

Capitol Homes Limited

**Directors' report and financial
statements**

Registered number 2688127

31 December 2006



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Balance sheet	3
Notes	4

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities and business review

The company did not trade during the year therefore no profit and loss account has been prepared

Directors and directors' interests

The directors who held office during the year were as follows

M Croxen
C Salkeld


None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or other group undertakings

Mr M Croxen held a beneficial interest in 200 shares in Sterling Capitol Group Limited, the company's ultimate parent company, throughout the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the board



Martin Croxen LLB FCA
Director

1 Lisbon Square
Leeds
LS1 4LY

21 May 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Balance sheet
as at 31 December 2006

	Note	2006 £	2005 £
Creditors amounts falling due within one year	2	(669,269)	(669,229)
Net liabilities		(669,269)	(669,229)
Capital and reserves			
Called up share capital	3	100	100
Profit and loss account	4	(669,369)	(669,329)
Equity shareholders' deficit	5	(669,269)	(669,229)

For the period ended 31 December 2006 the company was entitled to the exemption under section 249A(1) of the Companies Act 1985

Members have not required the company to obtain an audit in accordance with section 249(B)(2) of the Companies Act 1985

The directors acknowledge their responsibility for

- (1) ensuring the company keeps accounting records which comply with section 221, and
- (2) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period, and of its profit and loss for the financial period, in accordance with section 226 and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

These financial statements were approved by the board of directors on
signed on its behalf by

21 May

2007 and were


Martin Croxen LLB FCA
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

At 31 December 2006, the company's liabilities exceeded its assets. However, the directors have prepared the accounts on the going concern basis of accounting in view of an undertaking by the company's parent undertaking to continue to provide financial support to the company to enable it to meet its debts as they fall due

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes (continued)

2 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to parent undertaking	669,229	669,229

3 Called up equity share capital

	2006 £	2005 £
<i>Authorised</i>		
100 ordinary share of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
100 ordinary share of £1 each	100	100

4 Reserves

	Profit and loss account £
At 1 January 2006 and 31 December 2006	(669,369)

5 Movement in equity shareholders' deficit

The movement in equity shareholders' deficit during the year may be summarised as follows

	2006 £	2005 £
(Loss)/profit for the year	-	(40)
Net increase in equity shareholders' deficit	-	(40)
Opening shareholders' deficit	(669,229)	(669,229)
Closing equity shareholders' deficit	(669,269)	(669,269)

6 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard No 8 as a wholly owned subsidiary and has not disclosed transactions with companies that are part of the Sterling Capitol Group plc group

During the year Yorkshire Financial Management Limited provided accounting services to the company and other related companies with a total value of £26,820 (2005 £23,760). C Salkeld was a director of this company throughout the period.

7 Ultimate parent company

The company's immediate parent undertaking is Sterling Capitol plc, a company registered in England and Wales which is the parent undertaking at the smallest group to consolidate their financial statements. Group accounts have been prepared by this company and will be available from Companies House.

The ultimate parent undertaking and controlling party is Sterling Capitol Group Limited, which is the parent undertaking of the largest group to consolidate these financial statements. Group accounts will be prepared by this company and will be available from Companies House.