

Company Registration Number 02666866

Avonside Group Holdings Limited

Financial Statements

31 December 2008

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AVONSIDE GROUP HOLDINGS LIMITED

The Directors' Report

Year ended 31 December 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

Principal activities

The company is an investments holding company, providing management services.

Directors

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

Mrs D M Walker

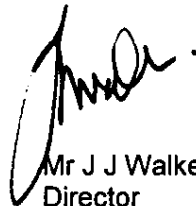
Mr J J Walker

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:
Churchill House
Regent Road
Stoke on Trent
Staffordshire
ST1 3RQ

Signed on behalf of the directors



Mr J J Walker
Director

Approved by the directors on 21 August 2009

AVONSIDE GROUP HOLDINGS LIMITED

Statement of Directors' Responsibilities

Year ended 31 December 2008

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 that 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AVONSIDE GROUP HOLDINGS LIMITED

Independent Auditor's Report to the Shareholder

Year ended 31 December 2008

We have audited the financial statements of Avonside Group Holdings Limited for the year ended 31 December 2008 on pages 5 to 13, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on pages 7 to 8.

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

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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.

AVONSIDE GROUP HOLDINGS LIMITED


Independent Auditor's Report to the Shareholder *(continued)*

Year ended 31 December 2008

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 December 2008 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.



CLB Coopers
Chartered Accountants
& Registered Auditors

Fleet House
New Road
Lancaster
LA1 1EZ

21 August 2009

AVONSIDE GROUP HOLDINGS LIMITED

Profit and Loss Account

Year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		69,268	95,958
Other operating income		<u>4,327</u>	<u>2,131</u>
		73,595	98,089
Operating costs:			
Staff costs		75,301	55,818
Other operating charges		<u>74,453</u>	<u>26,773</u>
Operating (loss) / profit	1	(76,159)	15,498
Other interest receivable and similar income		91,376	66,825
Amounts written off investments	3	—	(11,321,409)
Interest payable and similar charges		<u>(108)</u>	
Profit/(loss) on ordinary activities before taxation		<u>15,109</u>	<u>(11,239,086)</u>
Tax on profit/(loss) on ordinary activities	4	—	—
Profit/(loss) for the financial year		<u>15,109</u>	<u>(11,239,086)</u>

The accounting policies and notes on pages 7 to 13 form part of these financial statements.

AVONSIDE GROUP HOLDINGS LIMITED

Balance Sheet

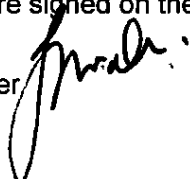
31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	6	100,000	15,500
Investments	7	—	—
		<u>100,000</u>	<u>15,500</u>
Current assets			
Debtors	8	28,434	441,998
Cash at bank		<u>1,448,550</u>	<u>1,534,212</u>
		1,476,984	1,976,210
Creditors: Amounts falling due within one year	9	<u>(1,303,505)</u>	<u>(1,733,340)</u>
Net current assets		<u>173,479</u>	<u>242,870</u>
Total assets less current liabilities		<u>273,479</u>	<u>258,370</u>
Capital and reserves			
Called-up equity share capital	11	10,175,447	10,175,447
Share premium account	12	630,797	630,797
Other reserves		708,750	708,750
Profit and loss account	13	<u>(11,241,515)</u>	<u>(11,256,624)</u>
Shareholder's funds	14	<u>273,479</u>	<u>258,370</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 2007).

These financial statements were approved by the directors and authorised for issue on 21 August 2009, and are signed on their behalf by:

Mr J J Walker



The accounting policies and notes on pages 7 to 13 form part of these financial statements.

AVONSIDE GROUP HOLDINGS LIMITED

Accounting Policies

Year ended 31 December 2008

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 2007).

Consolidation

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced.

Other income is recognised on a receivable basis.

Fixed Assets

All fixed assets are initially recorded at cost.

Impairment of tangible fixed assets

Tangible fixed assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment - 10 to 25% straight line

No depreciation is provided on freehold land.

Investments

Investments are included at cost less amounts written off.

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.

AVONSIDE GROUP HOLDINGS LIMITED

Accounting Policies *(continued)*

Year ended 31 December 2008

Investment Properties

Investment properties are included in the balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the director, necessary in order to give a true and fair view of the financial position of the company.

The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

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 or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

AVONSIDE GROUP HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

1. Operating profit

Operating profit is stated after charging:

	2008 £	2007 £
Auditor's fees	7,500	5,500
Loss on disposal of tangible fixed assets	15,500	—
Impairment of tangible fixed assets	25,122	—
	<u> </u>	<u> </u>

2. Directors' emoluments

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

	2008 £	2007 £
Aggregate emoluments	54,000	36,000
Value of company pension contributions to money purchase schemes	15,750	15,000
	<u>69,750</u>	<u>51,000</u>

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

	2008 No	2007 No
Money purchase schemes	<u>1</u>	<u>1</u>

3. Amounts written off investments

	2008 £	2007 £
Amount written off investments	<u>—</u>	<u>11,321,409</u>

4. Taxation on ordinary activities

Analysis of charge in the year

	2008 £	2007 £
Deferred tax:		
Origination and reversal of timing differences	<u>—</u>	<u>—</u>

5. Dividends

Equity dividends

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	<u>—</u>	<u>3,363,000</u>

AVONSIDE GROUP HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

6. Tangible fixed assets

	Investment property	Freehold land & buildings £	Equipment £	Total £
Cost				
At 1 January 2008	–	15,500	45,725	61,225
Disposals during the year	–	(15,500)	–	(15,500)
Additions during the year	125,122	–	–	125,122
At 31 December 2008	125,122	–	45,725	170,847
Depreciation				
At 1 January 2008	–	–	(45,725)	(45,725)
Provision for Impairment	(25,122)	–	–	(25,122)
Charge for the year	–	–	–	–
At 31 December 2008	(25,122)	–	(45,725)	(70,847)
Net book value				
At 31 December 2008	100,000	–	–	100,000
At 31 December 2007	–	15,500	–	15,500

7. Investments

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 January 2008 and 31 December 2008	21,801,240	437,314	22,238,554
Amounts written off			
At 1 January 2008 and 31 December 2008	21,801,240	437,314	22,238,554
Net book value			
At 31 December 2008	–	–	–
At 31 December 2007	–	–	–

AVONSIDE GROUP HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

7. Investments *(continued)*

The company owns 100% of the issued share capital of the companies listed below, all of which are incorporated in England.

The principal activity of Parry Homes Limited is property development. All other companies are dormant.

	2008 £	2007 £
Aggregate capital and reserves		
Parry Homes Limited	(5,007,148)	(4,896,445)
Avonside Holdings Limited	—	—
Avonside Houses Limited	339,900	339,900
Avonside Group Holdings Trustees Limited	1	1
Avonside Trustees Limited	2	2
Avonside Country Homes Limited	—	(98,192)
Finchwold Limited	—	(18,260)
J E Parry (Rossett) Limited	2	2
Joshua & Tom Taylor Limited	2	2
	<u> </u>	<u> </u>
(Loss)/profit for the year		
Parry Homes Limited	(111,432)	(746)

8. Debtors

	2008 £	2007 £
Amounts owed by group undertakings	—	415,366
Other debtors	23,803	22,355
Prepayments and accrued income	4,631	4,277
	<u>28,434</u>	<u>441,998</u>

9. Creditors: Amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	1,253,342	1,698,776
Other taxation and social security	2,278	9,925
Accruals and deferred income	47,885	24,639
	<u>1,303,505</u>	<u>1,733,340</u>

AVONSIDE GROUP HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

10. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard for Smaller Entities from the requirement to disclose transactions with group companies on the grounds that it is a wholly owned subsidiary whose accounts are consolidated into group accounts which are publicly available from the parent company.

11. Share capital

Authorised share capital:

	2008 £	2007 £
56,000,000 Ordinary shares of £0.25 each	<u>14,000,000</u>	<u>14,000,000</u>

Allotted, called up and fully paid:

	2008 No	£	2007 No	£
Ordinary shares of £0.25 each	<u>40,701,789</u>	<u>10,175,447</u>	<u>40,701,789</u>	<u>10,175,447</u>

12. Share premium account

There was no movement on the share premium account during the financial year.

13. Profit and loss account

	2008 £	2007 £
Balance brought forward	(11,256,624)	3,345,462
Profit/(loss) for the financial year	15,109	(11,239,086)
Equity dividends	—	(3,363,000)
Balance carried forward	<u>(11,241,515)</u>	<u>(11,256,624)</u>

14. Reconciliation of movements in shareholder's funds

	2008 £	2007 £
Profit/(loss) for the financial year	15,109	(11,239,086)
Equity dividends	—	(3,363,000)
Net increase/(reduction) to shareholder's funds	15,109	(14,602,086)
Opening shareholder's funds	<u>258,370</u>	<u>14,860,456</u>
Closing shareholder's funds	<u>273,479</u>	<u>258,370</u>

AVONSIDE GROUP HOLDINGS LIMITED

Notes to the Financial Statements

Year ended 31 December 2008

15. Ultimate parent company

The ultimate parent company is Avonside Group Limited, a company incorporated in England.

The ultimate controlling party is J J Walker by virtue of his majority shareholding in the ultimate parent company.

Copies of the group accounts can be obtained from the company's registered office at Churchill House, Regent Road, Stoke on Trent, Staffordshire, ST1 3RQ.