

Westgrove (Homes) Limited
Financial Statements
For the Year Ended
31 March 2006

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BISHOP FLEMING
Chartered Accountants & Registered Auditors
1 Barnfield Crescent
Exeter
EX1 1QY

Westgrove (Homes) Limited

Financial Statements

Year Ended 31 March 2006

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Westgrove (Homes) Limited

Officers and Professional Advisers

The Board of Directors

Mr K A C Pyne
Mrs P R Baker
Mr A K Slaney

Company Secretary

Mrs P R Baker

Registered Office

Baring House
6 Baring Crescent
Exeter
Devon
EX1 1TL

Auditor

Bishop Fleming
Chartered Accountants
& Registered Auditors
1 Barnfield Crescent
Exeter
EX1 1QY

Westgrove (Homes) Limited

The Directors' Report

Year Ended 31 March 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

Principal activities and business review

The principal activity of the company during the year was the acquisition and disposal of land for property development purposes.

There was a loss for the year amounting to £28,991. The directors do not recommend payment of a dividend.

In the previous year, on 31 March 2005, the Joinery activity of the business was purchased by the joinery manager, an employee of Westgrove (Homes) Limited.

Directors

The directors who served the company during the year were as follows:

Mr K A C Pyne
Mrs P R Baker
Mr A K Slaney

The company is a wholly owned subsidiary of M Baker (Holdings) Limited and the interests of the group directors in the ultimate parent company, M Baker (Holdings) Limited were as follows:

		At 31 March 2006	At 1 April 2005
Mrs P R Baker	Ordinary A shares of £1 each	6,000	2,372
	Ordinary B shares of £1 each	2,000	-
Mr K A C Pyne		-	-

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

In 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 they ought to have taken to make themselves

Westgrove (Homes) Limited

The Directors' Report *(continued)*

Year Ended 31 March 2006

aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

A resolution to re-appoint Bishop Fleming as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

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

Registered office:
Baring House
6 Baring Crescent
Exeter
Devon
EX1 1TL

Signed on behalf of the directors



Mr K A C Pyne
Director

Approved by the directors on 23/11/06

Westgrove (Homes) Limited**Independent Auditor's Report to the Shareholders of
Westgrove (Homes) Limited****Year Ended 31 March 2006**

We have audited the financial statements of Westgrove (Homes) Limited for the year ended 31 March 2006 on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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 also evaluated the overall adequacy of the presentation of information in the financial statements.

Westgrove (Homes) Limited

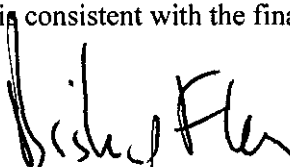
Independent Auditor's Report to the Shareholders of Westgrove (Homes) Limited *(continued)*

Year Ended 31 March 2006

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



BISHOP FLEMING
Chartered Accountants
& Registered Auditors

1 Barnfield Crescent
Exeter
EX1 1QY

27 November 2006

Westgrove (Homes) Limited**Profit and Loss Account****Year Ended 31 March 2006**

	Note	2006 £	2005 £
Turnover		218	290,431
Cost of sales		<u>61</u>	<u>153,735</u>
Gross profit		157	136,696
Distribution costs		10,150	17,622
Administrative expenses		165,472	273,379
Other operating income		<u>(147,456)</u>	<u>(141,943)</u>
Operating loss	2	(28,009)	(12,362)
Interest receivable		85	142
Interest payable and similar charges		<u>(1,067)</u>	<u>(1,120)</u>
Loss on ordinary activities before taxation		(28,991)	(13,340)
Tax on loss on ordinary activities		—	—
Loss for the financial year		(28,991)	(13,340)
Balance brought forward		<u>75,574</u>	<u>88,914</u>
Balance carried forward		<u>46,583</u>	<u>75,574</u>

The notes on pages 8 to 12 form part of these financial statements.

Westgrove (Homes) Limited**Balance Sheet****31 March 2006**

	Note	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	4		41,374		5,378
Current assets					
Stocks	5	14,500		14,500	
Debtors due within one year	6	93,653		133,609	
Cash in hand		90		—	
		<u>108,243</u>		<u>148,109</u>	
Creditors: Amounts falling due within one year	7	<u>23,994</u>		<u>77,873</u>	
Net current assets			<u>84,249</u>		<u>70,236</u>
Total assets less current liabilities			<u>125,623</u>		<u>75,614</u>
Creditors: Amounts falling due after more than one year	8		<u>79,000</u>		<u>—</u>
			<u>46,623</u>		<u>75,614</u>
Capital and reserves					
Called-up equity share capital	11		40		40
Profit and loss account			<u>46,583</u>		<u>75,574</u>
Shareholders' funds			<u>46,623</u>		<u>75,614</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 23/11/06 and are signed on their behalf by:


Mr K A C Pyne
Director

Westgrove (Homes) Limited**Notes to the Financial Statements****Year Ended 31 March 2006**

1. Accounting policies**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

(b) Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

(c) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(d) Fixed assets

All fixed assets are initially recorded at cost.

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Motor Vehicles - 25% net book value

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Purchases and sales of properties are accounted for on completion. Contract work in progress is stated at cost less payments received on account.

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(h) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

(i) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Westgrove (Homes) Limited**Notes to the Financial Statements****Year Ended 31 March 2006****2. Operating loss**

Operating loss is stated after charging:

	2006	2005
	£	£
Staff pension contributions	—	2,455
Depreciation of owned fixed assets	3,834	5,219
Loss on disposal of fixed assets	—	12,495
Auditor's fees	2,310	2,250

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005
	£	£
Aggregate emoluments	87,975	85,000
Value of company pension contributions to money purchase schemes	18,000	18,000
	105,975	103,000

The number of directors who accrued benefits under company pension schemes was as follows:

	2006	2005
	No	No
Money purchase schemes	1	1

4. Tangible fixed assets

	Motor Vehicles £
Cost	
At 1 April 2005	34,000
Additions	39,830
At 31 March 2006	73,830
Depreciation	
At 1 April 2005	28,622
Charge for the year	3,834
At 31 March 2006	32,456
Net book value	
At 31 March 2006	41,374
At 31 March 2005	5,378

5. Stocks

	2006	2005
	£	£
Stock	14,500	14,500

Westgrove (Homes) Limited**Notes to the Financial Statements****Year Ended 31 March 2006****6. Debtors**

	2006	2005
	£	£
Trade debtors	—	28,655
Amounts owed by group undertakings	88,050	91,738
Amounts owed by directors	—	2,814
Other debtors	4,050	4,600
Prepayments and accrued income	1,553	5,802
	<u>93,653</u>	<u>133,609</u>

7. Creditors: Amounts falling due within one year

	2006	2005
	£	£
Bank loans and overdrafts	4,834	37,964
Trade creditors	3,189	13,738
Other creditors including taxation and social security:		
PAYE and social security	6,547	10,953
VAT	2,941	9,689
Other creditors	2,249	1,478
Accruals and deferred income	4,234	4,051
	<u>23,994</u>	<u>77,873</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2006	2005
	£	£
Bank loans and overdrafts	<u>4,834</u>	<u>37,964</u>

8. Creditors: Amounts falling due after more than one year

	2006	2005
	£	£
Amounts owed to group undertakings	<u>79,000</u>	<u>—</u>

A legal mortgage was registered with Companies House on 23 February 2005 in favour of HSBC Bank plc, for securing all monies due or to become due from the company on any account.

Westgrove (Homes) Limited**Notes to the Financial Statements****Year Ended 31 March 2006****9. Contingencies**

An Unlimited Multilateral Company Guarantee has been given in favour of HSBC Bank plc by Westgrove (Homes) Limited, M Baker (Holdings) Limited, M Baker (Property Services) Limited, Tarker Limited, Westgrove Projects Limited, Westgrove (Exeter) Limited, M Baker (South West) Limited, West Coast Wind Farms Limited, West Coast Wind Farms (Scotland) Limited, M Baker Recycling Limited and Devon Wind Power Limited to secure all the present and future indebtedness and liabilities to the Bank howsoever arising.

The total indebtedness at 31 March 2006 amounted to £11,440,073 (2005 - £4,197,740).

A cross guarantee has been given by M Baker (Property Services) Limited, Westgrove (Homes) Limited and Westgrove Projects Limited, in favour of NatWest Bank plc.

The total indebtedness at 31 March 2006 amounted to £109,675 (2005 - £134,585).

10. Related party transactions

During the year the company supplied materials at a value of £32,255 (2005 - £32,811) to the director, Mrs P R Baker.

At 31 March 2006 the director Mrs P R Baker owed the company £Nil (2005 - £2,814). The company owed the director Mrs P R Baker £2,249 (2005 - £Nil), all of which is included in other creditors. £5,636 was the maximum outstanding during the year.

At 31 March 2006 the company was owed £196 (2005 - £321) by M Baker Recycling Limited.

At 31 March 2006 the company was owed £18 (2005 - £524) by M Baker South West Limited.

At 31 March 2006 the company was owed £87,836 (2005 - £90,894) by M Baker (Property Services) Limited. A management charge was receivable of £147,456 (2005 - 141,943) and a management charge payable of £10,000 (2005 - £5,000) in respect of services carried out during the year to 31 March 2006. £90,894 was the maximum outstanding during the year.

At 31 March 2006 the company owed £79,000 to M Baker (Property Services) Limited. The loan was introduced during the year.

M Baker Recycling Limited, M Baker (Property Services) Limited, and M Baker (South West) Limited are also subsidiaries of M Baker (Holdings) Limited.

No interest is payable on any of these loans.

11. Share capital**Authorised share capital:**

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2006		2005
	No	£	No
Ordinary shares of £1 each	<u>40</u>	<u>40</u>	<u>40</u>

Westgrove (Homes) Limited

Notes to the Financial Statements

Year Ended 31 March 2006

12. Post balance sheet events

On 3 July 2006 the company disposed of land for resale included in stock at East-the-Water, Bideford for £1,147,100. The land originally cost £7,000. An amount of £229,420 is due to M Baker (Property Services) Limited in respect of fees in relation to obtaining planning permission.

13. Ultimate parent company

The directors consider that the ultimate parent undertaking of this company is its parent company, M Baker (Holdings) Limited which is incorporated in Great Britain.

Mr M T and Mrs P R Baker are this company's controlling parties by virtue of their control of the ultimate parent undertaking.