

Hazelton Homes (East Midlands) Limited

Financial statements

For the year ended 31 August 2006

Grant Thornton 



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
Auditor	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 year ended 31 August 2006.

Principal activities and business review

The principal activity of the company during the year was the development of residential property.

The directors are satisfied with the progress of the development to date 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.

The directors and their interests in the shares of the company

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

	Ordinary Shares of £1 each	
	At 31 August 2006	At 1 September 2005
S R Hazelton	37	37
T R Hazelton	63	63
B J Gibson	-	-

Directors' responsibilities

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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 that 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 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.

Insofar as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



S R Hazelton
Secretary
9 March 2007

Report of the independent auditor to the members of Hazelton Homes (East Midlands) Limited

We have audited the financial statements of Hazelton Homes (East Midlands) Limited for the year ended 31 August 2006 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 17. 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 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Report of the independent auditor to the members of Hazelton Homes (East Midlands) Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEICESTER
9 March 2007

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 small 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 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

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.

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:

- 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.

Profit and loss account

	Note	2006 £	2005 £
Turnover	1	4,499,310	—
Cost of sales		<u>3,408,407</u>	<u>—</u>
Gross profit		1,090,903	—
Other operating charges	2	192,470	6,012
Other operating income	3	(2,555)	—
Profit/(loss) on ordinary activities before taxation		<u>900,988</u>	<u>(6,012)</u>
Tax on profit/(loss) on ordinary activities	7	349,705	—
Profit/(loss) for the financial year	15	<u>551,283</u>	<u>(6,012)</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 year as set out above.

Balance sheet

	Note	2006 £	2005 £
Fixed assets			
Investments	8	<u>2</u>	<u>2</u>
Current assets			
Stocks	9	2,367,697	3,163,339
Debtors	10	22,720	24,379
Cash at bank		535	—
		<u>2,390,952</u>	<u>3,187,718</u>
Creditors: amounts falling due within one year	11	<u>1,825,269</u>	<u>3,198,068</u>
Net current assets/(liabilities)		<u>565,683</u>	<u>(10,350)</u>
Total assets less current liabilities		<u>565,685</u>	<u>(10,348)</u>
Provisions for liabilities			
Other provisions	12	24,750	—
		<u>540,935</u>	<u>(10,348)</u>
Capital and reserves			
Called-up equity share capital	14	100	100
Profit and loss account	15	540,835	(10,448)
Shareholders' funds/(deficit)	16	<u>540,935</u>	<u>(10,348)</u>

These financial statements were approved by the directors on 9 March 2007 and are signed on their behalf by:



T R Hazelton

Notes to the financial statements

1 Turnover

Turnover and profit before tax are attributable to the one principal activity of the company, and arise entirely in the United Kingdom.

2 Other operating charges

	2006	2005
	£	£
Administrative expenses	<u>192,470</u>	<u>6,012</u>

3 Other operating income

	2006	2005
	£	£
Rent receivable	1,403	—
Commission receivable	25	—
Other operating income	<u>1,127</u>	<u>—</u>
	<u>2,555</u>	<u>—</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2006	2005
	£	£
Auditor's remuneration:		
Audit fees	<u>2,250</u>	<u>1,500</u>

5 Directors and employees

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

6 Interest

Included within cost of sales and work in progress is £159,982 (2005: £147,644) interest on bank loans specifically for sites under development.

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	349,705	-
Total current tax	<u>349,705</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	<u>900,988</u>	<u>(6,012)</u>
Profit/(loss) on ordinary activities by rate of tax	270,296	(1,804)
Unused tax losses carried forward	-	1,804
Utilisation of tax losses	(3,134)	-
Deferred chargeable gains from 2004	82,543	-
Total current tax (note 7(a))	<u>349,705</u>	<u>-</u>

8 Investments

	Investment in group undertakings £
Cost	
At 1 September 2005 and 31 August 2006	<u>2</u>
Net book value	
At 31 August 2006	<u>2</u>
At 31 August 2005	<u>2</u>

8 Investments (continued)

The company owns 100% of the issued share capital of the company listed below.

	Profit for the year	Capital and reserves	Nature of business
Hazelton Homes Limited	£708,675	£695,950	Property development
LG & GN Wilson (Foxton) Limited	£nil	£690,000	Dormant

On 14th November 2006 notice was given for LG & GN Wilson (Foxton) Limited to be struck off.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

9 Stocks

	2006 £	2005 £
Work in progress	<u>2,367,697</u>	<u>3,163,339</u>

10 Debtors

	2006 £	2005 £
Other debtors	20,611	24,379
Prepayments and accrued income	2,109	—
	<u>22,720</u>	<u>24,379</u>

11 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	—	1,894,945
Trade creditors	348,822	280,550
Amounts owed to group undertakings	561,100	—
Corporation tax	349,705	—
Other creditors	565,642	990,808
Accruals and deferred income	—	31,765
	<u>1,825,269</u>	<u>3,198,068</u>

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

12 Other provisions

	2006 £
Maintenance provision:	
Provided in the year	24,750
At 31 August 2006	<u>24,750</u>

The maintenance provision represents estimated costs on property sold arising under the company's warranty arrangements.

13 Related party transactions

HI Limited and Urban Rhythm Limited are related parties by virtue of common control. During the year these companies have made payments on behalf of the company and provided funds resulting in year end creditors totalling £556,272 (2005 : £984,208). During the year Hazelton Homes Limited (subsidiary) made payments on behalf of the company. At the year end £561,100 was owed to Hazelton Homes Limited.

14 Share capital

Authorised share capital:

	2006 £	2005 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15 Profit and loss account

	2006 £	2005 £
Balance brought forward	(10,448)	(4,436)
Profit/(loss) for the financial year	<u>551,283</u>	<u>(6,012)</u>
Balance carried forward	<u>540,835</u>	<u>(10,448)</u>

16 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit/(loss) for the financial year	551,283	(6,012)
Opening shareholders' deficit	<u>(10,348)</u>	<u>(4,336)</u>
Closing shareholders' funds/(deficit)	<u>540,935</u>	<u>(10,348)</u>

17 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.