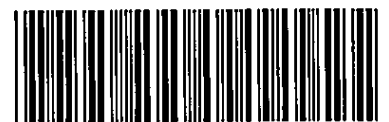


NOTTING HILL DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 MARCH 2009

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NOTTING HILL DEVELOPMENTS LIMITED

Report and Financial Statements 31 March 2009

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NOTTING HILL DEVELOPMENTS LIMITED

Company No 2444254

List of Directors, Senior Staff and Advisors as at 31 March 2009

Directors

Jonathan Buchanan
Alan Cole
Christopher Evans
John Hughes
Martin Baker

Corporate Management Team

Chief Executive
Group Finance Director
Group Development Director
Group Corporate Services Director
Group Director of Operations
Group Director of Commercial Services

Kate Davies
Paul Phillips
John Hughes
Alastair Clegg – Appointed 15 September 2008
Femi Adewole – Resigned 30 June 2009
Andy Belton

Secretary

Andrew Nankivell

Registered Office

1 Butterwick
Rear of Metro Building
Hammersmith
London, W6 8DL

Solicitors

Devonshires
Salisbury House
London Wall
London, EC2M 5QY

Auditors

Grant Thornton UK LLP
Bryanston Court,
Selden Hill,
Hemel Hempstead, HP2 4TN

NOTTING HILL DEVELOPMENTS LIMITED

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Activities

The company's principal activity during the year, which it intends to continue, has been that of selling residential and commercial properties in the open market.

Future Developments

The Company has purchased two sites, with the intention of developing a further 304 units for outright sale.

Notting Hill Developments Limited changed its name from Notting Hill Properties Limited on the 19 May 2007.

Result for the year

There was a profit on ordinary activities before taxation and gift aid for the year of £48k (2008: £2,845k).

Risks

The principal risks facing the company at 31 March 2009 were, construction risks, sales risks and interest rate risks. Construction risks are mitigated by ensuring building work is carried out on fixed price contract, sales risks are mitigated by arranging sales in advance and the interest rate risks are mitigated by regularly reviewing the facilities.

Directors

The directors who served during the year were as follows:

Jonathan Buchanan
Alan Cole
Andrew Hill
Christopher Evans
John Hughes
Martin Baker

Resigned 22 April 2008

Appointed 21 April 2008

Appointed 26 January 2009

No director had any beneficial interest in shares of the company or any fellow subsidiary company.

NOTTING HILL DEVELOPMENTS LIMITED

Directors' report

External Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Income and Corporation Taxes Act 1988

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Annual General Meeting

The annual general meeting will be held on 17 September 2009 at 1 Butterwick, Rear of Metro Building, Hammersmith, London W6 8DL.

1 Butterwick,
Rear of Metro Building
Hammersmith
London
W6 8DL

Authorised and Approved by the Board of
Directors and signed
by order of the Board



Andrew Nankivell
Company Secretary
27 July 2009

NOTTING HILL DEVELOPMENTS LIMITED

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing 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). The financial statements are required by law 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 estimates that are reasonable and prudent;
- 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 which 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 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 and other irregularities.

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 2, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware; and
- each director has taken all the steps, which ought to have taken as a director in order to become aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.



Jonathan Buchanan
Chairman

NOTTING HILL DEVELOPMENTS LIMITED

Report of the Independent Auditor to the Members of Notting Hill Developments Limited

We have audited the financial statements of Notting Hill Developments Ltd for the year ended 31 March 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, statement of historical cost profits and losses, statement of total recognised gains and losses and notes 2 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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

NOTTING HILL DEVELOPMENTS LIMITED

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 opinions we have formed.

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 affairs of the company as at 31 March 2009 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 Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

Grant Thornton UK LLP
Register Auditors
Chartered Accountants
Hemel Hempstead

29 July 2009

NOTTING HILL DEVELOPMENTS LIMITED

Profit and loss account

For the year ended 31 March 2009

	Note	2009 £000	2008 £000
Turnover	1	2,161	15,873
Cost of sales	1	<u>(1,725)</u>	<u>(13,648)</u>
Gross Profit		436	2,225
Other income		13	17
Administrative expenses		<u>(219)</u>	<u>(212)</u>
Operating Profit		230	2,030
Surplus on disposal of properties	3	-	830
Interest receivable and other similar income	4	53	66
Interest payable	5	<u>(235)</u>	<u>(81)</u>
Profit on ordinary activities before gift aid and taxation	6	48	2,845
Gift aid payment	7	(48)	(2,845)
Tax on profit on ordinary activities	16	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation transferred to reserves		<u>-</u>	<u>-</u>

The turnover and operating profit for the current year are derived from continuing operations in the United Kingdom.

The company has no recognised gains and losses or movements in shareholders' funds, for the financial year other than as stated in the profit and loss account above and therefore no separate statement of total recognised gains and losses or movements in shareholders' funds has been prepared. There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above and their historic cost equivalents.

NOTTING HILL DEVELOPMENTS LIMITED

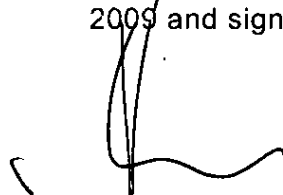
Balance sheet

As at 31 March 2009

	Note	2009 £000	2008 £000
Current assets			
Stocks and work in progress	8	11,134	949
Debtors	9	36	-
Cash at Bank		14	173
		<u>11,184</u>	<u>1,122</u>
Creditors			
Amounts falling due within one year	10	<u>(11,183)</u>	<u>(1,121)</u>
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital - £100 (2008: £100)	11	-	-
Profit and loss account	12	<u>1</u>	<u>1</u>
Equity shareholders' funds		<u>1</u>	<u>1</u>

Notes on page 11 to 15 form part of these financial statements.

The financial statements were authorised and approved by the Board of Directors on 27 July 2009 and signed on its behalf by:


Jonathan Buchanan
Chairman

NOTTING HILL DEVELOPMENTS LIMITED

Cash flow statement

For the year ended 31 March 2009

	Note	2009 £000	2008 £000
Net cash (outflow)/inflow from operating activities	13	(10,277)	7,592
Surplus on sale of assets		-	830
Servicing of finance			
Interest paid		(235)	(81)
Interest received		53	66
Net cash (outflow)/inflow from returns on investments and servicing of finance		(182)	(15)
Net cash (outflow)/inflow before financing		(10,459)	8,407
Financing			
New loans	14	10,300	-
Loans repaid		-	(8,214)
Net cash (outflow)/inflow from financing		10,300	(8,214)
Net cash (outflow)/inflow before financing		(159)	193
(Decrease)/inflow in cash		(159)	193

NOTTING HILL DEVELOPMENTS LIMITED

Notes to the accounts

For the year ended 31 March 2009

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the Directors are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover represents sale proceeds net of any sales discounts and ancillary costs on the sale of completed homes sold in the open market and is recognised on completion of the sale. Sales of properties have been transacted through the partner developer but sold in the name of Notting Hill Developments Limited.

Cost of sales

Cost of sales includes an apportionment of the original cost of the land acquired for the development, plus the costs of building the property and any associated overhead costs incurred either by the developer or Notting Hill Developments Limited. In addition certain incentives that are due and paid to a developer partner are recognised in the profit and loss account, on completion of a sale of a completed home to a third party in the open market.

Stock and work in progress

Stock and work in progress is recognised in the balance sheet at the historic cost of acquiring land for development. Cost comprise materials, direct labour, direct development overheads and interest capitalised. No account is taken of any costs incurred by the developer partner in developing new homes for sale, as these costs are not due to the developer until the property is sold to a third party in the open market. Similarly, no account is taken of any incentive payments due to the developer, as they are not due until the sale of a completed home to a third party in the open market. At the year-end, the Directors review the value of the land shown in the balance sheet to ensure that the realisable value of the land exceeds the value shown in the balance sheet.

Taxation

The Company is subject to corporation tax on its profits; however, these are normally paid as gift aid to Notting Hill Housing Trust.

The Company is registered for VAT as a separate entity.

2. Directors' emoluments

The Directors received remuneration of £nil during the year. There were no employees of Notting Hill Developments Limited during the year (2008: £nil).

NOTTING HILL DEVELOPMENTS LIMITED

Notes to the accounts

For the year ended 31 March 2009

3. Surplus on disposal of Properties

In the previous year the surplus on disposal of properties has arisen from the sale of units on the Adastral Development.

4. Interest receivable

	2009 £000	2008 £000
Interest receivable from other group undertakings	<u>53</u>	<u>66</u>

5. Interest payable

	2009 £000	2008 £000
Bank loans and overdrafts	49	407
Interest payable to other group undertakings	<u>198</u>	<u>137</u>
	247	544
Less Capitalised interest on development at 4.58% (2008: 6%)	<u>(12)</u>	<u>(463)</u>
	<u>235</u>	<u>81</u>

6. Profit on ordinary activities before gift aid payment

Profit on ordinary activities before gift aid payment is stated after charging:

	2009 £000	2008 £000
Fees payable to the Company Auditor for the audit of the financial statements	<u>4</u>	<u>4</u>

7. Gift Aid

	2009 £000	2008 £000
Gift of cash to Notting Hill Housing Trust	<u>48</u>	<u>2,845</u>

NOTTING HILL DEVELOPMENTS LIMITED

Notes to the accounts

For the year ended 31 March 2009

8. Stock and work in progress

	2009 £000	2008 £000
Land in the course of development	11,134	769
Property held for sales	-	180
	<u>11,134</u>	<u>949</u>

Stock includes capitalised interest of £12 k (2008: £412k)

	2009 No	2008 No
Number of homes in the course of development	<u>964</u>	<u>304</u>

9. Debtors

	2009 £000	2008 £000
Amount owed by group companies	14	-
Other debtors and prepayments	22	-
	<u>36</u>	<u>-</u>

10. Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Amount owed to parent	17	32
Amount owed to other group companies	22	656
Trade creditors	392	29
Other creditors	4	-
Other taxes and social securities	-	1
Accruals And Deferred Income	448	403
Bank loans	2,780	-
Loan from parent	7,520	-
	<u>11,183</u>	<u>1,121</u>

The bank loans and amount owed to parent are secured by both a floating charge over the assets of the Company and by fixed charges on individual properties. The loans will be repaid when the properties are sold.

NOTTING HILL DEVELOPMENTS LIMITED

Notes to the accounts

For the year ended 31 March 2009

11. Called up share capital

	2009	2008
	£	£
Authorised, allotted and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

12. Profit and Loss account

	2009	2008
	£	£
At April 2008	1	-
Profit for the year	-	1
31 March 2009	<u>1</u>	<u>1</u>

The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

13. Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£000	£000
Operating profit	230	2,030
Movement in stock	(10,185)	7,715
Movement in debtors	(36)	265
Movement in creditors	(286)	(2,418)
	<u>(10,277)</u>	<u>7,592</u>

14. Reconciliation of net cash inflow to net movement in net debt

	2009	2008
	£000	£000
Cash (inflow) from decrease in cash	159	(162)
Cash (outflow)/inflow from (decrease)/increase in bank overdraft	-	(31)
Cash (outflow)/inflow from (decrease)/increase in borrowings	<u>10,300</u>	<u>(8,214)</u>
Change in net debt	10,459	(8,407)
Net debt brought forward	(173)	8,234
Net (cash)/debt carried forward	<u>10,286</u>	<u>(173)</u>

NOTTING HILL DEVELOPMENTS LIMITED

Notes to the accounts

For the year ended 31 March 2009

15. Analysis of changes in net debt

	At 1 April 2008 £000	Cash outflow £000	At 31 March 2009 £000
Cash at Bank	173	(159)	14
Bank and other loans	-	(10,300)	(10,300)
Changes in net debt/cash	173	(10,459)	(10,286)

16. Taxation

	2009 £000	2008 £000
UK tax on profits	-	-
<u>Current tax reconciliation</u>		
Profit before tax	48	2,845
Theoretical corporation tax @ 28% (2008:30%)	13	854
Effect of Gift Aid	(13)	(854)
Current tax charge	-	-

17. Capital Commitments

	2009 £000	2008 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	3,478	7,663
Capital expenditure that has been authorised by the Board but has not yet been contracted for	14,151	-

18. Ultimate parent undertaking and related party

The company's parent undertaking is Notting Hill Commercial Properties Ltd and the ultimate parent is Notting Hill Housing Trust, an Industrial and Provident Society registered in England and Wales.

Advantage has been taken of exception 3(c) of Financial Reporting Standard 8, not to disclose intra group transactions.