

THE ALMANZORA GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2007

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THE ALMANZORA GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007

PRINCIPAL ACTIVITY

The principal activity of the company is the marketing and sales as commission agents of property

RESULTS

The results for the year are detailed in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

DIRECTORS

The following have served as directors throughout the year

S R Hitchins
J R Hitchins
J C Hitchins
A Underhill
P J Goodhall

None of the directors had any interest in the share capital of the company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the year. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 or other irregularities.

AUDIT

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all steps that ought to be taken as directors, in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

THE ALMANZORA GROUP LIMITED
DIRECTORS' REPORT (Continued)
YEAR ENDED 31 MARCH 2007

AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

By Order of the Board

A handwritten signature in black ink, appearing to be 'JMS', written in a cursive style.

Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE ALMANZORA GROUP LIMITED

We have audited the financial statements of The Almanzora Group Limited for the year ended 31 March 2007 set out on pages 4 to 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

Unqualified 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 March 2007 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 Director's Report is consistent with the financial statements.

Horwath Clark Whitehill LLP

21 January 2008

HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors
London

THE ALMANZORA GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
TURNOVER	1(b)	458,945	709,794
Cost of Sales		<u>560,538</u>	<u>612,576</u>
GROSS (LOSS)/PROFIT		(101,593)	97,218
Other operating income		3,999	-
Administrative expenses		<u>185,441</u>	<u>240,328</u>
OPERATING (LOSS)		(283,035)	(143,110)
Interest receivable		<u>269,194</u>	<u>221,574</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	2	(13,841)	78,464
Tax on loss/profit on ordinary activities	4	<u>(1,911)</u>	<u>24,387</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(11,930)	54,077
(DEFICIT) BROUGHT FORWARD		<u>(323,534)</u>	<u>(377,611)</u>
(DEFICIT) CARRIED FORWARD		<u>(335,464)</u>	<u>(323,534)</u>

The profit and loss account contains all the gains and losses recognised in the current and preceding year and the profit for the financial year is the only movement on shareholders' funds during those years

The related notes 1 to 12 form
an integral part of these financial statements.

THE ALMANZORA GROUP LIMITED
BALANCE SHEET
31 MARCH 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible fixed assets	5	5,629	9,554
Investment in group undertaking	6	829,500	829,500
		<u>835,129</u>	<u>839,054</u>
CURRENT ASSETS			
Debtors	7	4,453,468	3,913,433
Cash at bank and in hand		205	283,909
		<u>4,453,673</u>	<u>4,197,342</u>
CREDITORS: amounts falling due within one year	8	<u>598,301</u>	<u>330,918</u>
NET CURRENT ASSETS		<u>3,855,372</u>	<u>3,866,424</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,690,501</u>	<u>4,705,478</u>
PROVISION FOR LIABILITIES AND CHARGES	9	<u>25,965</u>	<u>29,012</u>
NET ASSETS		<u>4,664,536</u>	<u>4,676,466</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	5,000,000	5,000,000
Profit and loss account		(335,464)	(323,534)
SHAREHOLDERS' FUNDS		<u>4,664,536</u>	<u>4,676,466</u>

Approved by the Board on 18 January 2008
and signed on its behalf by

Director



The related notes 1 to 12 form
an integral part of these financial statements

THE ALMANZORA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2007

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Turnover

Turnover represents commission income earned during the year and sales of land, net of VAT

c) Tangible Fixed Assets

Tangible fixed assets are depreciated over their anticipated useful lives on a straight line basis at the following rates

Fixtures, fittings and office equipment	- 25% per annum
Motor vehicles	- 25% per annum

(d) Deferred Taxation

Full provision is made, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts. Deferred tax is measured on a non-discounted basis.

(e) Pension Costs

Pension costs are charged to the profit and loss account to spread the costs over the average remaining service lives of employees. The pension scheme is a multi-employer defined benefit scheme and the company is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out as at 1 June 2006, and updated to 31 March 2007. FRS 17 disclosure for the Group Pension Scheme is provided in the accounts of the immediate parent undertaking and shows a deficit in the scheme as at 31 March 2007 of £679,000 (2006 surplus £70,000).

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
This is arrived at after charging:		
Auditors' remuneration	4,100	3,900
Directors' remuneration		
- Emoluments	13,413	-
- Pensions costs	2,087	-
Depreciation	6,174	7,104
	<hr/>	<hr/>
and after crediting:		
Interest receivable from associated undertaking	<u>269,194</u>	<u>221,574</u>

THE ALMANZORA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 MARCH 2007

3. EMPLOYEE INFORMATION

a) Staff Costs and Numbers

The average number of persons (including directors) employed by the company during the year was 11 (2005 - 11, employed in sales, marketing and administration)

	2007 £	2006 £
Aggregate gross salaries	172,762	127,445
Social security costs	18,004	13,132
Pension costs	10,758	8,285
	<u>201,524</u>	<u>148,862</u>

b) Directors

The number of directors accruing benefits under pension schemes are as follows

	No.	No
Defined contribution pension schemes	<u>3</u>	<u>3</u>

c) Employees are members of The Robert Hitchins Group Pension Scheme, a multi-employer defined benefit scheme. Contributions to the scheme are determined by qualified actuaries on the basis of financial valuations. The last actuarial valuation was carried out at 1 June 2006. Further details of the scheme are set out in the financial statements of The Robert Hitchins Group Limited.

d) Some of the directors are members of The Robert Hitchins Group Executive Pension Scheme, a defined contribution scheme.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Corporation tax at 30%	1,136	24,509
Deferred taxation (note 9)	(3,047)	(122)
	<u>(1,911)</u>	<u>24,387</u>
Factors affecting the tax charge		
(Loss)/Profit on ordinary activities before taxation	<u>(13,841)</u>	<u>78,464</u>
Profit on ordinary activities before taxation multiplied by the full rate of corporation tax of 30%	(4,152)	23,539
Effects of		
Expenses not deductible for taxation purposes	2,183	848
Group relief surrendered	4,773	-
Capital allowances in excess of depreciation	(1,983)	
Other	315	122
	<u>1,136</u>	<u>24,509</u>
Current tax charge		

THE ALMANZORA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 MARCH 2007

5. TANGIBLE FIXED ASSETS

	Total £	Fixtures, Fittings and Office Equipment £	Motor Vehicles £
Cost			
At 1 April 2006	69,078	35,623	33,455
Additions	2,250	2,250	-
Disposals	(9,500)	-	(9,500)
At 31 March 2007	61,828	37,873	23,955
Depreciation			
At 1 April 2006	59,524	26,072	33,452
Charge for the year	6,174	6,174	-
Disposals	(9,499)	-	(9,499)
At 31 March 2007	56,199	32,246	23,953
Net Book values			
31 March 2007	5,629	5,627	2
<i>31 March 2006</i>	<i>9,554</i>	<i>9,551</i>	<i>3</i>

6. INVESTMENTS

The company owns 2 61% of the share capital of Bahia del Almanzora SL

7. DEBTORS

	2007 £	2006 £
Other debtors	48,330	34,753
Amounts owed by related undertakings	4,405,138	3,878,680
	4,453,468	3,913,433

8. CREDITORS

	2007 £	2006 £
Bank overdraft	336,072	59,568
Trade creditors	127,902	85,688
Amount owed to group undertakings	121,190	125,988
Corporation tax	(577)	23,931
Other creditors and accruals	3,846	27,740
Taxation and social security	9,870	8,003
	598,301	330,918

THE ALMANZORA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 MARCH 2007

9. PROVISION FOR LIABILITIES AND CHARGES

2007

£

Deferred taxation

At 1 April 2006

29,012

Credited to the profit and loss account (note 4)

3,047

At 31 March 2007

25,965

Timing differences arise from

2007

£

2006

£

Accelerated capital allowances

(6,207)

(3,160)

Short term timing differences (loan) interest

32,172

32,172

25,965

29,012

10. EQUITY SHARE CAPITAL

2007

£

2006

£

Authorised, allotted, called up and fully paid

5,000,000 Ordinary shares of £1 each

5,000,000

5,000,000

11. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Bay Group Limited, a company incorporated in Bermuda

12. RELATED PARTY TRANSACTIONS

The company transacts business with its immediate parent company The Robert Hitchins Group Limited ("RHG") and its other subsidiary undertakings. These transactions are not disclosed as they are eliminated in the consolidated financial statements of (RHG), available from the Registrar of Companies, Cardiff

During the year the company earned commission of £95,389 (2006 £465,811) from Desert Springs SL, £19,805 (2006 £63,985) from Villaricos SL, £254,760 (2006 £179,997) from Bahia Del Almanzora SL and £913 from Playas del Almanzora SL (2006 £Nil) all related undertakings. Interest of £269,194 (2006 £221,574) was accrued on the amounts outstanding from these undertakings. The amount outstanding at 31 March 2007 amounted to £2,643,192 (2006 £2,496,242) and interest receivable was £1,670,955 (2006 £1,401,761)