Henry Boot

Henry Boot Developments Limited
(Co. No. 1390361)

2003
Annual Report



Henry Boot
Developments Limited
2003 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	7
Balance Sheet	8
Accounting Policies	9
Notes to the Financial Statements	10

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 31 December 2003.

Results and dividend

The loss for the year and the manner in which it has been dealt with are set out in the Profit and Loss Account.

The Directors do not recommend a dividend.

Principal activity

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

Review of operations and future prospects

The performance of the Company was satisfactory bearing in mind the substantial amount of preparatory work carried out on schemes scheduled to bear fruit in 2004 and beyond.

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 31 December 2003, the Company had an average of 19 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 2003.

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 1 January 2003		As at 31 December 2003		Options Granted in 2003	Options Exercised in 2003
	Owned	Options	Owned	Options		
The Company	None	None	None	None	None	None
Parent Company						
Ordinary shares of 10p each						
D R Anderson	13,125	None	13,125	None	None	None
J H Boot	964,398	None	1,032,948	None	None	None
R Brady	10,030	None	4,070	None	None	None
J K Gledhill	37,830	None	37,783	None	None	None
T M Washer	15,668	None	15,668	None	None	None
5.25% Cumulative Preference shares of £1 each						
J H Boot	11,978	None	11,978	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*

19 March 2004

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 31 December 2003 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.

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
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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hawsons

HAWSONS

Chartered Accountants and Registered Auditors

Sheffield

19 March 2004

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
Turnover – continuing operations	1	**20,225,383**	16,860,123
Cost of sales		**18,494,040**	13,125,320
Gross profit		**1,731,343**	3,734,803
Administrative expenses		**1,859,048**	1,784,867
Operating (loss) profit	2	**(127,705)**	1,949,936
Interest receivable		**5,557**	945
		(122,148)	1,950,881
Interest payable	5	**(2,074)**	25
(Loss) Profit on ordinary activities before taxation	1	**(124,222)**	1,950,856
Tax on (loss) profit on ordinary activities	6	**(25,582)**	576,046
(Loss) profit for the financial year		**(98,640)**	1,374,810
Dealt with as follows:			
Proposed dividend		**-**	808,000
Transfer to reserves	14	**(98,640)**	566,810
		(98,640)	1,374,810

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

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

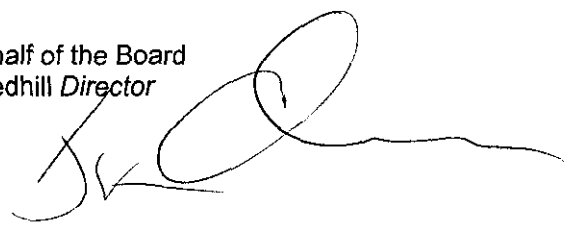
There were no discontinued operations.

BALANCE SHEET

AT 31 DECEMBER 2003

	Note	**2003** £	2002 £
Fixed assets			
Tangible assets	7	**148,012**	200,214
Current assets			
Stocks	8	**46,326,540**	31,356,998
Debtors	9	**11,955,513**	15,215,003
Investment	10	**100,000**	100,000
Cash at bank and in hand		**2,161**	1,411
		58,384,214	46,673,412
Creditors: amounts falling due within one year	11	**(51,572,897)**	(39,812,857)
Net current assets		**6,811,317**	6,860,555
Total assets less current liabilities		**6,959,329**	7,060,769
Provisions for liabilities and charges	12	**(36,601)**	(39,401)
Total net assets		**6,922,728**	7,021,368
Capital and reserves			
Called up share capital	13	**12**	12
Capital reserve	14	**20,969**	20,969
Profit and loss account	14	**6,901,747**	7,000,387
Shareholders' funds		**6,922,728**	7,021,368

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

In accordance with Financial Reporting Standard 19 provision is made at appropriate corporation tax rates for deferred taxation in respect of timing differences other than those arising on property revaluations.

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 (loss) profit on ordinary activities before taxation

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

2. Operating (loss) profit

	2003	2002
	£	£
Operating (loss) profit is stated after charging:		
Auditors' remuneration and expenses		
• as auditors	**12,500**	12,000
• for non-audit services	**6,200**	5,000
Depreciation	**57,980**	65,298
Rentals under operating leases other than property	**15,832**	25,568
Staff costs (note 3)	**1,192,794**	1,047,998

3. Staff costs

	2003	2002
	£	£
Wages and salaries	**1,001,409**	873,329
Social security costs	**95,692**	83,262
Other pension costs	**95,693**	91,407
	1,192,794	1,047,998

The average number of employees, all administrative, during the year was 23 (2002 : 21)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Emoluments of directors

The management remuneration of directors was £494,296 (2001 : £408,604).

The number of directors for whom retirement benefits are accruing under The Henry Boot Staff Pension and Life Assurance Scheme (note 17) is 6 (2002 : 6) comprising five directors paid by the Company and one director who are paid by other group companies.

The management remuneration of the highest paid director was £129,758 (2002 : £123,958) and his accrued pension at the end of the year was £63,355 (2002 : £58,384). Gains on the award of shares issued under the Long-Term Incentive Plan of the Parent Company amounted to £Nil (2002 : £20,750).

The number of directors receiving shares under the Long-Term Incentive Plan of the parent company was 2 (2002 : 7).

5. Interest payable	2003	2002
	£	£
Bank overdraft and similar interest	**2,074**	25

6. Tax on (loss) profit on ordinary activities	2003	2002
	£	£
(a) Analysis of charge in year		
Current tax:		
UK Corporation tax on (loss) profit for the year	**(22,782)**	536,645
Deferred tax		
Origination and reversal of timing differences	**(2,800)**	39,401
	(25,582)	576,046

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Tax on (loss) profit on ordinary activities (continued)

(b) Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax (30%). The differences are explained below:

	2003	2002
	£	£
(Loss) Profit on ordinary activities before taxation	**(124,222)**	1,950,856
(Loss) Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 : 30%)	**(37,267)**	585,257
Effects of:		
Expenses not deductible for tax purposes	**11,684**	12,575
Relief for expenditure on contaminated land	**-**	(66,910)
Depreciation in excess of capital allowances	**2,801**	5,723
Current tax charge for year	**(22,782)**	536,645

7. *Tangible assets*

	Motor vehicles	**Office equipment**	**Total**
	£	**£**	**£**
Cost			
At 31 December 2002	**258,128**	**82,561**	**340,689**
Additions	**50,628**	**-**	**50,628**
Disposals	**(86,195)**	**-**	**(86,195)**
At 31 December 2003	**222,561**	**82,561**	**305,122**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Tangible assets (continued)

	Motor vehicles	Office equipment	Total
	£	£	£
Depreciation			
At 31 December 2002	**84,810**	**55,665**	**140,475**
Charge for year	**45,938**	**12,042**	**57,980**
Disposals	**(41,345)**	**-**	**(41,345)**
At 31 December 2003	**89,403**	**67,707**	**157,110**
Net book value			
At 31 December 2003	**133,158**	**14,854**	**148,012**
At 31 December 2002	**173,318**	**26,896**	**200,214**

8. Stocks

	2003	2002
	£	£
Developments in progress	**46,326,540**	31,356,998

9. Debtors

	2003	2002
	£	£
Trade debtors	**229,712**	119,463
Amounts owed by group undertakings		
• Fellow subsidiaries	**10,747,301**	14,352,521
• Parent company in respect of taxation	**552,631**	529,849
Other debtors	**353,369**	669
Prepayments and accrued income	**72,500**	212,501
	11,955,513	15,215,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Current asset Investment	2003	2002
	£	£
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 18).

11. Creditors: amounts falling due within one year	2003	2002
	£	£
Bank overdraft	**112,433**	94,413
Trade creditors	**1,686,591**	651,623
Amounts owed to group undertakings		
• Parent Company and fellow subsidiaries	**49,254,272**	37,579,480
• Subsidiary	**94,036**	94,036
Taxation and social security	**16**	245,566
Other creditors	**223,404**	224,947
Accruals and deferred income	**202,145**	114,792
Proposed dividend	-	808,000
	51,572,897	39,812,857

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Deferred taxation

	2003	2002
	£	£
At 31 December 2002	**39,401**	-
Profit and loss account	**(2,800)**	39,401
At 31 December 2003	**36,601**	39,401

The full potential liability comprises:		
Provided for:		
Corporation tax on the excess (deficit) of the book value of fixed assets qualifying for taxation allowances over their value for taxation purposes	**(8,005)**	(5,205)
Short term timing differences	**44,606**	44,606
	36,601	39,401

13. Share capital

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

14. Reserves

	Capital Reserve	Profit & loss Account
	£	£
At beginning of year	**20,969**	**7,000,387**
Loss for the year	-	**(98,640)**
At end of year	**20,969**	**6,901,747**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Reconciliation of movement in shareholders' funds	2003	2002
	£	£
Loss for the financial year	**(98,640)**	1,374,810
Dividend	**-**	808,000
	(98,640)	566,810
Shareholders' funds at beginning of year	**7,021,368**	6,454,558
Shareholders' funds at end of year	**6,922,728**	7,021,368

16. 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.

17. 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 1 January 2001 and details are shown in the financial statements of the Parent Company, Henry Boot PLC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. 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.

19. Approval of financial statements

The Board of Directors approved these financial statements on 19 March 2004.