

GREENBELT GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

THURSDAY



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GREENBELT GROUP LIMITED

COMPANY INFORMATION

Directors	A W Burton OBE A Middleton R Taylor G Davies
Company secretary	DW Company Services Limited
Company number	SC192378
Registered office	McCafferty House 99 Firhill Road Glasgow G20 7BE
Auditors	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
Bankers	Bank of Scotland 167 - 201 Argyll Street Glasgow G2 8BU
Solicitors	Dundas & Wilson CS LLP 191 West George Street Glasgow G2 2LD

GREENBELT GROUP LIMITED

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GREENBELT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

The directors present their report and the financial statements for the year ended 30 September 2010.

Principal activities

The principal activity of the company in the year under review was that of the repair and management of land and in the conservation and enhancement of the landscape.

Business review

The UK housing development industry has seen unprecedented volatility over the last few years caused by a combination of economic recession, lack of mortgage funding for new house purchases and general business uncertainty, leading to house building activity being at lower levels than at any time in the last 10 years.

In response, the company re-structured its operations to enable it to continue to offer cost-effective services to its customer base whilst maintaining an exceptionally high level of customer service.

The directors anticipate that market conditions in the UK housing sector will continue to be challenging in the short term but that the longer term outlook is positive.

Greenbelt's business model is ideally suited to the current market, providing the market with a cost-effective, high quality service which has been proven to deliver a high level of customer satisfaction. This model has been adopted by all major UK house builders and developers across the UK. With a business model that matches market needs, a strong customer base and appropriate funding levels, the directors are confident that Greenbelt Group Ltd is well placed to achieve further growth.

Results

The profit for the year, after taxation, amounted to £90,816 (2009 - loss £896,918).

Directors

The directors who served during the year were:

A W Burton OBE
A Middleton
R Taylor
G Davies

Future developments

The Directors are keen to continue to expand the availability of the Greenspace model throughout the UK with a particular view to taking on new developments.

The Directors are also engaging actively at senior policy level on planning within the development industry to further promote acceptance of the Greenspace model as an effective, sustainable tool for long term open space management and how this can be integrated with new initiatives on waste management and renewable energy.

Risks and uncertainties

The market is now beginning to show signs of recovery with expectations of a further increase in the rate of new business growth in the year ahead.

GREENBELT GROUP LIMITED

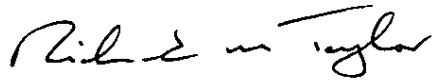
**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 31/03/11 and signed on its behalf.



R Taylor
Director

GREENBELT GROUP LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

GREENBELT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENBELT GROUP LIMITED

We have audited the financial statements of Greenbelt Group Limited for the year ended 30 September 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GREENBELT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENBELT GROUP LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alastair Rae

Alastair Rae (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors
Edinburgh, UK

31 March 2011

GREENBELT GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	4,752,176	3,631,430
Cost of sales		<u>(2,846,712)</u>	<u>(2,408,759)</u>
GROSS PROFIT		1,905,464	1,222,671
Administrative expenses		<u>(1,952,691)</u>	<u>(2,087,123)</u>
Other operating income		<u>48,140</u>	<u>10,950</u>
OPERATING PROFIT/(LOSS)	3	913	(853,502)
EXCEPTIONAL ITEMS			
Net profit on sale of tangible fixed assets	7	<u>183,406</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		184,319	(853,502)
Interest receivable and similar income		-	3
Interest payable and similar charges	6	<u>(34,761)</u>	<u>(43,419)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		149,558	(896,918)
Tax on profit/(loss) on ordinary activities	8	<u>(58,742)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u>90,816</u>	<u>(896,918)</u>

All amounts relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

GREENBELT GROUP LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	2010 £	2009 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	90,816	(896,918)
Unrealised surplus on revaluation of tangible fixed assets	<u>602,361</u>	<u>575,650</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>693,177</u></u>	<u><u>(321,268)</u></u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	2010 £	2009 £
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	149,558	(896,918)
Realisation of valuation gains of previous periods	<u>1,123,299</u>	<u>51,538</u>
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>1,272,857</u></u>	<u><u>(845,380)</u></u>
HISTORICAL PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION	<u><u>1,214,115</u></u>	<u><u>(845,380)</u></u>

The notes on pages 9 to 17 form part of these financial statements.

GREENBELT GROUP LIMITED
REGISTERED NUMBER: SC192378

BALANCE SHEET
AS AT 30 SEPTEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	9		8,140,848		8,682,751
Investments	10		<u>25,002</u>		<u>25,002</u>
			8,165,850		8,707,753
CURRENT ASSETS					
Stocks	11	287,499		287,499	
Debtors	12	5,087,249		3,774,555	
Cash in hand		<u>2,605</u>		<u>2,605</u>	
			5,377,353		4,064,659
CREDITORS: amounts falling due within one year	13		<u>(3,956,321)</u>		<u>(4,027,734)</u>
NET CURRENT ASSETS			1,421,032		36,925
TOTAL ASSETS LESS CURRENT LIABILITIES			9,586,882		8,744,678
CREDITORS: amounts falling due after more than one year	14		(985,934)		(762,922)
PROVISIONS FOR LIABILITIES					
Other provisions	16		<u>(198,015)</u>		<u>(272,000)</u>
NET ASSETS			8,402,933		7,709,756
CAPITAL AND RESERVES					
Called up share capital	17		10		10
Revaluation reserve	18		7,391,474		7,912,412
Capital redemption reserve	18		6		6
Profit and loss account	18		<u>1,011,443</u>		<u>(202,672)</u>
SHAREHOLDERS' FUNDS			8,402,933		7,709,756

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

31/03/2011



R Taylor
 Director

The notes on pages 9 to 17 form part of these financial statements.

GREENBELT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover represents net invoiced sales of services and amounts earned but not invoiced, excluding value added tax. Turnover comprises development fees which are recognised on the earlier of site access or legal instruction to draw up the specific site agreement; greenspace billing fees which are billed to homeowners according to the annual billing period for a given site; reimbursements which are matched with the corresponding rechargeable expense; property sales which are recognised on legal completion and revenue grants which are recognised in the period to which they relate.

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	25% straight line
Computer equipment	-	33% straight line
Property improvements	-	20% straight line

Land is not depreciated.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks

Stocks are properties held for re-sale which are valued at the lower of cost and net realisable value.

GREENBELT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Establishment provision

The establishment provision comprises future estimated costs that the company has an obligation to meet on specific land management projects undertaken by the company.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting):

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the company	23,710	44,461
Auditors' remuneration	12,200	11,850
Operating lease rentals:		
- plant and machinery	13,872	10,810
- other operating leases	72,392	75,628
Gain on sale of tangible assets	-	(89,061)
	<u> </u>	<u> </u>

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2010	2009
	£	£
Wages and salaries	817,252	911,139
Social security costs	84,873	93,510
Other pension costs	12,483	17,296
	914,608	1,021,945

The average monthly number of employees, including the directors, during the year was as follows:

	2010	2009
	No.	No.
Directors	3	2
Administration	34	33
	37	35

5. DIRECTORS' REMUNERATION

	2010	2009
	£	£
Emoluments	72,000	72,667
Company pension contributions to defined contribution pension schemes	5,700	6,280

During the year retirement benefits were accruing to 1 director (2009 - 1) in respect of defined contribution pension schemes.

6. INTEREST PAYABLE

	2010	2009
	£	£
On bank loans and overdrafts	32,939	32,861
On other loans	1,822	10,558
	34,761	43,419

7. EXCEPTIONAL ITEMS

	2010	2009
	£	£
Gain on sale of land	183,406	-

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

8. TAXATION

	2010 £	2009 £
UK corporation tax charge on profit/loss for the year	<u>58,742</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below:

	2010 £	2009 £
Profit/loss on ordinary activities before tax	<u>149,558</u>	<u>(896,918)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	41,876	(251,137)

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	676	-
Capital allowances for year in excess of depreciation	962	-
Tax losses carried forward	-	251,137
Other timing differences leading to a decrease (increase) in taxation	(51,354)	-
Capital gains	67,243	-
Other differences leading to an increase (decrease) in the tax charge	(661)	-
Current tax charge for the year (see note above)	<u>58,742</u>	<u>-</u>

9. TANGIBLE FIXED ASSETS

	Land £	Fixtures & fittings £	Computer equipment £	Property improvements £	Total £
Cost or valuation					
At 1 October 2009	8,654,801	58,057	175,752	44,811	8,933,421
Additions	-	-	2,745	-	2,745
Disposals	(1,123,299)	-	-	-	(1,123,299)
Revaluation surplus	602,361	-	-	-	602,361
At 30 September 2010	<u>8,133,863</u>	<u>58,057</u>	<u>178,497</u>	<u>44,811</u>	<u>8,415,228</u>
Depreciation					
At 1 October 2009	-	49,433	171,374	29,863	250,670
Charge for the year	-	6,930	4,891	11,889	23,710
At 30 September 2010	<u>-</u>	<u>56,363</u>	<u>176,265</u>	<u>41,752</u>	<u>274,380</u>
Net book value					
At 30 September 2010	<u>8,133,863</u>	<u>1,694</u>	<u>2,232</u>	<u>3,059</u>	<u>8,140,848</u>
At 30 September 2009	<u>8,654,801</u>	<u>8,624</u>	<u>4,378</u>	<u>14,948</u>	<u>8,682,751</u>

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

9. TANGIBLE FIXED ASSETS (continued)

Cost or valuation at 30 September 2010 is as follows:

	Land £
At cost	-
At Valuation	8,133,863
	<u>8,133,863</u>

If the land had not been included at valuation they would have been included under the historical cost convention as follows:

	2010 £	2009 £
Cost	742,389	742,389
Accumulated depreciation	-	-
Net book value	<u>742,389</u>	<u>742,389</u>

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 October 2009 and 30 September 2010	2	25,000	25,002
Net book value			
At 30 September 2010	<u>2</u>	<u>25,000</u>	<u>25,002</u>
At 30 September 2009	<u>2</u>	<u>25,000</u>	<u>25,002</u>

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were non-trading subsidiary undertakings of the company:

Name	Holding
The Northern Ireland Greenbelt Company Ltd	100%

The aggregate of the share capital and reserves as at 30 September 2010 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
The Northern Ireland Greenbelt Company Ltd	2	-

11. STOCKS

	2010 £	2009 £
Properties held for resale	<u>287,499</u>	<u>287,499</u>

12. DEBTORS

	2010 £	2009 £
Due after more than one year		
Amounts owed by group undertakings	1,472,253	460,951
Due within one year		
Trade debtors	3,566,643	3,123,549
Other debtors	-	129,430
Prepayments and accrued income	48,353	60,625
	<u>5,087,249</u>	<u>3,774,555</u>

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

**13. CREDITORS:
Amounts falling due within one year**

	2010	2009
	£	£
Bank loans and overdrafts	595,486	176,526
Trade creditors	808,814	875,361
Amounts owed to group undertakings	126,312	634,017
Corporation tax	58,743	-
Social security and other taxes	490,073	745,798
Pension fund contributions	5,429	4,454
Other creditors	1,642,014	1,421,478
Accruals and deferred income	229,450	170,100
	3,956,321	4,027,734

There is a bond and floating charge over the assets of the company. There is also a cross guarantee between Greenbelt Holdings Ltd, Greenbelt Group Ltd, MG Contracting Ltd, MG Contracting (East) Ltd, Greenbelt Property Ltd and Greenhome Property Management Ltd (the Group). The contingent liability arising from this cross guarantee at the year end is £2,141,267.

**14. CREDITORS:
Amounts falling due after more than one year**

	2010	2009
	£	£
Amounts owed to group undertakings	985,934	762,922

15. DEFERRED TAXATION

	2010	2009
	£	£
At beginning and end of year	-	-

16. PROVISIONS

	Establishment provision £
At 1 October 2009	272,000
Amounts used	(73,985)
At 30 September 2010	198,015

Establishment provision

The establishment provision comprises future estimated costs that the company has an obligation to meet on specific land management projects undertaken by the company.

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

17. SHARE CAPITAL

	2010 £	2009 £
Authorised		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
10 ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

18. RESERVES

	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 October 2009	6	7,912,412	(202,672)
Profit for the year	-	-	90,816
Surplus on revaluation of land	-	602,361	-
Transfer between reserves	-	(1,123,299)	1,123,299
	<u>6</u>	<u>7,391,474</u>	<u>1,011,443</u>
At 30 September 2010	<u>6</u>	<u>7,391,474</u>	<u>1,011,443</u>

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The total contributions payable in the year were £12,483 (2009 - £17,296). Outstanding contributions at the year end were £5,429 (2009 - £4,454).

20. RELATED PARTY TRANSACTIONS

Exemption has been taken from disclosing details of transactions with other group entities on the basis that 100% of the voting rights of the company are controlled within the group and consolidated financial statements in which the company is included are publicly available.

Included within debtors is a balance of £11,773 (2009 - £13,408) due from Greenhome Property Management Limited a fellow subsidiary of Greenbelt Holdings Limited in which the group holds an 89% interest. During the year the company recharged expenses of £72,064 (2009 - £94,453) to Greenhome Property Management Limited.

GREENBELT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Greenbelt Holdings Limited of which the directors are the ultimate controlling party.