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JVCo LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2001



**JVCo LIMITED**

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## JVCo LIMITED

### COMPANY DETAILS

<b>Directors</b>	D A Main (Chairman) Rev Canon R W B Atkinson S Binks D Cowans A Mortimer N Smales (Appointed 21 March 2001)
<b>Managing Director</b>	N Smales
<b>Company Secretary</b>	G A R Fordyce
<b>Registered Office</b>	4 The Pavilions Portway Preston PR2 2YB
<b>Bankers</b>	Co-Operative Bank Plc 147 Church Street Preston PR1 3UD
<b>Solicitors</b>	The Company, as a member of Places for People Group, uses firms on the panel of solicitors, as set out below:  Bevan Ashford, Bristol Cobbetts, Manchester Devonshires, London Dickinson Dees, Newcastle upon Tyne Eversheds, Cardiff Trowers & Hamlins, London
<b>Registered Auditors</b>	KPMG St James' Square Manchester M2 6DS
<b>Registration of Company</b>	The Company is incorporated under the Companies Act 1985 (Registered Number 1310093)

# **JVCo LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 31 MARCH 2001**

The Directors are pleased to present the report and financial statements for the year ended 31 March 2001.

The Company is a subsidiary of Places for People Group Limited.

#### **Activities**

The main activity of the Company is setting up partnerships with other organisations to make a wider contribution to the communities where Places for People Group, particularly North British Housing Limited, works.

#### **Review of Business and future developments**

The deficit for the year before tax was £354,428 (2000: surplus £792,439). During the year the Company made a provision for impairment of £350,000 on its investment in Green Frame Limited, a joint venture company in which JVCo holds a 50% share. The remaining deficit relates to activities undertaken directly by the Company and does not include the results of the joint venture companies in which it has invested. The joint ventures set up by JVCo Limited are now included in the consolidated accounts of Places for People Group Limited, the ultimate parent, as permitted by FRS 8. The future activities pursued by the Company and its joint venture partners will include nursery facilities, social banking, timber frame manufacture and an environmental management system.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors of the Company are shown on page 2.

#### **Shareholders Interests**

100 ordinary shares are held by Places for People Group Limited, and the remaining 505,467 non voting preference shares are held by North British Housing Limited.

#### **Prior Year Adjustment**

The share of loss in Green Frame Limited was previously consolidated in these financial statements. Consequently a prior year adjustment has been made to exclude the impact of the Green Frame Limited results on the profit and loss account of £26,706, and the balance sheet net assets £26,706. See note 20.

## **JVCo LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2001**

##### **Internal Controls**

*The Places for People Group's Board of Directors is responsible for the Group's system of internal control, within which JVCo Limited operates. The Audit Committee is responsible to the Group's Board for reviewing this system and reporting on its effectiveness. Any such system can provide reasonable but not absolute assurance against material misstatement or loss, and the development of the system is a continuing process.*

The following are the key procedures the Group's Board of Directors have established and designed to provide internal control. The JVCo Board of Directors is responsible for ensuring that JVCo Limited operates within these controls.

- Major decisions are taken by the Board of Directors. Other decisions are delegated through defined Independence and Responsibility Agreements for each subsidiary, terms of reference for each Committee and financial regulations and standing orders for employees.
- A group strategy statement is produced and published incorporating the Group's strategic direction and values. These are reflected in a business plan for each subsidiary and individual regional plans which include operational targets for effective performance monitoring.
- A clearly defined organisation structure and management responsibilities, together with the appointment of experienced and suitably qualified staff with responsibility for important business functions.
- The preparation, monitoring and approval of financial plans including sensitivity analysis and assessment of key risks.
- The preparation, approval and monitoring of an annual budget and quarterly management accounts for the Group.
- Performance monitoring by all Boards of Management, all Committees and the Group's executive team through quarterly and monthly reports on key business activities and risks.
- Ongoing policy and process review of key systems with quarterly reports to Boards and Committees.
- Specified procedures for capital expenditure approval, tendering, treasury management, payments and income receipting, recording, reconciliation and banking.
- The use of a loan covenant register and standard loan covenants for agreement with lenders. All new treasury products need to be approved by the Board of Directors.
- The preparation, approval and monitoring of a risk management framework for the Group. This framework identifies the key risks facing the Group and the control arrangements in place. It has been developed during the year to create Regional risk control
- The receipt of an annual report to the Audit Committee from Business Assurance on its strategic plan and a quarterly report on the Risk Management Framework;
- Quarterly reports to Audit and Regional Committees from Business Assurance covering the detailed audits carried out within the context of the strategic plan.

The Group's Board of Directors has reviewed the effectiveness of the system of internal control for the year ended 31 March 2001, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements. The Group is well placed to comply with any future requirements relating to the Combined Code on Corporate Governance.

**JVCo LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**Post Balance Sheet Event**

At the period end Green Frame Limited was a joint venture between JVCo Limited and AQH Developments Limited. On 2 July 2001 JVCo Ltd purchased the remaining 50% share of Green Frame Limited from AQH, and Green Frame Limited became a subsidiary of JVCo Limited.

**Statement of Director's Responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the Board**



**G A R Fordyce**  
**Company Secretary**

**25 July 2001**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF JVCo LIMITED**

We have audited the financial statements on pages 7 to 17.

### **Respective Responsibilities of the Director and the Auditors**

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis Of Opinion**

We conducted our audit in accordance with 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 have 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 at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG**  
**Chartered Accountants**  
**Registered Auditors**

**25 July 2001**

**JVCo LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2001**

	Notes	2001 £	2000 as restated £
Turnover	2	255,377	146,553
Gross profit		<u>255,377</u>	<u>146,553</u>
Operating costs	2	(670,183)	(140,459)
Operating (loss)/profit		<u>(414,806)</u>	<u>6,094</u>
Surplus on sale of housing accommodation	3	-	739,676
Interest receivable and similar income		60,378	46,669
(Loss)/Profit on ordinary activities before taxation	5	<u>(354,428)</u>	<u>792,439</u>
Taxation	8	(79,339)	(94,339)
(Loss)/Profit for the year		<u>(433,767)</u>	<u>698,100</u>
Retained profit brought forward	15	901,855	203,755
Retained profit carried forward	15	<u><u>468,088</u></u>	<u><u>901,855</u></u>

There is no difference between the profit on ordinary activities after taxation and the profit for the year stated above, and their historical cost equivalents.

The 2000 accounts have been restated as a result of the change in the accounting treatment of Green Frame Limited (See note 20).

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2001 £	2000 as restated £
Profit for the financial year as previously reported	(433,767)	671,394
Prior year adjustment as explained in note 20	-	26,706
Total gains and losses recognised since last annual report	<u><u>(433,767)</u></u>	<u><u>698,100</u></u>

**JVCo LIMITED**

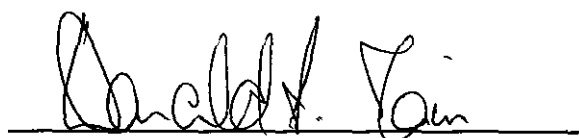
**BALANCE SHEET AS AT 31 MARCH 2001**

	Notes	2001 £	2000 as restated £
<b>Fixed Assets</b>			
Investments	10	705,967	305,967
<b>Current Assets</b>			
Investments	11	456,000	1,269,103
Debtors	12	46,743	1,373
Cash at bank and in hand		5,035	1,850
		507,778	1,272,326
<b>Creditors - Amounts falling due within one year</b>	13	(240,090)	(170,871)
<b>Net Current Assets</b>		267,688	1,101,455
<b>Total Assets less current liabilities</b>		973,655	1,407,422
<b>Capital and reserves</b>			
Called up share capital	14	505,567	505,567
Profit and loss account	15	468,088	901,855
<b>Equity shareholders' funds</b>		973,655	1,407,422

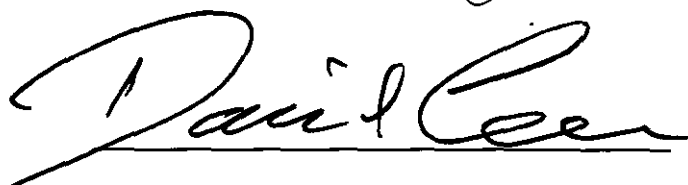
The 2000 accounts have been restated as a result of the change in the accounting treatment of Green Frame Limited (See note 20).

The financial statements on pages 7 to 17 were approved by the directors on 25 July 2001 and were signed on its behalf by:

**D A Main**  
**Chairman**



**D Cowans**  
**Director**



**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2001**

**1. ACCOUNTING POLICIES**

**a) Principal accounting policies**

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. A summary of the more significant policies, which have been applied consistently, is set out below.

**b) Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**c) Investments**

The investments in North British Landscapes, Technotots (Holdings), Greenframe and the short term investments are shown at the lower of cost and net realisable value.

**d) Turnover**

Turnover in 2001 includes revenue grants receivable from European Social Fund, Housing Corporation, Manchester Training & Education Council and other sources to fund costs relating to employment and training schemes.

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	2001		
	Turnover	Cost of Sales	Operating costs
	£	£	£
<b>Income and expenditure from lettings (note 4)</b>	-	-	-
<b>Other income and expenditure</b>			
Employment & Training projects	255,377		(255,377)
Other	-		(414,806)
	<u>255,377</u>	<u>-</u>	<u>(670,183)</u>
			<u>(414,806)</u>

	2000 as restated		
	Turnover	Cost of Sales	Operating costs
	£	£	£
<b>Income and expenditure from lettings (note 4)</b>	146,553	-	(127,489)
			19,064
<b>Other income and expenditure</b>			
Administration	-	-	(12,970)
	<u>146,553</u>	<u>-</u>	<u>(140,459)</u>
			<u>6,094</u>

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2001**

**3. SALE OF HOUSING ACCOMMODATION**

	2001			
	Turnover	Cost of Sales	Operating costs	Operating surplus/(deficit)
	£	£	£	£
Sale of housing accommodation	-	-	-	-
Total	-	-	-	-

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2000			
Turnover	Cost of Sales	Operating costs	Operating surplus/(deficit)
£	£	£	£
Sale of housing accommodation	-	-	739,676
Total	739,676	-	739,676

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**4. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Income from lettings</b>		
Rent receivable net of service charges	-	119,534
Service charges receivable	-	27,019
<b>Gross rents receivable</b>	-	146,553
<b>Net rents receivable and total income from lettings</b>	-	146,553
<b>Expenditure on letting activities</b>		
Services	-	(27,019)
Management	-	(41,401)
Routine Maintenance	-	(58,668)
Other costs	-	(401)
<b>Total expenditure on lettings</b>	-	(127,489)
<b>Operating Surplus on letting activities</b>	-	19,064

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging the following:-

	2001	2000
Auditors' remuneration		
-Audit services	5,875	2,850
-Other services	1,425	700
	<u>          </u>	<u>          </u>

**6. DIRECTORS' EMOLUMENTS**

Directors emoluments during the year (£23,231) were paid by North British Housing Limited and recharged to the Company.

**7. EMPLOYEES**

The Company's employee costs were paid for by North British Housing Limited. Administrative services are provided by North British Housing Limited and these are recharged to the Company.

**8. TAXATION**

	2001 £	2000 £
<b>United Kingdom corporation tax at 30% (2000: 30%):</b>		
Current tax on income of the year	-	-
Adjustments in respect of prior years	(84,023)	-
	<u>(84,023)</u>	<u>-</u>
<b>Payments for Group Relief</b>		
Amounts due from group bodies in respect of current year	-	-
Adjustments in respect of prior years	163,362	94,339
	<u>79,339</u>	<u>94,339</u>

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**9. PROPERTIES IN WHICH THE COMPANY HAD AN INTEREST**

The Company developed properties in previous years, which were sold at cost. The difference between the sale proceeds and the market value of the properties at the date of sale, constitutes the Company's equity in the properties.

As residents sold their interest in the properties or bought the remaining interest, the Company's interest was realised. This retained equity had not been reflected in the balance sheet, and no rental (other than ground rent) was charged on it. At 30 September 1999, all remaining properties were sold to North British Housing Limited.

**10. LONG TERM INVESTMENTS**

	Shares	Loans	Provision For Impairment	Net Book Value	Net Book Value
	2001	2001	2001	2001	2000
	£	£	£	£	£
<b>Wholly owned subsidiaries</b>					
North British Landscapes	-	305,467	-	<b>305,467</b>	305,467
<b>Joint Ventures</b>					
Technotots (Holdings)	-	400,000	-	<b>400,000</b>	-
Green Frame	500	350,000	(350,000)	<b>500</b>	500
Total joint ventures	500	750,000	(350,000)	<b>400,500</b>	500
<b>Total Long Term Investments</b>	500	1,055,467	(350,000)	<b>705,967</b>	305,967

**11. SHORT TERM INVESTMENTS**

	2001 £	2000 £
Bank deposits repayable within one month	<u><b>456,000</b></u>	<u>1,269,103</u>

**12. DEBTORS**

	2001 £	2000 as restated £
Other debtors	<b>46,643</b>	1,273
Amounts due from Places for People Group Limited	<b>100</b>	100
	<u><b>46,743</b></u>	<u>1,373</u>

The 2000 accounts have been restated as a result of the change in the accounting treatment of Green Frame Limited (See note 20).

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

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

	2001 £	2000 £
Amounts owed to North British Housing Limited	142,786	170,371
Corporation Tax	79,339	-
Other creditors	17,965	500
	<u>240,090</u>	<u>170,871</u>

**14. SHARE CAPITAL**

	2001 £	2000 £
<b>AUTHORISED, ISSUED AND FULLY PAID</b>		
100 Ordinary shares of £1 each	100	100
505,467 Preference shares of £1 each	505,467	505,467
	<u>505,567</u>	<u>505,567</u>

**15. PROFIT AND LOSS RESERVE**

	2001 £	2000 £
At 1 April (as previously stated)	901,855	203,755
Prior year adjustment (note 20)	-	26,706
As restated	901,855	230,461
(Deficit)/Surplus for the year	(433,767)	671,394
At 31 March	<u>468,088</u>	<u>901,855</u>

**16. CAPITAL COMMITMENTS**

	2001 £	2000 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>100,000</u>	<u>Nil</u>
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>850,000</u>	<u>Nil</u>

**17. CONTINGENT LIABILITIES**

There are no known contingent liabilities at 31 March 2001 (2000: Nil).

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**18. CASHFLOW STATEMENTS**

A cashflow statement has not been prepared as JVCo Limited is a subsidiary of Places for People Group Limited, which has prepared a consolidated cashflow statement, complying with Revised Financial Reporting Standard 1.

**19. RECONCILIATION OF SHAREHOLDERS' FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	901,855	203,755
(Loss)/Profit for the financial year	<u>(433,767)</u>	<u>698,100</u>
Closing shareholders' funds	<u><u>468,088</u></u>	<u><u>901,855</u></u>

**20. PRIOR YEAR ADJUSTMENT**

	<b>As Originally Stated As at 31 March 2000 £</b>	<b>Prior Year Adjustment 2000 £</b>	<b>As Restated As at 31 March 2000 £</b>
Profit and Loss reserve	(875,149)	(26,706)	(901,855)
Debtors	30,848	(29,475)	1,373
Investments	(55,681)	56,181	500
		<u><u>-</u></u>	

**JVCo LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2001**

**21. PARENT UNDERTAKINGS AND GROUP TRANSACTIONS**

The Company is a subsidiary of Places for People Group Limited which is registered in the United Kingdom and prepares group financial statements, a copy of which can be obtained from the Company Secretary at the registered office.

Group bodies are as follows:

Bodies incorporated under the Industrial and Provident Societies Act 1965:

Bristol Churches Housing Association Limited\*

North British (First) Housing Society Limited

New Leaf Supporting Independence Limited\*

North British Retirement Housing Association Limited

North British Housing Limited\*

*\* These housing associations are registered with the Housing Corporation*

Companies incorporated under the Companies Acts 1985:

JVCo Limited

blueroom estates limited

blueroom properties limited

Green Homes Limited

Kingdomwide Developments Limited

North British Housing Trust Limited

North British Landscapes Limited

North British Urban Renewal Limited

PfP Developments Limited

Practical Environments Limited

All group bodies are incorporated in England and Wales

The Company reimburses North British Housing Limited for administrative services provided

**22. RELATED PARTY TRANSACTIONS**

The Company is a subsidiary of Places for People Group Limited. Since the parent company publishes consolidated group accounts, the Company has taken advantage of the exemption not to report transactions with other group members as permitted in FRS8.