

Z R Builders (Derby) Limited
Annual report
for the year ended 31 August 2001

Registered Number: 02255001



Z R Builders (Derby) Limited

Annual Report

for the year ended 31 August 2001

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Z R Builders (Derby) Limited

Director's report for the year ended 31 August 2001

The director submits his report and the financial statements for the year ended 31 August 2001.

Principal activity

The principal activity of the company during the year was that of builders, property developers and property rental.

Review of business and future development

The profit and loss account for the year is set out on page 4.

The company has guaranteed the overdraft and loans of its parent undertaking and fellow subsidiaries. During the year the group has incurred losses. The directors of the group have taken action to eliminate loss making activities, as explained in the accounts of the parent undertaking.

In the meantime the directors are confident that the group as a whole will operate economically, but nonetheless recognise that they are dependent upon their bankers for ongoing support. The bankers have indicated that they support the directors plans and intend to provide the necessary funding, subject to normal banking terms and review, for the foreseeable future.

On this basis, the directors consider it is appropriate to prepare these financial statements on a going concern basis.

Director and his interests

The director of the company at 31 August 2001, who has been a director for the whole of the year ended on that date, was:

S G Brook

The director has no interest in the share capital of the company. His interest in the share capital of the holding company is shown in that company's financial statements.

Dividends

The director does not recommend the payment of a dividend (2000: £Nil).

Statement of director's responsibilities

The director is required by UK company law to prepare financial statements for each financial year which 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 director confirms 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 August 2001. The director also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The director is 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.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

Z R Builders (Derby) Limited

Special exemptions

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

By order of the Board

D. Barker

Secretary
8 July 2002

Z R Builders (Derby) Limited

Independent auditors' report to the members of Z R Builders (Derby) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

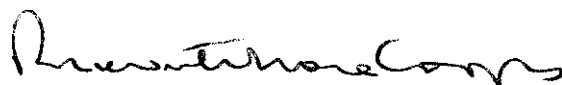
Basis of opinion

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 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 August 2001 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham

8 July 2002

Z R Builders (Derby) Limited

Profit and loss account for the year ended 31 August 2001

	Note	2001 £	2000 £
Turnover	2	151,365	747,133
Cost of sales		(75,740)	(815,856)
Gross (loss)/profit		75,625	(68,723)
Other operating income		-	20,791
Administrative expenses		(66,458)	(38,444)
Operating profit/(loss)	3	9,167	(86,376)
Profit/(loss) on ordinary activities before taxation		9,167	(86,376)
Taxation	4	(19,232)	27,876
Loss for the financial year	11	(10,065)	(58,500)

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profits/(losses) above.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

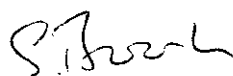
Z R Builders (Derby) Limited

Balance sheet as at 31 August 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	2,211,273	2,258,026
Current assets			
Work in progress		23,146	72,386
Debtors	7	50,056	42,226
Cash at bank and in hand		163,299	19,576
		235,501	134,188
Creditors: amounts falling due within one year	8	(2,570,900)	(2,505,071)
Net current liabilities		(2,334,399)	(2,370,883)
Total assets less current liabilities		(123,126)	(112,857)
Provisions for liabilities and charges	9	-	(204)
Net liabilities		(123,126)	(113,061)
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	(123,226)	(113,161)
Deficiency of equity shareholders' funds	12	(123,126)	(113,061)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 8 July 2002
and signed on behalf of the directors



S G Brook
Director

Z R Builders (Derby) Limited

Notes to the financial statements for the year ended 31 August 2001

1 Principal accounting policies

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

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The balance sheet at the year end shows that liabilities exceed assets by £123,126. The parent company, Honormead Limited, has confirmed that it will maintain its financial support for the foreseeable future to enable the company to continue normal trading operations.

The parent company meets its day-to-day working capital requirements through a combination of overdraft and longer term loans. The overdraft is repayable on demand. At the balance sheet date group overdraft and loans amounted to £5,706,000. Various steps have been put in place to refocus the group's business operations and remove loss making operations by either disposal or closure. The directors are now confident that the refocused group will operate economically.

The group's bankers have indicated their support for the directors' plans and that they intend to provide the necessary financing, subject to normal banking terms and review, for the foreseeable future. On this basis the directors consider the going concern basis is appropriate.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Fixed assets

Freehold property is stated at valuation. Other fixed assets are stated at cost which comprises purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated to write off the cost of fixed assets less their estimated residual values, on a straight line basis over the expected useful economic life of the asset. The rates used are as follows:

Freehold property	2%
Motor vehicles	25%

Work in progress

Work in progress is stated at the lower of cost and net realisable value and comprises total costs incurred, net of amounts transferred to the profit and loss account in respect of sales, less provisions for foreseeable losses.

Z R Builders (Derby) Limited

Cash flow

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985 and as a consequence is exempt from the requirement to publish a cash flow statement.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

2 Turnover

Turnover arose entirely within the United Kingdom.

3 Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2001	2000
	£	£
Auditors' remuneration	1,000	1,000
Depreciation of tangible fixed assets	46,753	-

4 Taxation

The tax charge for the year has been increased by £10,000 as a result of expenditure which is not deductible for taxation purposes and by £6,000 in respect of prior years.

5 Director's emoluments

The director received no emoluments in respect of his services to the company (2000: £Nil).

Z R Builders (Derby) Limited

6 Fixed assets

	Freehold property £	Motor vehicles £	Total £
Cost or valuation			
At 1 September 2000 and at 31 August 2001	2,259,290	6,995	2,266,285
Depreciation			
At 1 September 2000	7,531	728	8,259
Charge for year	45,186	1,567	46,753
At 31 August 2001	52,717	2,295	55,012
Net book amount			
At 31 August 2001	2,206,573	4,700	2,211,273
At 31 August 2000	2,251,759	6,267	2,258,026

All freehold property at 31 August 2001 was acquired during the year ended 31 August 2000 and the directors consider that the cost of the asset transferred from a group company is not materially different to market value at 31 August 2001.

7 Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	18,352	2,345
Other debtors	31,704	39,881
	50,056	42,226

Z R Builders (Derby) Limited

8 Creditors: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	-	2,448
Amounts owed to group undertakings	2,550,915	2,493,028
Corporation tax	-	4,158
Other creditors	19,985	5,437
	2,570,900	2,505,071

9 Provisions for liabilities and charges

	Deferred taxation
	£
At 1 September 2000	204
Credited to profit and loss account	(204)
At 31 August 2001	-

Deferred tax is analysed as follows:

	2001	2000
	£	£
Accelerated capital allowances	-	204

There is no unprovided deferred taxation.

10 Called up share capital

	2001	2000
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Z R Builders (Derby) Limited

11 Profit and loss account

	2001 £
At 1 September 2000	(113,161)
Loss for the year	(10,065)
At 31 August 2001	(123,226)

12 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Opening shareholders' funds	(113,061)	(54,561)
Loss for the year	(10,065)	(58,500)
Closing shareholders' funds	(123,126)	(113,061)

13 Transactions with related parties

The company has taken advantage of the exemptions in FRS 8 not to report transactions with companies which are at least 90% owned by the group.

During the year the company made sales of £10,070 (2000: £7,839) to and purchase of £35 (2000: £19) from Grangecraft (Garden Centre) Limited, a company in which S Brook is a shareholder and director. The amount due from Grangecraft (Garden Centre) Limited at the year end was £5,862 (2000: £155).

At the year end work in progress included an amount of £16,426 (2000: £12,361) in respect of work carried out on properties owned by S Brook and his family and £1,484 in respect of work carried out for N Gillespie, a director of the holding company.

14 Capital commitments

The company had no capital commitments at 31 August 2001 (2000: £Nil).

Z R Builders (Derby) Limited

15 Contingent liabilities

The company has given an unlimited guarantee to secure the bank borrowings of other companies in the Honormead Limited group. At 31 August 2001 total group borrowings amounted to £5,706,000 (2000: £2,537,150).

16 Ultimate controlling party

The directors regard Honormead Limited as the ultimate holding company. According to the register kept by the company, Honormead Limited has 100% interest in the equity capital of Z R Builders (Derby) Limited at 31 August 2001.

There is not considered to be any individual party controlling Honormead Limited.

A copy of the accounts of Honormead Limited can be obtained from the company's registered office.