

Antler Homes North West Plc

Report and Financial Statements

Year Ended

30 June 2009

Company Number 1557514

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Antler Homes North West Plc

**Annual report and financial statements
for the year ended 30 June 2009**

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Directors

S Millgate
N Dean
J H Bell

Secretary and registered office

S Millgate, Unit 64, Barwell Business Park, Leatherhead Road, Chessington, Surrey, KT9 2NY.

Company number

1557514

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

Antler Homes North West Plc

Report of the directors for the year ended 30 June 2009

The directors present their report together with the audited financial statements for the year ended 30 June 2009.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year. The loss for the year attributable to members amount to £891,682 (2008 - £660,500).

The directors do not recommend the payment of a dividend (2008 - £Nil).

Principal activities, trading review and future developments

Performance

Antler Homes North West Plc (the 'Company') is a wholly owned subsidiary of Antler Homes Plc (the 'Group'), and operates solely within the UK residential housing market. The principal activity is the development of new residential homes for sale to the private sector.

The Group and regional Board of Directors have decided in light of current market conditions to wind down the activities within the region until there is an improvement in the UK Residential Housing Market.

During the period under review a number of personnel were made redundant. At present the future operational activities consist of an orderly build out and sale of plots on existing owned land.

It is anticipated that this process will take a further year, dependent on market conditions, after which a further strategic review of the operation will be undertaken.

The company completed the sale of 16 plots (2008 - 60) plots in the year.

The business operates a policy of capitalising interest as set out in note 1 to the Financial Statements. The impact of the policy is to reduce gross margins. If the interest capitalised and subsequently expensed through cost of sales was included within interest payable rather than cost of sales, the comparable gross and operating profits (before exceptional item) as set out on page 6 would be:

	2009 £	2008 £
Gross (loss)/profit	(10,799)	1,355,008
Operating (loss)/profit	(425,338)	92,558

Exceptional item

Adverse economic conditions, arising from the "credit crunch" which began in July/August 2007, have depressed the house market significantly. The depressed market has significantly impeded sales activity. The Directors have carried out a review of its current land and work in progress and have made a specific "exceptional" provision of £135,000 (2008 - £11,000). In light of the ongoing uncertainty within the wider economy, this will be kept under review.

Antler Homes North West Plc

Report of the directors for the year ended 30 June 2009

Principal activities, trading review and future developments *(Continued)*

Risks and uncertainties

The principal risks and uncertainties remain primarily outside with the control of the Board. The business is subject to the inherent difficulties and delays within the Government led housing planning regime and the wider economic market. The company is financed by third party debt and is thus exposed to movements in the base rates set by the Bank of England. This has both a finance cost impact, and impact on customer activity levels across the UK home ownership market.

The bank loan facility of £3.2m (note 13) is the subject of ongoing renewal negotiations.

A failure by the directors of the company to reach formal agreement from the lender on the continuation or renewal of the loan described above would, in the absence of finance being made available from alternative sources, result in the loan being repayable and the company ceasing to be a going concern (see note 1).

Environmental and Building Regulations

A growing number of Planning authorities are also introducing planning conditions in line with Government guidance under Planning Policy Supplement 22 requiring developers to make provision for achieving 10% renewable energy on site. Antler Homes have gained experience of this on a number of completed developments and through the use of innovative technology has demonstrated that compliance with such requirements can be achieved without major impact upon build costs.

Employees

Details of the number of employee and related costs are set out in note 2 to the financial statements.

Creditor days and payment policy

It is the Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Directors

The directors of the company during the year were:

S Millgate
N Dean
J H Bell
J Reid (resigned 29 August 2008)

No director has or had at any time during the year any interest in the shares of the company or any other group undertaking.

Antler Homes North West Plc

Report of the directors for the year ended 30 June 2009 (Continued)

Directors' responsibilities

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 judgements and accounting estimates that are reasonable and prudent; and
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Deloitte & Touche resigned as auditors of the company during the year and BDO Stoy Hayward LLP were appointed as auditors of the company by the directors. BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board

S Millgate

Secretary

Date 18th September 2009

Antler Homes North West Plc

Independent auditor's report

TO THE MEMBERS OF ANTLER HOMES NORTH WEST PLC

We have audited the financial statements of Antler Homes North West Plc for the year ended 30 June 2009 which comprise the profit and loss account, the balance sheet 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 sections 495 and 496 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 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 June 2009 and of its loss 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.

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 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on the continuing support of its immediate parent undertaking and its bankers. The current loan facility expired on 31 July 2009. The directors expect to be able to renew the facility on similar terms however they have no binding agreement from the bank. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Antler Homes North West Plc

Independent auditor's report (*Continued*)

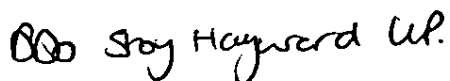
Opinion on other matter prescribed by the Companies Act 2006

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.

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 explanation we require for our audit.

 *Alexander Tapp*

*Alexander Tapp, (senior statutory auditor)
For and on behalf of BDO Stoy Hayward LLP, statutory auditor
London*

18 September 2009

Antler Homes North West Plc

Profit and loss account for the year ended 30 June 2009

	Note	2009 £	2008 £
Turnover	1	4,791,276	16,766,998
Cost of sales		(5,303,118)	(16,368,553)
Exceptional item	4	(23,584)	(11,000)
		<u>(5,326,702)</u>	<u>(16,379,553)</u>
Gross (loss)/profit		(535,426)	387,445
Administrative expenses		(395,518)	(1,282,103)
		<u>(930,944)</u>	<u>(894,658)</u>
Other operating income	5	4,563	19,653
Operating loss	6	(926,381)	(875,005)
Interest receivable and similar income	7	601	9,625
Interest payable and similar charges	8	(2,303)	(4,176)
		<u>(928,083)</u>	<u>(869,556)</u>
Loss on ordinary activities before taxation		(928,083)	(869,556)
Tax credit from ordinary activities	9	36,401	209,056
Loss for the financial year	16	(891,682)	(660,500)

All amounts relate to continuing activities. As there are no recognised gains or losses or movements in shareholders' funds for the current and prior financial year except as stated in the profit and loss account, a statement of total recognised gains and losses has not been prepared.

The notes on pages 8 to 15 form part of these financial statements.

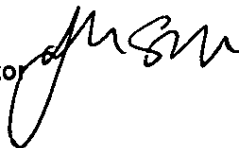
Antler Homes North West Plc

Balance sheet
at 30 June 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	10		475		33,468
Current assets					
Stocks	11	4,865,416		7,943,430	
Debtors	12	641,998		12,152,724	
Cash at bank and in hand		108		1,269	
		<u>5,507,522</u>		<u>20,097,423</u>	
Creditors: amounts falling due within one year	13	8,034,889		21,762,846	
Net current liabilities			<u>(2,527,367)</u>		<u>(1,665,423)</u>
Total assets less current liabilities			<u>(2,526,892)</u>		<u>(1,631,955)</u>
Creditors: amounts falling due after more than one year	14		-		3,255
Net liabilities			<u>(2,526,892)</u>		<u>(1,635,210)</u>
Capital and reserves					
Called up share capital	15		814,150		814,150
Profit and loss account	16		(3,341,042)		(2,449,360)
Equity shareholders' deficit	17		<u>(2,526,892)</u>		<u>(1,635,210)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18th September 2009

J Bell
Director



The notes on pages 8 to 15 form part of these financial statements.

Antler Homes North West Plc

Notes forming part of the financial statements for the year ended 30 June 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going concern

In assessing the Company's ability to continue as a going concern the directors have considered the company's reliance on both external debt and the continued support from its immediate parent company.

The Company's bank facility expired on 31 July 2009 and although the bank has continued to support the company to date, the company has no formal assurance that this support will continue. The Directors are currently in discussions to extend the terms of the bank facility for a further twelve months and are confident of signing such terms and hence it is appropriate for the financial statements to be prepared on the going concern basis. However, the ability of the company to continue as a going concern depends on the successful conclusion of the financing offers under discussion and the negotiation of appropriate financing as required thereafter. Additionally the company's ability to continue as a going concern is dependent upon the continued support of its immediate parent company, Antler Homes Plc, to enable it to meet its obligations as they fall due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Turnover

Turnover excludes value added tax and represents the sales value, net of rebates and discounts, of trading properties sold, which have been legally completed. Turnover does not include the sale of properties accepted in part exchange. The net profits or losses arising on the sale of part exchanged properties are accounted for in cost of sales. All of the turnover and results before tax are derived from the company's principal activity and arise wholly within the United Kingdom.

Tangible fixed assets

Assets are depreciated in equal annual instalments over their estimated useful lives. The rates of depreciation are as follows:

Motor vehicles, furniture and equipment - 10 - 33%

Stocks

Developments in progress are included in stocks at the lower of cost and net realisable value. Cost comprises the cost of the property acquired, direct costs, and attributable interest. Net realisable value is the assessed sale price after deducting the cost of completing and selling.

Housing stock and properties taken in part exchange are valued at the lower of cost and net realisable value.

Leases and the hire purchase agreements

Assets held under finance leases and hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of such leases and agreements. The amounts by which the lease and hire purchase payments exceed the recorded obligations are treated as finance charges which are amortised over the relevant term to give a constant rate of charge on the remaining balance of the obligations.

Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

Antler Homes North West Plc

Notes forming part of the financial statements for the year ended 30 June 2009 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension and other post retirement benefits

The parent company operates on behalf of the Company a defined contribution (money purchase) pension scheme. Contributions are charged to the profit and loss account in the period to which they relate.

Cash flow statement

Under an exemption available in paragraph 5 (a) FRS 1 (revised), the Company has not prepared a cash flow statement.

2 Employees

	2009 £	2008 £
Staff costs consist of:		
Wages and salaries	147,757	900,591
Social security costs	15,919	102,485
Other pension and life assurance costs	7,237	51,907
	170,913	1,054,983
	Number	Number
The average number of employees during the year was:	3	16

Antler Homes North West Plc

Notes forming part of the financial statements
for the year ended 30 June 2009 (Continued)

3 Directors

	2009 £	2008 £
Directors' remuneration consist of:		
Directors' fees and other emoluments	119,490	414,680
Pension costs	3,358	16,907
	<u>122,848</u>	<u>431,587</u>
Remuneration of the highest paid director	66,000	91,770
Pension costs	2,875	3,769
	<u>68,875</u>	<u>95,539</u>

During the year 2 directors were members of the defined contribution (money purchase) scheme (2008 - 5).

4 Exceptional Item

	2009 £	2008 £
Impairment to land value and work in progress values	<u>23,584</u>	<u>11,000</u>

The directors have undertaken a review of all existing land and work in progress and have re-assessed the current net realisable values. The exceptional item reflects their assessment of the impact on land and stock values to net realisable value. The market remains uncertain and the current provision for net realisable value will be kept under review. Should further write-downs in value be required they will be reflected in the profit and loss account in subsequent periods.

5 Other operating income

	2009 £	2008 £
Sundry income	3,046	18,419
Net rents from development properties awaiting disposal	1,517	1,234
	<u>4,563</u>	<u>19,653</u>

Antler Homes North West Plc

Notes forming part of the financial statements
for the year ended 30 June 2009 *(Continued)*

6 Operating loss

	2009 £	2008 £
This has been arrived at after charging/(crediting):		
Depreciation - Owned assets	606	4,915
- Assets held under hire purchase agreement	3,278	28,695
Auditors remuneration - Audit fees - current year provision	11,737	9,304
- Audit fees - prior year overprovision	(1,663)	(289)
- Other services	3,013	3,913
Loss/(profit) on disposal of fixed assets	4,159	(937)
Operating lease rentals - Land and buildings	53,500	53,500
	<hr/>	<hr/>

7 Interest receivable and similar income

	2009 £	2008 £
Other interest receivable	601	9,625
	<hr/>	<hr/>

8 Interest payable and similar charges

	2009 £	2008 £
Bank loans and overdrafts	394,463	778,389
Less: allocated to stock	(394,463)	(778,389)
Finance charges, finance leases and hire purchase contracts	2,303	4,176
	<hr/>	<hr/>
	2,303	4,176
	<hr/>	<hr/>

9 Taxation on loss from ordinary activities

	2009 £	2008 £
<i>Current tax</i>		
Overprovision of tax in prior years	36,401	-
Payment received for group losses	-	209,056
	<hr/>	<hr/>
Total current tax credit	36,401	209,056
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax credit on loss on ordinary activities	36,401	209,056
	<hr/>	<hr/>

Antler Homes North West Plc

Notes forming part of the financial statements
for the year ended 30 June 2009 *(Continued)*

9 Taxation on loss from ordinary activities *(Continued)*

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	(928,083)	(869,556)
Tax credit on loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 28%)	(259,862)	(243,476)
Effects of:		
Capital allowances less than depreciation	(4,983)	(591)
Expenses not allowable for tax purposes	175	(18,315)
Group relief surrender	32,199	53,326
Overprovision of tax in prior years	(36,401)	-
Losses carried forward	232,471	-
Current tax credit for year	(36,401)	(209,056)

Unprovided deferred tax assets in respect of tax losses amount to £232,709 (2008 - £238).

10 Tangible assets

	Motor vehicles, furniture and equipment £
<i>Cost</i>	
At 1 July 2008	155,887
Disposals	(89,597)
At 30 June 2009	66,290
<i>Depreciation</i>	
At 1 July 2008	122,419
Charge for the year	3,884
Disposals	(60,488)
At 30 June 2009	65,815
<i>Net book value</i>	
At 30 June 2009	475
At 30 June 2008	33,468

The net book value of fixed assets includes £Nil (2008 - £32,386) in respect of assets held under hire purchase agreements.

Antler Homes North West Plc

Notes forming part of the financial statements
for the year ended 30 June 2009 (*Continued*)

11 Stocks

Stocks comprise both land and buildings in progress held for development and sale (see note 4).

	2009 £	2008 £
Land and buildings in progress	4,865,416	7,943,430

Interest capitalised in stock is £369,727 (2008 - £476,308).

12 Debtors

	2009 £	2008 £
Trade debtors	16,201	12,951
Other debtors - Due within one year	38,416	57,216
- Due after one year	-	413
Corporation tax credit	-	290,376
Prepayments and accrued income	56,181	36,459
Amounts owed by group undertakings	531,200	11,755,309
	641,998	12,152,724

All amounts fall due for payment within one year except as disclosed above.

13 Creditors amounts falling due within one year

	2009 £	2008 £
Trade creditors	592,208	1,323,743
Bank loans and overdrafts (secured)	3,217,004	5,294,880
Obligations under hire purchase agreements (note 14)	-	16,630
Amounts owed to parent undertaking	2,900,475	14,460,563
Amounts owed to group undertakings	904,138	477,768
Taxation and social security	1,237	4,253
Accruals and deferred income	419,827	185,009
	8,034,889	21,762,846

The bank loans are secured by a legal charge over each of the company's residential sites, a debenture over the assets of the company together with a guarantee from its immediate parent company (see note 1).

Included in accruals and deferred income is £122,000 (2008 - £220,000) due to the parent company for management recharges.

Antler Homes North West Plc

Notes forming part of the financial statements
for the year ended 30 June 2009 *(Continued)*

14 Obligations under hire purchase contracts

	2009 £	2008 £
Amounts payable:		
Due within one year	-	16,630
Due between one and two years	-	3,255
	<u>-</u>	<u>19,885</u>

15 Share capital

	2009 Number	Authorised 2008 Number	2009 £	2008 £
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
	Allotted, called up and fully paid			
	2009 Number	2008 Number	2009 £	2008 £
Ordinary shares of £1 each	814,150	814,150	814,150	814,150
	<u>814,150</u>	<u>814,150</u>	<u>814,150</u>	<u>814,150</u>

16 Profit and loss account

	2009 £	2008 £
At 1 July 2008	(2,449,360)	(1,788,860)
Loss for the year	(891,682)	(600,500)
	<u>(3,341,042)</u>	<u>(2,449,360)</u>
At 30 June 2009	(3,341,042)	(2,449,360)

17 Reconciliation of movements in shareholders' deficit

	2009 £	2008 £
Loss for the financial year	(891,682)	(660,500)
	<u>(891,682)</u>	<u>(660,500)</u>
Net increase in shareholders' deficit	(891,682)	(660,500)
Opening shareholders' deficit	(1,635,210)	(974,710)
	<u>(2,526,892)</u>	<u>(1,635,210)</u>
Closing shareholders' deficit	(2,526,892)	(1,635,210)

Antler Homes North West Plc

Notes forming part of the financial statements for the year ended 30 June 2009 (*Continued*)

18 Commitments under operating leases

As at 30 June 2009, the company had annual commitments under non-cancellable operating leases as set out below:

	2009 Land and buildings £	2008 Land and buildings £
Operating leases which expire:		
Over five years	53,500	53,500

19 Related party transactions

Advantage has been taken of the exemption under Financial Reporting Standard No. 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the Antler Property Corporation Limited Group. The financial statements of the ultimate parent company are available to the public at Quantisky Building, PO Box 905, Road Town, Tortola, British Virgin Islands.

20 Property purchase commitments and contingent liabilities

The Company has given bond guarantees in the ordinary course of business amounting to £428,661 at 30 June 2009 (2008 - £441,640).

21 Ultimate parent company and controlling party

The immediate parent company is Antler Homes Plc, a company registered in England and Wales. The ultimate parent company is Antler Property Corporation Limited, a company having been incorporated in Bermuda, discontinued and holding a certificate of continuance in the British Virgin Islands.

Antler Homes Limited, a company incorporated in the British Virgin Islands and the parent company of Antler Homes Plc, is considered to be the controlling party of the company. The ultimate controlling party is considered to be the Trustee of the P S Gower Settlement.

The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is Antler Property Corporation Limited, the ultimate parent company.

The parent undertaking of the smallest such group is Antler Homes Plc, the immediate parent company.

22 Pension contributions

The parent company operates a defined contribution (money purchase) scheme. The cost to the company for the year was £3,502 (2008 - £25,461). No outstanding or prepaid contributions existed at 30 June 2009 (2008 - £Nil).