

MCD (Sheepcote) Limited

**Directors' report and financial
Statements**

Registered number 3593491

For the year ended 29 February 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 February 2008.

Principal activity

The principle activity of the company is trading as property developers, undertaking large scale, mixed use property development.

Business review

The final remaining units were sold during last year. The development will be concluded on completion of the winding-up aspects with a view to the eventual dissolution of the Company thereafter.

Results and dividends

The result for the year is shown on page 3 of the financial statements.

The directors do not recommend the payment of the dividend (2007: £Nil)

Directors and directors' interests

The directors who held office during the year were as follows:

SG Byrne
JD Corstorphine
TK Quigley

The directors do not have any beneficial interest in the shares of the company. Their interests in the shares of the parent company, Midland & City Developments Limited, are disclosed in that company's financial statements.

By order of the board



DP Fair
Secretary

35 St Paul's Square
Birmingham
B3 1QX

Date 1st December 2008

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 the directors have elected to prepare 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 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 applying them consistently
- make judgements and estimates that are reasonable and prudent; 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.

Profit and loss account
for the year ended 29 February 2008

	Note	2008 £	2007 £
Turnover	1	7,350	-
Cost of sales		2,639	(5,436)
		<hr/>	<hr/>
Gross Profit / (Loss)		9,989	(5,436)
Administrative expenses		(7,081)	(1,748)
		<hr/>	<hr/>
Operating Profit / (Loss)		2,908	(7,184)
Interest receivable and similar income	4	12	5,273
Interest payable and similar charges	5	-	(1,266)
		<hr/>	<hr/>
Profit / (Loss) on ordinary activities before taxation	2	2,920	(3,177)
Tax on profit on ordinary activities	6	26,614	-
		<hr/>	<hr/>
Profit / (Loss) on ordinary activities after taxation and retained profit for the year	12	29,534	(3,177)
		<hr/>	<hr/>

In both the current and preceding year, all turnover and operating results arise from continuing operations.

There were no recognised gains or losses in the current or preceding year other than those disclosed in the profit and loss account.

Movements in reserves are set out in note 12.

Balance sheet
 at 29 February 2008

	Note	2008	2007
		£	£
Fixed assets			
Investments	7	2	2
Current assets			
Debtors	8	590,164	655,542
Cash at bank in hand		673	448
		<u>590,837</u>	<u>655,990</u>
Creditors: Amounts falling due within one year	9	<u>(109,182)</u>	<u>(203,869)</u>
Net current assets		<u>481,655</u>	<u>452,121</u>
Net Assets		<u>481,657</u>	<u>452,123</u>
Capital and reserves			
Called up share capital	10	3	3
Profit and loss account	11	481,654	452,120
		<u>481,657</u>	<u>452,123</u>
Shareholder's funds	12	<u>481,657</u>	<u>452,123</u>

STATEMENT BY THE DIRECTORS UNDER SECTION 249B(4) OF THE COMPANIES ACT 1985

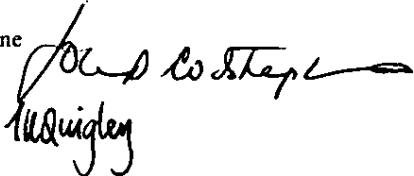
The directors:

- (a) confirm that the company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 29 February 2008 audited.
- (b) confirm that members have not required the company to obtain an audit if its accounts for the financial year in accordance with subsection (2) of section 248B(2) of that Act.
- (c) acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221 on the Companies Act 1985, and
 - (ii) preparing accounts 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 its profit and loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

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

JD Corstorphine
 Director

TK Quigley
 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, except as noted below:

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 "Events after the balance sheet date";
- The presentation requirements of FRS 25 "Financial instruments presentation and disclosure"; and
- FRS 28 "Corresponding amounts".

FRS 21 and FRS 28 have had no material effect on the financial statements.

In addition, FRS 28 "Corresponding amounts" has had no material effect as it imposes the same requirements for comparatives hitherto required by the Companies Act 1985.

Basis of preparation.

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Group financial statements

The company is exempt by virtue of S248 OF THE Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company an individual undertaking and not about its group.

Turnover

Turnover represents the proceeds from the sale of units during the year net of sale incentives. Turnover is recognised on unconditional exchange of contracts on units that are substantially complete. All turnover arises on sales to customers within the United Kingdom and in the opinion of the directors, constitutes one class of business.

Investments

In the company's balance sheet, investment in subsidiary undertakings are stated at cost less permanent diminution in value.

Stocks

Stocks comprise of development work in progress and properties held for resale. Stocks are stated at the lower of cost and net realisable value. Cost is determined on the stage of completion of the development and comprises land, property, materials and attributable overheads. Net realisable value is based on estimated selling prices less further costs anticipated to disposal.

Fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Fixtures and fittings	-	25% straight line
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Notes (continued)

1 Accounting policies (continued)

Capital instruments

Under Financial Reporting Standard 4, issue costs arising on loans are being charged to the profit and loss account as a finance charge over the period of the loan.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, within discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Profit on ordinary activities before taxation

	2008 £	2007 £
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Profit on ordinary activities before taxation is stated

After charging

Depreciation on owned assets	-	-
Auditors' remuneration:	-	-
Audit	-	-
Non-audit	-	-

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
Administration	3	3

4 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	12	5,273

5 Interest payable and similar charges

	2008 £	2007 £
Other interest payable	-	1,266

Notes (continued)

6 Tax on profit on ordinary activities

i. Analysis of charge for the year

	2008 £	2007 £
UK Corporation tax	-	-
Current tax on income for the year	-	-
Adjustments in respect of prior years	<u>(26,614)</u>	<u>-</u>
Total current tax and tax (credit)/charge on profit on ordinary activities	<u><u>(26,614)</u></u>	<u><u>-</u></u>

ii. Factors affecting the tax charge for the year

The tax assessed in the year is lower (2007:lower) than the standard rate of corporation tax in the UK (30%) (2006:30%). The differences are explained below.

	2008 £	2007 £
(Loss)/Profit on ordinary activities before tax	2,920	(3,177)
(Loss)/Profit on ordinary activities multiplies by the standard rate of corporation tax in the UK of 30% (2006:30%)	876	(953)
Capital allowances for the year in excess of depreciation.	(133)	(178)
Tax rate lower than 30% on tax profits	-	-
Utilisation of Losses	<u>743</u>	<u>1,131</u>
Total current taxation(see above)	<u><u>-</u></u>	<u><u>-</u></u>

7. Investments

	Shares in subsidiary undertakings £
Cost and net book value	
At beginning and end of year	2
Disposals/Additions	<u>-</u>
Cost at year end	<u>2</u>

Subsidiary companies are incorporated in Great Britain

Investments represent 100% holdings in the ordinary share capital of the following companies:

	Activity
The KEW Management Company Limited	Non-profit making company which services and manages the development on behalf of its owners.
Management Company Three Limited	Dormant

The KEW Management Company Limited had capital and reserves of £ 143,609 at 29 February 2008 and a profit for the year of £ Nil.

Notes (continued)

8 Debtors

	2008 £	2007 £
Amounts owed by group undertakings (see note 15)	588,904	655,000
Other debtors	1,260	542
	<u>590,164</u>	<u>655,542</u>

9 Creditors: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	-
Amounts owed to group undertakings (see note 15)	108,698	108,698
Amounts owed to connected companies (see note 15)	-	63,615
Corporation tax	-	26,626
Accruals and deferred income	484	4,930
	<u>109,182</u>	<u>203,869</u>

10 Share capital

	2008 £	2007 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and called up		
3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

Notes (continued)

11 Reserves

	Profit and loss account £
At beginning of year	452,120
Profit for the year	29,534
At end of year	<u>481,654</u>

12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/ (Loss) for the financial year	29,534	(3,177)
Shareholders' funds at beginning of year	<u>452,123</u>	<u>455,300</u>
Shareholders' funds at end of year	<u>481,657</u>	<u>452,123</u>

13 Commitments

The company had no capital commitments contracted for which no provision has been made at the year end (2007: £Nil).

14 Related party transactions

Transactions and balances

During the year, the following are considered to be related parties of the company:

Midland & City Developments Limited	-	the company's parent company
MCD (Browning) Limited	-	a fellow subsidiary
MCD (Fleet) LLP	-	a connected partnership

The following transactions and debtor/(creditor) balances arose during the year and existed at year end respectively.

	Transactions to/(from)		Debtor/(creditor)	
	2008 £	2007 £	2008 £	2007 £
Midland & City Developments Limited	(7,000)	-	588,904	655,000
MCD (Browning) Limited	-	-	(108,698)	(108,698)
MCD (Fleet) LLP	-	-	-	(63,615)

Notes *(continued)*

15 Contingent liabilities

The company acts as a guarantee to bank overdrafts held by the parent company, Midland & City Developments Limited and a fellow subsidiary undertaking, MCD (Browning) Limited. At 29 February 2008, the overdrafts were £ nil (*2007: Nil*) and £ nil (*2007: Nil*) respectively.

16 Ultimate parent company and controlling party

The ultimate parent company and controlling party as Midland & City Developments Limited.

The financial statements of Midland & City Developments Limited are available to the public and can be obtained from 35 St Paul's Square, Birmingham, B3 1QX.