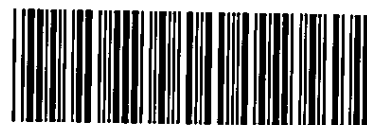


2887505

**DEAKINS RESIDENTIAL LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2008**

WEDNESDAY



\*AUCKJDPL\*

A39

30/09/2009

275

COMPANIES HOUSE

**DEAKINS RESIDENTIAL LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2008**

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Cash Flow Statement</b>	<b>8</b>
<b>Notes to the Cash Flow Statement</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Trading and Profit and Loss Account</b>	<b>14</b>

**DEAKINS RESIDENTIAL LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2008**

---

**DIRECTORS:** C R Topham  
R T Newham

**SECRETARIES:** R T Newham  
A G Secretarial Limited

**REGISTERED OFFICE:** 100 Barbirolli Square  
Manchester  
M2 3AB

**REGISTERED NUMBER:** 2887505 (England and Wales)

**AUDITORS:** Harold Sharp  
Registered Auditors and Chartered Accountants  
Holland House  
1-5 Oakfield  
Sale  
Cheshire  
M33 6TT

# **DEAKINS RESIDENTIAL LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2008**

---

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

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a property trading company.

### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's gross profit margin deteriorated from 4.7% to 2.1% in difficult trading conditions, and it incurred a loss for the year after finance costs. Its net assets at 31 August 2008 amounted to approximately £0.1m.

### **Operating Risk Management**

The management of operational risk is recognised as a key component of the business and fundamental to the long term success of the company. The Board recognises this and has systems in place to manage and reduce the exposure to risk. The key business risks include but are not limited to the following areas:

#### **Land**

The ability to acquire sufficient land at acceptable margins across the regions is fundamental to the long term sustainability of the company. The company's land buying policy and procedures ensure the appropriate product is provided to the markets at the right price in the right location.

#### **Finance**

The company works closely with its bankers who remain supportive of the operation. The company funds its business by loan and overdraft facilities obtained by group companies and to which the company is party to a cross guarantee. Cash flow is closely monitored through weekly reporting which is provided to the group Board. From a longer term perspective the cash requirements of the business are regularly reviewed to ensure they meet the requirements of the long term strategy.

#### **Health & Safety**

The company continually reviews its operations to ensure adequate systems are in place to minimise the high risk inherent in the construction process.

Since the end of the year to which this report relates, there has been a considerable impairment in the valuation of many of the assets of the business. It is the intention to include appropriate valuations in the accounts to August 2009.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 August 2008.

### **DIRECTORS**

The directors during the year under review were:

C R Topham  
R T Newham

Mr J O' Sullivan was appointed on 5 March 2008 and resigned on 1 March 2009.

**DEAKINS RESIDENTIAL LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 AUGUST 2008**

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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

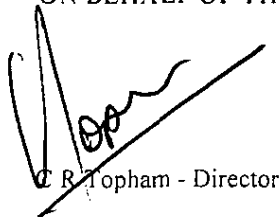
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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. 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



C R Topham - Director

29 September 2009

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF DEAKINS RESIDENTIAL LIMITED**

---

We have audited the financial statements of Deakins Residential Limited for the year ended 31 August 2008 on pages six to thirteen. 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 a Report of the Auditors 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 Report of the Directors 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 Report of the Directors 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
DEAKINS RESIDENTIAL LIMITED

---

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 the company's affairs as at 31 August 2008 and of its loss 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 Report of the Directors is consistent with the financial statements.

*Harold Sharp*

Harold Sharp  
Registered Auditors and Chartered Accountants  
Holland House  
1-5 Oakfield  
Sale  
Cheshire  
M33 6TT

29 September 2009

**DEAKINS RESIDENTIAL LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2008**

	Notes	2008 £	2007 £
<b>TURNOVER</b>		12,618,898	5,841,115
Cost of sales		12,350,589	5,565,505
<b>GROSS PROFIT</b>		268,309	275,610
Administrative expenses		8,699	2,034
<b>OPERATING PROFIT</b>	3	259,610	273,576
Interest payable and similar charges	4	825,673	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(566,063)	273,576
Tax on (loss)/profit on ordinary activities	5	-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(566,063)	273,576

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.




DEAKINS RESIDENTIAL LIMITED

BALANCE SHEET  
31 AUGUST 2008

	Notes	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Stocks	6	10,922,715	15,055,967
Debtors	7	247,792	167,745
Cash at bank		41,526	159,155
		<u>11,212,033</u>	<u>15,382,867</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	11,101,357	14,706,128
		<u>110,676</u>	<u>676,739</u>
<b>NET CURRENT ASSETS</b>			
		<u>110,676</u>	<u>676,739</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>110,676</u>	<u>676,739</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	3,602	3,602
Share premium	12	25,639,000	25,639,000
Profit and loss account	12	(25,531,926)	(24,965,863)
		<u>110,676</u>	<u>676,739</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>110,676</u>	<u>676,739</u>

The financial statements were approved by the Board of Directors on 29 September 2009 and were signed on its behalf by:

  
C.R. Hopham - Director

**DEAKINS RESIDENTIAL LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2008**

		2008	2007
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(117,629)	159,155
(Decrease)/Increase in cash in the period		<u>(117,629)</u>	<u>159,155</u>
Reconciliation of net cash flow to movement in net funds	2		
(Decrease)/Increase in cash in the period		(117,629)	159,155
Cash inflow from increase in debt		<u>(1,642,227)</u>	<u>-</u>
Change in net funds resulting from cash flows		<u>(1,759,856)</u>	<u>159,155</u>
Movement in net funds in the period		(1,759,856)	159,155
Net funds at 1 September		<u>159,155</u>	<u>-</u>
Net (debt)/funds at 31 August		<u><u>(1,600,701)</u></u>	<u><u>159,155</u></u>

The notes form part of these financial statements

**DEAKINS RESIDENTIAL LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2008**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2008 £	2007 £
Operating profit	259,610	273,576
Decrease/(Increase) in stocks	4,133,252	(1,166,830)
Increase in debtors	(80,047)	(167,245)
(Decrease)/Increase in creditors	(4,430,444)	1,219,654
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(117,629)</b>	<b>159,155</b>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/9/07 £	Cash flow £	At 31/8/08 £
Net cash:			
Cash at bank	159,155	(117,629)	41,526
	<u>159,155</u>	<u>(117,629)</u>	<u>41,526</u>
Debt:			
Debts falling due within one year	-	(1,642,227)	(1,642,227)
	<u>-</u>	<u>(1,642,227)</u>	<u>(1,642,227)</u>
<b>Total</b>	<b>159,155</b>	<b>(1,759,856)</b>	<b>(1,600,701)</b>

The notes form part of these financial statements

# DEAKINS RESIDENTIAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Turnover

Turnover represents sales of property legally completed in the year, excluding value added tax, and ground rents. It excludes the value of the onward sale of part exchange properties, for which the net gain or loss is recognised in cost of sales.

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### 2. STAFF COSTS

There were no staff costs for the year ended 31 August 2008 nor for the year ended 31 August 2007.

### 3. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Directors' emoluments	-	-

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest	825,673	-

### 5. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 August 2008 nor for the year ended 31 August 2007.

### 6. STOCKS

	2008 £	2007 £
Stocks	10,922,715	15,055,967

### 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	17,600	-
Amounts owed by group undertakings	230,192	167,745
	247,792	167,745

**DEAKINS RESIDENTIAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2008**

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008	2007
	£	£
Bank loans and overdrafts (see note 9)	1,642,227	-
Amounts owed to group undertakings	9,362,934	14,503,177
Social security and other taxes	376	-
Other creditors	38,637	185,340
Amounts owed to related parties	52,983	17,611
Accruals and deferred income	4,200	-
	<u>11,101,357</u>	<u>14,706,128</u>

**9. LOANS**

An analysis of the maturity of loans is given below:

	2008	2007
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>1,642,227</u>	<u>-</u>

**10. SECURED DEBTS**

The following secured debts are included within creditors:

	2008	2007
	£	£
Bank loans	<u>1,642,227</u>	<u>-</u>

**11. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal value:	2008	2007
			£	£
4,500	Ordinary	£1	<u>4,500</u>	<u>4,500</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2008	2007
			£	£
3,602	Ordinary	£1	<u>3,602</u>	<u>3,602</u>

## DEAKINS RESIDENTIAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2008

#### 12. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 September 2007	(24,965,863)	25,639,000	673,137
Deficit for the year	(566,063)	-	(566,063)
At 31 August 2008	<u>(25,531,926)</u>	<u>25,639,000</u>	<u>107,074</u>

#### 13. ULTIMATE PARENT COMPANY

The company's ultimate parent company was Charles Topham Group Limited, a company registered in England and Wales. The ultimate controlling party is Mr C R Topham, the principal shareholder and a director of Charles Topham Group Limited.

#### 14. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with Charles Topham Investments and Developments Limited and Deakins Properties Limited whereby it is required to guarantee certain bank borrowings of those companies. As at the balance sheet date the bank loans of those companies subject to the guarantee amounted to £15,124,493 and £nil respectively. These obligations are secured by a mortgage debenture creating fixed and floating charges over all the assets of the company.

H M Revenue & Customs have enquired into a company tax return and challenged the company's ability to utilise certain capital losses. As other taxpayers in similar circumstances have unsuccessfully appealed against H M Revenue & Customs in the courts, the company have entered into negotiations with H M Revenue & Customs. However, at this stage, it is not practicable to estimate the financial effect of the enquiry.

## DEAKINS RESIDENTIAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2008

#### 15. RELATED PARTY DISCLOSURES

At 31 August 2008, the company owed £48,463 (2007:£17,611) in respect of service charges received on behalf of Deakins Park Management Company Limited, a company in which the directors, C R Topham and R T Newham, have interests of 80% and 20% respectively.

At 31 August 2008, the company owed £1,000 (2007:£nil) to ESPA Properties LLP, a limited liability partnership controlled by the directors, C R Topham and R T Newham.

At 31 August 2008, the company owed £3,520 (2007: £nil) to ESPA Property Trading LLP, a limited liability partnership under common control of the director, C R Topham. During the year the company sold properties to ESPA Property Trading LLP at a sales value of £2,356,965.

At 31 August 2008, the following were due from/to group undertakings:

	2008	2007
	£	£
Due from:		
Charles Topham Investments Limited	62,500	-
Deakins Properties Limited	167,692	167,745
Due to :		
Charles Topham and Sons Limited	9,362,934	7,979,459
Charles Topham Projects Limited	-	6,523,718

During the year, the company bought goods and services from Charles Topham Projects Limited, a fellow subsidiary to the value of £6,068,940.

#### 16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
(Loss)/Profit for the financial year	(566,063)	273,576
Net (reduction)/addition to shareholders' funds	(566,063)	273,576
Opening shareholders' funds	676,739	403,163
Closing shareholders' funds	110,676	676,739