

Registrar

Hazel Homes Limited (formerly Urban Rhythm Limited)

Financial statements

For the period from 19 June 2003 to 31 August 2004

Grant Thornton 



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Company No. 04804367

Company information

Company registration number	04804367
Registered office	The Stables Hallaton Hall North End Hallaton Market Harborough Leicestershire LE16 8UJ
Directors	S R Hazelton T R Hazelton B J Gibson
Secretary	S R Hazelton
Bankers	Bank of Scotland 14 Friar Lane Leicester LE1 5RA
Solicitors	Spearing Waite 41 Friar Lane Leicester LE1 5RB
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 8 West Walk Leicester LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the company for the period from 19 June 2003 to 31 August 2004.

Principal activities and business review

The company commenced trading on 17 February 2004. The principal activity of the company during the period was the development of residential property. On 23 October 2003 the company changed its name.

The directors are satisfied with the result for the period and the position at the balance sheet date. It is the directors' general intention to develop the existing activities of the company as opportunities arise.

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 August 2004	At 19 June 2003 or later date of appointment
S R Hazelton	37	1
T R Hazelton	63	1
B J Gibson	-	-
	<hr/>	<hr/>

S R Hazelton was appointed as a director on 19 June 2003.

T R Hazelton was appointed as a director on 19 June 2003.

B J Gibson was appointed as a director on 18 November 2003.

Douglas Nominees Limited was the founding director on incorporation and resigned on 19 June 2003.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 19 June 2003 Grant Thornton were appointed as company auditors.

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S R Hazelton
Secretary

10 January 2005

Report of the independent auditors to the members of Hazel Homes Limited (formerly Urban Rhythm Limited)

We have audited the financial statements of Hazel Homes Limited (formerly Urban Rhythm Limited) for the period from 19 June 2003 to 31 August 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 13. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 affairs of the company as at 31 August 2004 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Grant Thornton UK LLP

LEICESTER
10 January 2005

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Investments

Investments are included at cost.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress. Work in progress includes bank interest on site specific funding.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions: available evidence at the balance sheet date, it is more likely than not that the taxable charged

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover represents amounts receivable for goods and services provided, exclusive of Value Added Tax.
Turnover in respect of houses and flats is recognised on legal completion.

Profit and loss account

	Note	2004 15 months £
Turnover		-
Other operating charges	1	4,493
Operating loss	2	<u>(4,493)</u>
Interest receivable		57
Loss on ordinary activities before taxation		<u>(4,436)</u>
Tax on loss on ordinary activities		-
Loss for the financial period	12	<u><u>(4,436)</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet

	Note	2004 £
Fixed assets		
Investments	6	<u>2</u>
Current assets		
Stocks	7	2,069,808
Debtors	8	5,417
Cash at bank		12,829
		<u>2,088,054</u>
Creditors: amounts falling due within one year	9	<u>2,092,392</u>
Net current liabilities		<u>(4,338)</u>
Total assets less current liabilities		<u>(4,336)</u>
Capital and reserves		
Called-up equity share capital	11	100
Profit and loss account	12	(4,436)
Deficiency	12	<u>(4,336)</u>

These financial statements were approved by the directors on 10 January 2005 and are signed on their behalf by


T R Hazelton

Notes to the financial statements

1 Other operating charges

	2004 15 months £
Administrative expenses	<u>4,493</u>

2 Operating loss

Operating loss is stated after charging:

	2004 15 months £
Directors' emoluments	-
Auditors' remuneration:	
Audit fees	<u>1,250</u>

3 Directors and employees

The company had no employees during the period other than its directors who received no remuneration.

4 Interest

Included within cost of sales and work in progress is £65,223 interest on bank loans specifically for sites under development.

5 Taxation

No tax credit arises on the loss for the period. Tax losses of approximately £4,400 are carried forward to offset future taxable trading profits.

6 Investments

	Investment in group undertakings £
Cost	
Additions	2
At 31 August 2004	<u>2</u>
Net book value	
At 31 August 2004	<u>2</u>

At 31 August 2004 the company owned 100% of the issued ordinary share capital of the following property development companies:

	Capital and reserves £	Loss for the financial year £
Hazel Homes (East Midlands) Limited	-	-
L G & G N Wilson (Foxton) Limited	690,000	(43,820)

Hazel Homes (East Midlands) Limited was acquired for £2 on 15 March 2004 on its incorporation and is not required to prepare financial statements for the period ended 31 August 2004.

L G & G N Wilson (Foxton) Limited was acquired on 16 February 2004 for £690,000. Following the transfer of land held by L G & G N Wilson (Foxton) Limited the company owed £690,000 - this balance has been offset against the cost of investment. The result above is for the 11 months to 31 August 2004.

7 Stocks

	2004 £
Work in progress	<u>2,069,808</u>

8 Debtors

	2004 £
Other debtors	4,767
Prepayments and accrued income	650
	<u>5,417</u>

9 Creditors: amounts falling due within one year

	2004 £
Bank loans and overdrafts	1,467,202
Trade creditors	22,053
Other creditors	580,161
Accruals and deferred income	22,976
	<u>2,092,392</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

10 Related party transactions

Transactions with directors and other related parties were as follows:

During the year work in progress of £539,173 was transferred to the company from HI Limited, a company under common control. In addition various amounts have been paid on behalf of the company and recharged by HI Limited. The resulting balance owed to HI Limited at the year end is £580,159.

During the year land of £690,000 was transferred from L G & G N Wilson (Foxton) Limited, which is a subsidiary company. At the year end £690,000 was owed to L G & G N Wilson (Foxton) Limited.

At the year end £1,175 was due from Urban Rhythm Limited, a company under common control in respect of sundry costs paid on its behalf.

11 Share capital

Authorised share capital:

	2004 £	
100 Ordinary shares of £1 each		<u>100</u>
Allotted, called up and fully paid:		
	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

On 23 October 2003 98 ordinary shares were allotted at par, bringing the total to 100 ordinary shares.

12 Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 18 June 2003	-	-	-
Loss for the period	-	(4,436)	(4,436)
New equity share capital subscribed	100	-	100
At 31 August 2004	<u>100</u>	<u>(4,436)</u>	<u>(4,336)</u>

13 Controlling related party

For the purposes of Financial Reporting Standard 8, T R Hazelton is the company's controlling related party by virtue of his majority shareholding.