2979041

Artisan (UK) Developments Limited

Report and Financial Statements

Year Ended

31 March 2004

BDO

BDO Stoy Hayward
Chartered Accountants

Artisan (UK) Developments Limited

Annual report and financial statements for the year ended 31 March 2004

Contents

Directors

M J Eyres
M Freeman
D J Railton
Artisan (UK) plc

Secretary and registered office

Artisan (UK) plc, Mace House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

Company number

2979041

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

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Artisan (UK) Developments Limited

Report of the directors for the year ended 31 March 2004

The directors present their report together with the audited financial statements for the year ended 31 March 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The loss on ordinary activities after taxation was £624,597 (2003 - profit £75,489). The directors do not recommend the payment of a dividend (2003 - £nil).

Principal activities, trading review and future developments

The principal activity of the company in the year under review was that of a property development company. There has been no change in this activity during the course of the year.

The company now has a balanced stock of four business park locations in St Albans, St Neots, Huntingdon and Peterborough. These sites are well poised to benefit from any improvement in the commercial market.

Speculative development activity has been controlled and the company is selling completed units and only cautiously commencing any new speculative development. In the meantime, the company is concentrating on developing more units with intended occupiers on a forward sale basis.

Directors

The directors of the company during the year were:

M J Eyres
M Freeman
D J Railton
Artisan (UK) plc
J R Shaw (resigned 19 September 2003)

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

	Ordinary £1 shares	
	2004	**2003**
M J Eyres	-	-
M Freeman	-	-
D J Railton	-	-
Artisan (UK) plc	**800,000**	800,000

The company is a wholly owned subsidiary of Artisan (UK) plc. The interests of M Freeman, who is also a director of the parent undertaking, in the shares of Artisan (UK) plc, are disclosed in that company's accounts.

Artisan (UK) Developments Limited

Report of the directors for the year ended 31 March 2004 ***(Continued)***

Directors *(Continued)*

The other directors, who held office at the end of the year, and who had interests in the share capital of Artisan (UK) plc, were as follows:

	Ordinary £1 shares 2004	2003
M J Eyres	**16,667**	16,667

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; and
- 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.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

Artisan (UK) plc
Secretary

Date 13 JULY 2004

To the shareholders of Artisan (UK) Developments Limited

We have audited the financial statements of Artisan (UK) Developments Limited for the year ended 31 March 2004 on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

Date 13/7/04

Artisan (UK) Developments Limited

Profit and loss account for the year ended 31 March 2004

	Note	2004 £	2003 £
Turnover		4,516,641	4,708,513
Cost of sales		(4,625,619)	(4,132,759)
Gross (loss)/profit		(108,978)	575,754
Administrative expenses		(329,625)	(103,258)
Operating (loss)/profit	3	(438,603)	472,496
Interest receivable		2,292	5,885
Interest payable and similar charges	4	(449,666)	(402,892)
(Loss)/profit on ordinary activities before taxation		(885,977)	75,489
Taxation	5	261,380	-
Retained (loss)/profit for the year	12	(624,597)	75,489

All amounts shown relate to continuing activities.
The company has no recognised gains or losses other than the results for the current and previous years.

The notes on pages 7 to 14 form part of these financial statements.

Artisan (UK) Developments Limited

Balance sheet at 31 March 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	6		**9,276**		26,785
Current assets					
Stocks	7	**9,616,666**		10,130,800	
Debtors	8	**1,083,350**		1,549,403	
Cash at bank and in hand		**188**		93	
		10,700,204		11,680,296	
Creditors: amounts falling due within one year	9	**10,095,128**		10,468,132	
Net current assets			**605,076**		1,212,164
Total assets less current liabilities			**614,352**		1,238,949
Capital and reserves					
Called up share capital	11		**800,000**		800,000
Profit and loss account	12		**(185,648)**		438,949
Shareholders' funds - equity	13		**614,352**		1,238,949

The financial statements were approved by the Board on 13 JULY 2004

M J Eyres
Director

The notes on pages 7 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption not to prepare a cashflow statement on the basis that a consolidated cashflow statement is published in the parent company's consolidated financial statements.

Turnover

Turnover represents the value of work done for and properties sold, excluding VAT. Profit is recognised on long term work in progress contracts if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Turnover arises solely in the UK. In respect of sales of property, turnover is recognised when the sale becomes unconditional.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Office equipment	- 25% on cost

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost including relevant overheads and net realisable value. Work in progress includes materials, labour and an appropriate proportion of relevant overheads costs incurred on incompleted contracts and developments at the year end. Profit is recognised on long term contracts as stated above.

1 Accounting policies *(Continued)*

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. The cost for the year is shown in note 2 to the accounts.

2 Employees

	2004	2003
	£	£
Staff costs consist of:		
Wages and salaries	**339,859**	383,446
Social security costs	**37,283**	38,822
Other pension costs	**17,260**	19,620
	394,402	441,888

The average number of employees, including directors, during the year were as follows:	**Number**	**Number**
Administration	**2**	3
Operations	**7**	8
	9	11

3 *Operating (loss)/profit*

	2004	2003
	£	£
This has been arrived at after charging/(crediting):		
Depreciation - owned assets	**10,782**	26,424
Profit on disposal of fixed assets	**(2,100)**	-
Hire of plant and machinery	**17,143**	2,564
Other operating leases	**9,821**	17,007
Auditors' remuneration	**24,000**	17,000

During the year overhead costs totalling £79,656 (2003 - £432,999) were allocated from administrative expenses to work in progress.

	2004	2003
	£	£
Directors' emoluments	**129,700**	196,409
Directors' pension contributions to money purchase schemes	**11,417**	16,430

Pension contributions were made on behalf of 3 directors (2003 – 4).

4 Interest payable and similar charges

	2004	2003
	£	£
Bank interest	**364,699**	344,829
Other interest	**2,004**	3,787
Hire purchase	**100**	184
Inter group interest	**82,863**	54,092
	449,666	402,892

5 Taxation

	2004	2003
	£	£
Current tax		
UK corporation tax on (losses)/profits of the year	**(261,380)**	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2004	2003
	£	£
(Loss)/profit on ordinary activities before tax	**(885,977)**	75,489
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	**(265,793)**	22,647
Effects of:		
Expenses not deductible for tax purposes	**3,857**	4,105
Depreciation for year in excess of capital allowances	**1,186**	4,289
Non-taxable income	**(630)**	-
Group relief	-	(31,041)
Current tax (credit)/charge for year	**(261,380)**	-

6 Tangible assets

	Leasehold improvements £	Fixtures, fittings and office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2003	25,805	68,687	33,743	128,235
Disposals	-	-	(26,640)	(26,640)
At 31 March 2004	**25,805**	**68,687**	**7,103**	**101,595**
Depreciation				
At 1 April 2003	25,744	54,613	21,093	101,450
Charge for the year	50	8,656	2,904	11,610
Disposals	-	-	(20,741)	(20,741)
At 31 March 2004	**25,794**	**63,269**	**3,256**	**92,319**
Net book value				
At 31 March 2004	**11**	**5,418**	**3,847**	**9,276**
At 31 March 2003	61	14,074	12,650	26,785

7 Stocks

	2004 £	2003 £
Work in progress	**9,616,666**	10,130,800

8 Debtors

	2004	2003
	£	£
Trade debtors	619,346	1,205,810
Amounts owed by group undertakings	264,307	-
Amounts recoverable on contracts	123,418	313,941
Other debtors	70,418	24,000
Prepayments and accrued income	5,861	5,652
	1,083,350	1,549,403

9 Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank overdraft (secured)	6,450,796	7,188,893
Hire purchase contracts	-	3,044
Trade creditors	327,634	474,201
Corporation tax	35,673	266,123
Other taxes and social security	10,823	12,264
Other creditors	-	159,619
Amounts owed to parent company	2,155,661	-
Amounts owed to group undertakings	625,944	1,009,848
Accruals and deferred income	488,597	1,354,140
	10,095,128	10,468,132

The bank overdraft is secured by an all monies debenture over all the assets of the company incorporating fixed and floating charges. Set-off is available to the bank between the company and Artisan (UK) plc and its group company members by virtue of the bank holding a debenture from each company together with a cross corporate guarantee.

10 Commitments under operating leases

At 31 March 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and building		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiring within one year	-	-	2,753	4,017
Expiring within two to five years	10,850	-	8,532	4,130
	10,850	-	11,285	8,147

11 Share capital

	2004	2003
	£	£
Authorised, allotted, issued and fully paid:		
800,000 ordinary shares of £1	800,000	800,000

12 Reserves

	Profit and loss account
	£
At 1 April 2003	438,949
Loss for the year	(624,597)
At 31 March 2004	(185,648)

13 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
(Loss)/profit for the financial year	(624,597)	75,489
Opening shareholders' funds	1,238,949	1,163,460
Closing shareholders' funds	614,352	1,238,949

14 *Contingent liabilities*

	2004 £	2003 £
Performance bonds in the normal course of business	-	300,000

A cross corporate guarantee held by the bank in favour of Artisan (UK) plc and its group company members has been given by the company for all monies owing. At 31 March 2004, bank borrowings of other group company members covered by the cross guarantee amounted to £nil (2003 - £1,626,028).

15 Related party disclosures

During the year the company sold a motor vehicle to D J Railton, a director, for proceeds equal to the net book value of £3,300.

Exemption is taken of related party disclosures in respect of group transactions on the basis that details of Artisan (UK) Developments Limited are included in the consolidated financial statements of Artisan (UK) plc.

16 Ultimate parent company

The directors regard Artisan (UK) plc, a company registered in England and Wales, as the ultimate parent company.

Copies of the Artisan (UK) plc financial statements can be obtained from Mace House, Sovereign Court, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.