstanding in trade creditors if calculated by the prescribed formula.

Directors

D Greaves, J K Gledhill, D R Anderson, E J Boot, J H Boot, R Brady and T M Washer held office as Directors of the Company throughout 2001.

Directors' interests in shares

The interests of Directors in the share capital of the Company, its Parent Company and other subsidiary companies of the Parent Company appearing in the register maintained under the provisions of the Companies Act 1985 were:

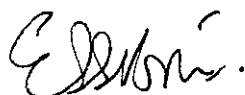
REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests in shares (continued)

	As at		As at		Options	
	1st January 2001		31st December 2001		Granted	Exercised
	Owned	Options	Owned	Options	in 2001	in 2001
The Company	None	None	None	None	None	None
Parent Company						
Ordinary shares of 10p each						
D R Anderson	3,904	3,058	13,358	845	None	2,213
J H Boot	1,018,515	9,224	1,031,809	-	None	9,224
R Brady	5,960	3,382	10,030	3,382	None	None
J K Gledhill	22,750	7,071	31,221	3,382	None	3,689
T M Washer	5,960	2,658	11,505	1,183	None	1,475
5.25% cumulative preference shares of £1 each						
J H Boot	16,128	None	16,128	None	None	None
Other subsidiary companies of the Parent Company	None	None	None	None	None	None

Auditors

The Auditors, Hawsons, have signified their willingness to remain in office and a resolution reappointing them as Auditors and fixing their remuneration will be proposed at the Annual General Meeting.



On behalf of the Board,
E S S Foster Secretary

22nd March 2002

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Henry Boot Developments Limited

We have audited the financial statements of Henry Boot Developments Limited for the year ended 31st December 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 misstatement within it.

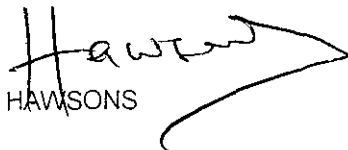
Basis of opinion

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 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 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HAWSONS

Chartered Accountants and Registered Auditors

Sheffield

22nd March 2002

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	2001 £	2000 £
Turnover - continuing operations	1	37,902,506	14,396,083
Cost of sales		26,576,620	7,862,066
Gross profit		11,325,886	6,534,017
Administrative expenses		1,427,876	1,006,321
Operating profit	2	9,898,010	5,527,696
Interest receivable		44,074	15,364
Interest payable	5	9,942,084 5,253	5,543,060 -
Profit on ordinary activities before taxation	1	9,936,831	5,543,060
Tax on profit on ordinary activities	6	2,991,506	1,675,931
Profit for the financial year		6,945,325	3,867,129
Dealt with as follows:			
Proposed dividend		5,009,000	2,400,000
Transfer to reserves	13	1,936,325	1,467,129
		6,945,325	3,867,129

The Company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

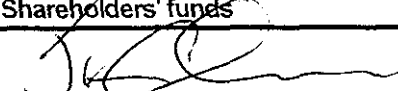
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

There were no discontinued operations.

BALANCE SHEET

AT 31ST DECEMBER 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	201,552	106,598
Current assets			
Stocks	8	22,660,022	29,793,810
Debtors	9	8,610,588	12,965,540
Investment	10	100,000	100,000
Cash at bank and in hand		40,167	26,912
		31,410,777	42,886,262
Creditors: amounts falling due within one year	11	(25,157,771)	(38,474,627)
Net current assets		6,253,006	4,411,635
Total assets less current liabilities		6,454,558	4,518,233
Capital and reserves			
Called up share capital	12	12	12
Capital reserve	13	20,969	20,969
Profit and loss account	13	6,433,577	4,497,252
Shareholders' funds		6,454,558	4,518,233


On behalf of the Board
J K Gledhill Director

ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

Turnover

Turnover comprises rents and management fees receivable in the year and the sale of land and buildings.

Depreciation

Depreciation is provided on a straight line basis, at the following annual rates, calculated to write off the cost of fixed assets over their estimated useful lives:

Motor vehicles	25%
Office equipment costing £1,000 and over	25%

Office equipment costing less than £1,000 is treated as revenue expenditure.

Developments in progress

Developments in progress are valued at the lower of cost and anticipated realisable value. Cost is the direct expenditure incurred in bringing the developments to their present condition.

Land held for development

Where development has not yet commenced, the value of the land is included in land held for development at the lower of cost and anticipated net realisable value. Where development has commenced, the value of the land is included in developments in progress.

Deferred taxation

Provision is made, at appropriate corporation tax rates, for any deferred taxation liabilities which the Directors consider may become payable within the foreseeable future.

Corporation tax

Corporation tax liabilities of the Company are transferred to and paid by the Parent Company and credit is received from the Parent Company for loss relief surrendered.

Pensions

Contributions to provide pensions and related benefits are charged to the profit and loss account annually so as to appropriately apportion the cost over employees' working lives with the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover and profit on ordinary activities before taxation.

The Company's turnover and profit arose from its property development, letting, sales and management activity in the UK.

2. Operating profit	2001 £	2000 £
Operating profit is stated after charging:		
Auditors' remuneration and expenses		
• as auditors	9,700	7,000
• for non-audit services	3,900	3,300
Depreciation	40,069	20,988
Rentals under operating leases other than property	22,276	25,796
Staff costs (note 3)	864,423	612,927

3. Staff costs	2001 £	2000 £
Wages and salaries	717,819	511,634
Social security costs	72,005	48,663
Other pension costs	74,599	52,630
	864,423	612,927

The average number of employees, all administrative, during the year was 17 (2000 : 14)

4. Emoluments of directors

The management remuneration of directors was £374,195 (2000 : £316,558).

The number of directors for whom retirement benefits are accruing under The Henry Boot Staff Pension and Life Assurance Scheme (note 16) is 6 (2000 : 6) comprising four directors paid by the Company and two directors who are paid by other group companies.

The management remuneration of the highest paid director was £113,846 (2000 : £100,247) and his accrued pension at the end of the year was £55,456 (2000 : £47,613). Gains on the award of shares issued under the Long-Term Incentive Plan of the Parent Company amounted to £18,447 (2000 : nil).

The number of directors receiving shares under the Long-Term Incentive Plan of the parent company was 7 (2000 : nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Interest payable	2001	2000
	£	£
Bank overdraft and similar interest	5,253	-

6. Tax on profit on ordinary activities	2001	2000
	£	£

The charge for the year consists of:

Corporation tax at 30% (2000 : 30%) on the profit for the year

Adjustment in respect of prior years

	2,991,506	1,669,674
	-	6,257
	2,991,506	1,675,931

7. Tangible assets	Motor vehicles	Office equipment	Total
Cost	£	£	£
At 31st December 2000	121,683	49,599	171,282
Additions	117,711	30,962	148,673
Disposals	(29,485)	-	(29,485)
At 31st December 2001	209,909	80,561	290,470
Depreciation			
At 31st December 2000	27,980	36,704	64,684
Charge for year	32,734	7,335	40,069
Disposals	(15,835)	-	(15,835)
At 31st December 2001	44,879	44,039	88,918
Net book value			
At 31st December 2001	165,030	36,522	201,552
At 31st December 2000	93,703	12,895	106,598

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Stocks	2001 £	2000 £
Developments in progress	22,660,022	29,793,810

9. Debtors	2001 £	2000 £
Trade debtors	529,804	164,230
Amounts owed by group undertakings		
• Fellow subsidiaries	7,751,826	11,924,806
Other debtors	138,958	800,504
Prepayments and accrued income	190,000	76,000
	8,610,588	12,965,540

10. Current asset investment	2001 £	2000 £
Shares in group undertaking	100,000	100,000

Shares in group undertaking comprise the whole of the issued share capital of Octan Limited, a company registered in England and Wales. Octan Limited does not carry on any trade.

The Company is exempt from the obligation to prepare and deliver group accounts as it is a subsidiary of an immediate parent undertaking established in a member state of the E.E.C. (note 17).

11. Creditors: amounts falling due within one year	2001 £	2000 £
Trade creditors	1,509,797	1,936,420
Amounts owed to group undertakings		
• Parent Company and fellow subsidiaries	15,223,160	31,894,486
• Subsidiary	94,036	94,036
• Parent Company in respect of taxation	2,991,506	1,675,931
Other creditors	97,648	54,022
Accruals and deferred income	232,624	419,732
Proposed dividend	5,009,000	2,400,000
	25,157,771	38,474,627

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Share capital

The authorised share capital throughout the year consisted of 10,000 shares of £1 each of which 12 shares were allotted, issued and fully paid.

13. Reserves

	Capital reserve £	Profit & loss account £
At beginning of year	20,969	4,497,252
Profit for the year	-	1,936,325
At end of year	20,969	6,433,577

14. Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Profit for the financial year	6,945,325	3,867,129
Dividend	5,009,000	2,400,000
Shareholders' funds at beginning of year	1,936,325 4,518,233	1,467,129 3,051,104
Shareholders' funds at end of year	6,454,558	4,518,233

15. Guarantees and contingencies

The Company, together with other undertakings in the Group, has given cross guarantees to certain of the Group's bankers and bondsmen in respect of facilities available to group undertakings in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Pensions

The Company participates in The Henry Boot Staff Pension and Life Assurance Scheme. This is a final salary scheme for eligible staff which is funded to provide for future pension liabilities, including anticipated increases in earnings and pensions. The assets of the scheme are held in a fund independently administered by trustees.

The level of contributions is based on pension costs across the group as a whole and is determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent valuation was at 1st January 2001 and details are shown in the financial statements of the Parent Company, Henry Boot PLC.

17. Parent company

The Company's ultimate parent company and ultimate controlling party is Henry Boot PLC, a company registered in England & Wales. The only group of undertakings of which the Company is a member is the Henry Boot PLC Group. Copies of the financial statements of this Group can be obtained from Banner Cross Hall, Sheffield, S11 9PD.

In accordance with Financial Reporting Standard no. 8, the Company has taken advantage of the exemption from disclosing details of transactions with other companies in the Henry Boot Group.

18. Approval of financial statements

The Board of Directors approved these financial statements on 22nd March 2002.