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**L.T. DEEPROSE LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**L.T. DEEPROSE LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	N J Earley R W Empson
<b>COMPANY SECRETARY</b>	N J Earley
<b>COMPANY NUMBER</b>	585437
<b>REGISTERED OFFICE</b>	82 Hampton Road West Hanworth Middlesex TW13 6DZ
<b>AUDITORS</b>	Barnes Roffe LLP Chartered Accountants & Registered Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

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**L.T. DEEPROSE LIMITED**

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## **L.T. DEEPROSE LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008**

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The directors present their report and the financial statements for the year ended 31 December 2008.

#### **STATEMENT OF 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of building contractors.

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## **L.T. DEEPROSE LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008**

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#### **BUSINESS REVIEW**

The company showed a significant decline in its performance during the period. This was principally a result of the conclusion of the development site in Guildford and the decision by management to abort any further development projects and solely concentrate on contract work. Whilst the project, which completed in the year, resulted in high quality and well received product which achieved sales values in excess of those originally anticipated, the related costs were significantly over budgeted levels.

During the period the company also continued to undertake contracting work where margins were also under pressure, although the projects in question did positively contribute albeit at a lower level than previously budgeted.

The company has undertaken a comprehensive review of its operations and changes have been made to its management team, overhead structure and contract pricing strategy.

The company manages its business by reference to key performance indicators on an ongoing basis. The KPIs include turnover which has fallen by 64.9% to £3,191,971, with loss before tax decreasing by 44.1% to £508,686 (2007 - £909,579 loss). Labour, subcontractor costs and materials are measured against individual contracts and as a percentage of sales. Liquidity is measured by monitoring absolute cash balances and by reference to the company's net asset ratio. Balance of turnover, and target contracts are also monitored on an ongoing basis. Monthly management accounts are produced to confirm ongoing profitability on all developments and contract work.

The company is confident that the changes effected will allow it to reverse the five year trend of losses and see the business move back towards the positive results it has shown through the majority of its previous 50 years trading history.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £508,686 (2007 - loss £909,579).

The directors do not recommend the payment of a dividend.

#### **DIRECTORS**

The directors who served during the year were:

N J Earley  
R W Empson

#### **FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, bank overdrafts, and bank borrowing facilities on specific projects. The main purposes of these instruments is to finance the company's operations and projects in hand. Due to the nature of the financial instruments used by the company, there is no exposure to price risk.

Liquidity risk is managed by the use of overdrafts at fixed/floating rates of interest.

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**L.T. DEEPROSE LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**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.

**AUDITORS**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in an uncertain property market. Ability to obtain land is increasingly difficult which may affect the company operations in residential development in the future but the company is counteracting the risk by engaging itself in contracting work. After a poor result in the previous two periods, the directors and management have concentrated their efforts in improving the margins and are expecting that 2009 results will be greatly improved.

This report was approved by the board on *13<sup>th</sup> October, 2009* and signed on its behalf.



**N J Earley**  
Secretary

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## **L.T. DEEPROSE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L.T. DEEPROSE LIMITED**

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We have audited the financial statements of L.T. Deeprise Limited for the year ended 31 December 2008, set out on pages 6 to 19. 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 financial statements in accordance with applicable law and United Kingdom 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 Directors' report 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 Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT 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 judgments 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.

#### **QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT**

As disclosed in note 17, no provision has been made in the financial statements for the projected deficit in the company's final salary pension scheme. In our opinion this is not in accordance with Financial Reporting Standard (FRS) 17.

If full (provision)/surplus had been made in the prior year financial statements in accordance with FRS17, the surplus would have been £105,000. The corresponding provision as at 31 December 2008 would be £296,000. The profits and losses in the financial statements would be adjusted as shown in note 17 to the accounts

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L.T. DEEPROSE LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L.T. DEEPROSE LIMITED

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Except for the financial effect of not making the provision referred to in the preceding paragraph 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 December 2008 and of its loss for the year then ended;
- and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

**EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.8 to the financial statements concerning the company's ability to continue as a going concern. The matters explained in note 1.8 to the financial statements, indicate the existence of a material uncertainty which may cast doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

*Barnes Roffe W*

**BARNES ROFFE LLP**

Chartered Accountants  
Registered Auditors

3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX

Date: *16 October 2009*



**L.T. DEEPROSE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	<b>3,191,971</b>	<b>9,091,762</b>
Cost of sales		<u>(3,219,865)</u>	<u>(9,315,624)</u>
<b>GROSS LOSS</b>		<b>(27,894)</b>	<b>(223,862)</b>
Administrative expenses		<u>(452,673)</u>	<u>(655,853)</u>
<b>OPERATING LOSS</b>	3	<b>(480,567)</b>	<b>(879,715)</b>
Interest receivable		<b>2</b>	<b>347</b>
Interest payable		<u>(28,121)</u>	<u>(30,211)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(508,686)</b>	<b>(909,579)</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	12	<u><b>(508,686)</b></u>	<u><b>(909,579)</b></u>

All amounts relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

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**L.T. DEEPROSE LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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	Note	2008 £	2007 £
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(508,686)</b>	<b>(909,579)</b>
Unrealised deficit on revaluation of properties		<u>(7,600)</u>	<u>(7,600)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u><b>(516,286)</b></u>	<u><b>(917,179)</b></u>

The notes on pages 10 to 19 form part of these financial statements.

**L.T. DEEPROSE LIMITED**  
**REGISTERED NUMBER: 585437**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	Note	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		747,154		779,325
<b>CURRENT ASSETS</b>					
Stocks	8	2,327,996		2,949,750	
Debtors	9	247,147		877,097	
Cash at bank and in hand		11		91	
		<u>2,575,154</u>		<u>3,826,938</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(4,329,075)</u>		<u>(5,104,344)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,753,921)</u>		<u>(1,277,406)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(1,006,767)</u>		<u>(498,081)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		9,975		9,975
Revaluation reserve	12		581,183		588,783
Other reserves	12		25		25
Profit and loss account	12		<u>(1,597,950)</u>		<u>(1,096,864)</u>
<b>SHAREHOLDERS' DEFICIT</b>	13		<u>(1,006,767)</u>		<u>(498,081)</u>

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

13<sup>th</sup> October, 2009



**N J Earley**  
Director

The notes on pages 10 to 19 form part of these financial statements.

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**L.T. DEEPROSE LIMITED**

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**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
Net cash flow from operating activities	14	<b>914,900</b>	3,589,446
Returns on investments and servicing of finance	15	<b>(28,119)</b>	(29,864)
Capital expenditure and financial investment	15	<b>10,025</b>	21,899
<b>CASH INFLOW BEFORE FINANCING</b>		<b>896,806</b>	3,581,481
Financing	15	<b>(564,011)</b>	(3,589,246)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>332,795</b>	(7,765)

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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	<b>2008 £</b>	<b>2007 £</b>
Increase/(Decrease) in cash in the year	<b>332,795</b>	(7,765)
Cash outflow from decrease in debt and lease financing	<b>564,011</b>	3,589,246
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>896,806</b>	3,581,481
Net debt at 1 January 2008	<b>(3,288,894)</b>	(6,870,375)
<b>NET DEBT AT 31 DECEMBER 2008</b>	<b>(2,392,088)</b>	(3,288,894)

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The notes on pages 10 to 19 form part of these financial statements.

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## L.T. DEEPROSE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

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#### 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 certain assets and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Turnover and Long Term Contracts

Turnover represents net invoiced sales of completed contracts and, where relevant, long term contracts up to the stage of completion including an appropriate element of profit, excluding value added tax. House sales are recognised on exchange of contracts provided that these are unconditional and that final completion occurs no later than the month after the year end.

##### 1.3 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:

L/Term Leasehold Property	-	1%	straight line
Plant & machinery	-	20%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures & fittings	-	15%	reducing balance

##### 1.4 Operating leases

Rentals under operating leases are charged 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.

##### 1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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## **L.T. DEEPROSE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 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.

##### **1.7 Pensions**

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 23 September 2009.

The company operates a pension scheme for the benefit of certain employees. The scheme is of a defined benefit nature and the funds of the scheme are administered by trustees. Independent actuaries complete valuations at least every three years and in accordance with their recommendations annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions. The costs of pension plans are charged to the profit and loss account so as to spread the costs over employees' working lives within the company.

The company also contributes to personal pension schemes of certain employees.

##### **1.8 Going concern**

The accounts have been prepared on the going concern basis despite the fact that the company has net liabilities £1,006,767.

The directors have prepared cashflow forecasts and projections at the date of signing the accounts in respect of at least the following 12 months, which indicate that the company will be able to meet its liabilities as they fall due and continue to trade for the foreseeable future. In addition, they do not have any reason to believe that the company's bank facilities will be withdrawn in the foreseeable future.

On the basis of continued support from the associated companies, the directors consider it appropriate to prepare accounts on a going concern basis.

#### **2. TURNOVER**

All turnover arose within the United Kingdom.

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**L.T. DEEPROSE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

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**3. OPERATING LOSS**

The operating loss is stated after charging:

	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned by the company	15,803	24,000
Auditors' remuneration	3,500	3,500
Operating lease rentals:		
- other operating leases	10,570	10,570
	<u>10,570</u>	<u>10,570</u>

**4. STAFF COSTS**

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

	2008 £	2007 £
Wages and salaries	362,069	556,478
Social security costs	22,290	45,898
Other pension costs	16,276	34,873
	<u>400,635</u>	<u>637,249</u>

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

	2008 No.	2007 No.
Management	2	4
Administration	3	5
Production and sales	3	5
	<u>8</u>	<u>14</u>

**5. DIRECTORS' REMUNERATION**

	2008 £	2007 £
Emoluments	-	39,380
Company pension contributions to money purchase pension schemes	-	2,730

During the year retirement benefits were accruing to no directors (2007 - 1) in respect of money purchase pension schemes.

**L.T. DEEPROSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

**6. TAXATION**

	2008 £	2007 £
UK corporation tax charge on loss for the year	-	-

**Factors affecting tax charge for the year**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor the year ended 31 December 2007 due to the trading losses which are available to carry forward to future periods.

**Factors that may affect future tax charges**

The company has accumulated tax losses of approximately £2,800,000 which are available to be carried forward and set against future trading profits.

**7. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2008	760,000	314,367	144,472	165,461	1,384,300
Additions	-	-	-	4,945	4,945
Disposals	-	-	(95,051)	-	(95,051)
At 31 December 2008	760,000	314,367	49,421	170,406	1,294,194
<b>Depreciation</b>					
At 1 January 2008	48,767	308,337	118,899	128,972	604,975
Charge for the year	7,600	1,347	1,065	5,791	15,803
On disposals	-	-	(73,738)	-	(73,738)
At 31 December 2008	56,367	309,684	46,226	134,763	547,040
<b>Net book value</b>					
At 31 December 2008	703,633	4,683	3,195	35,643	747,154
At 31 December 2007	711,233	6,030	25,573	36,489	779,325



**L.T. DEEPROSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

Cost or valuation at 31 December 2008 is as follows:

	Land and buildings £
<b>At cost</b>	<b>224,076</b>
<b>At valuation:</b>	
Valuation in 1997	275,924
Valuation in 2001	260,000
	<u><u>760,000</u></u>

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

	2008 £	2007 £
Cost	224,076	224,076
Accumulated depreciation	(31,309)	(29,068)
Net book value	<u><u>192,767</u></u>	<u><u>195,008</u></u>

**8. STOCKS**

	2008 £	2007 £
Work in progress	11,305	2,949,750
Finished goods	2,316,691	-
	<u><u>2,327,996</u></u>	<u><u>2,949,750</u></u>

Work in progress and finished goods includes £454,255 in respect of interest and finance charges on development projects.

**9. DEBTORS**

	2008 £	2007 £
Trade debtors	224,767	294,109
Amounts owed by group undertakings	-	534,598
Other debtors	15,473	46,112
Prepayments and accrued income	6,907	2,278
	<u><u>247,147</u></u>	<u><u>877,097</u></u>

**L.T. DEEPROSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

**10. CREDITORS:**

**Amounts falling due within one year**

	2008 £	2007 £
Bank loans and overdrafts	2,392,099	3,288,985
Trade creditors	474,684	215,230
Amounts owed to group undertakings	3,000	6,000
Social security and other taxes	8,403	15,758
Other creditors	1,401,909	1,544,151
Accruals and deferred income	48,980	34,220
	<u>4,329,075</u>	<u>5,104,344</u>

The bank holds the deeds/charge certificates (as appropriate) of properties over which it has first legal mortgage. There is also an unscheduled mortgage debenture dated 2 August 2005.

A first legal mortgage dated 11 January 2006 over freehold of 71 Waltham Avenue, and 56 & 58 Grange Road, Guildford.

Leasehold charge over Land and buildings at Site 3, Middleton Industrial Estate, Middleton Road, Guildford.

First legal charge over 101 Portsmouth Road, Guildford granted by L T Deeprise Limited dated 14 December 2005.

All monies debenture granted by L T Deeprise Limited over the whole assets of the company dated 14 December 2005.

**11. SHARE CAPITAL**

	2008 £	2007 £
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
9,975 Ordinary shares of £1 each	<u>9,975</u>	<u>9,975</u>

**12. RESERVES**

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2008	588,783	25	(1,096,864)
Loss for the year			(508,686)
Transfer between Revaluation reserve and P/L account	(7,600)		7,600
At 31 December 2008	<u>581,183</u>	<u>25</u>	<u>(1,597,950)</u>

**L.T. DEEPROSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

**13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2008 £	2007 £
Opening shareholders' (deficit)/funds	(498,081)	411,498
Loss for the year	(508,686)	(909,579)
Closing shareholders' deficit	<u>(1,006,767)</u>	<u>(498,081)</u>

**14. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2008 £	2007 £
Operating loss	(480,567)	(879,715)
Depreciation of tangible fixed assets	15,803	24,000
Loss on disposal of tangible fixed assets	6,343	12,489
Decrease in stocks	621,754	4,791,030
Decrease in debtors	95,352	869,552
Decrease/(increase) in amounts owed by group undertakings	534,598	(534,598)
Increase/(decrease) in creditors	121,617	(693,312)
Net cash inflow from operations	<u>914,900</u>	<u>3,589,446</u>

**15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2	347
Interest paid	(28,121)	(30,211)
Net cash outflow from returns on investments and servicing of finance	<u>(28,119)</u>	<u>(29,864)</u>
	2008 £	2007 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,945)	(1,200)
Sale of tangible fixed assets	14,970	23,099
Net cash inflow from capital expenditure	<u>10,025</u>	<u>21,899</u>

**L.T. DEEPROSE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2008**

**15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2008 £	2007 £
<b>Financing</b>		
Repayment of loans	<u>(564,011)</u>	<u>(3,589,246)</u>

**16. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2008 £	Cash flow £	Other non-cash changes £	31 December 2008 £
Cash at bank and in hand:	91	(80)	-	11
Bank overdraft	(734,732)	332,875	-	(401,857)
	<u>(734,641)</u>	<u>332,795</u>	<u>-</u>	<u>(401,846)</u>
<b>Debt:</b>				
Debts due within one year	(2,554,253)	564,011	-	(1,990,242)
<b>Net debt</b>	<u>(3,288,894)</u>	<u>896,806</u>	<u>-</u>	<u>(2,392,088)</u>

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**L.T. DEEPROSE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. PENSION COMMITMENTS**

The company operates a funded defined benefit pension scheme for its employees. During the year ended 31 December 2008 the employer paid contributions of £9,000 to the scheme.

The most recent actuarial valuation of the Scheme was carried out as at 23 September 2009 and has been updated to 31 December 2008. The directors have elected not to take account of the requirements of FRS17.

The company expects to contribute £19,000 to this defined benefit pension plan in the year to 31 December 2009.

The directors have elected not to recognise the amounts that would have appeared in the Balance sheet as follows:

	2008 £	2007 £
Total market value of assets	1,381,000	1,761,000
Present value of scheme liabilities	(1,677,000)	(1,656,000)
Net pension asset/(liability)	<u>(296,000)</u>	<u>105,000</u>

The following amounts would have been recognised in the financial statements in the year to 31 December 2008 and 31 December 2007 under the requirements of FRS17:

	2008 £	2007 £
Current service cost	6,000	36,000
Expected return on pension scheme assets	(105,000)	(112,000)
Interest on pension scheme liabilities	103,000	95,000
Total	<u>4,000</u>	<u>19,000</u>

**18. OPERATING LEASE COMMITMENTS**

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2008 £	2007 £
Expiry date:		
After more than 5 years	<u>10,570</u>	<u>10,570</u>

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**L.T. DEEPROSE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. DIRECTORS' PERSONAL GUARANTEES**

N J Earley, a director of the company, has provided personal guarantee to the extent of £350,000.

**20. RELATED PARTY TRANSACTIONS**

During the period, Atlas Cleaning Limited, a company under the control of the directors N J Earley and R W Empson met expenses to the extent of £414,757 (2007 - £215,791). At the year end, the company owed Atlas Cleaning Limited £841,908 (2007 - £427,151).

Included in debtors is an amount owed by Atlas New Homes Limited, a company under the control of the directors N J Earley and R W Empson, of £Nil (2007 - £534,598).

Included in other creditors is an amount due to CLM Limited, a company under the control of directors N J Earley and R W Empson. During the year the company paid rent expenses amounting to £4,675 (2007 - £Nil). At the year end, the owed CLM Limited £560,000 (2007 - £560,000).

**21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of Deeprise Development Limited.