

COMPANY REGISTRATION NUMBER 03699956

KEYGATE PROPERTY INVESTMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED
31st MARCH 2010



BREBNERS
Chartered Accountants & Statutory Auditor
Tubs Hill House
London Road
Sevenoaks
Kent
TN13 1BL

KEYGATE PROPERTY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the shareholders	4 to 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 15
The following pages do not form part of the financial statements	
Detailed profit and loss account	17
Notes to the detailed profit and loss account	18

KEYGATE PROPERTY INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Sir William H Proby, Bt A S Minns D R Minns
Company secretary	A S Minns
Registered office	Oak House London Road Sevenoaks Kent TN13 1AF
Auditor	Brebners Chartered Accountants & Statutory Auditor Tubs Hill House London Road Sevenoaks Kent TN13 1BL
Bankers	National Westminster Bank Plc 143 High Street Bromley Kent UK BR1 1JH

KEYGATE PROPERTY INVESTMENTS LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

The directors present their report and the financial statements of the company for the period from 1st October 2008 to 31st March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the development and sale of properties

DIRECTORS

The directors who served the company during the period were as follows

Sir William H Proby, Bt
A S Minns
D R Minns

A I G C South retired as a director on 30th June 2010
D F Tett retired as a director on 30th July 2010

DIRECTORS' RESPONSIBILITIES

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 those 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

KEYGATE PROPERTY INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors



A S Minns
Director

Approved by the directors on

16th September 2010

KEYGATE PROPERTY INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KEYGATE PROPERTY INVESTMENTS LIMITED
PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

We have audited the financial statements of Keygate Property Investments Limited for the period from 1st October 2008 to 31st March 2010 on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

KEYGATE PROPERTY INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
KEYGATE PROPERTY INVESTMENTS LIMITED *(continued)*
PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

OTHER MATTER

Keygate Property Investments Limited claimed exemption from audit in respect of the financial statements for the year ended 30th September 2008. Hence corresponding figures are unaudited



JOHN CHAMBERLAIN (Senior Statutory Auditor)
For and on behalf of
BREBNERS
Chartered Accountants & Statutory Auditor

Tubs Hill House
London Road
Sevenoaks
Kent
TN13 1BL

17/9/10

KEYGATE PROPERTY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

		Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i> £
	Note	£	
TURNOVER	2	790,000	-
Cost of sales		<u>744,421</u>	<u>(12,500)</u>
GROSS PROFIT		45,579	12,500
Administrative expenses		<u>128,183</u>	<u>133,434</u>
OPERATING LOSS	3	(82,604)	(120,934)
Interest receivable		<u>447</u>	<u>1,530</u>
Interest payable and similar charges	5	<u>(59,728)</u>	<u>(12,000)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(141,885)	(131,404)
Tax on loss on ordinary activities	6	<u>-</u>	<u>(29,782)</u>
LOSS FOR THE FINANCIAL PERIOD		<u>(141,885)</u>	<u>(101,622)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 8 to 15 form part of these financial statements.

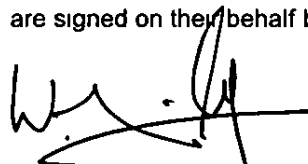
KEYGATE PROPERTY INVESTMENTS LIMITED

BALANCE SHEET

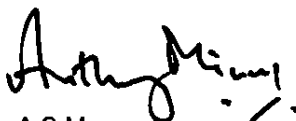
31st MARCH 2010

		31 Mar 10		30 Sep 08 <i>Unaudited</i>	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	7		-		-
CURRENT ASSETS					
Stocks	8	2,159,918		2,078,608	
Debtors	9	773,238		27,235	
		<u>2,933,156</u>		<u>2,105,843</u>	
CREDITORS: Amounts falling due within one year	10	<u>94,805</u>		<u>483,441</u>	
NET CURRENT ASSETS			<u>2,838,351</u>		<u>1,622,402</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,838,351</u>		<u>1,622,402</u>
CREDITORS: Amounts falling due after more than one year	11		1,520,334		150,000
PROVISIONS FOR LIABILITIES					
Other provisions	12		-		12,500
			<u>1,318,017</u>		<u>1,459,902</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		817,877		817,877
Share premium account	15		757,137		757,137
Profit and loss account	16		(256,997)		(115,112)
SHAREHOLDERS' FUNDS	17		<u>1,318,017</u>		<u>1,459,902</u>

These financial statements were approved by the directors and authorised for issue on 16/09/10, and are signed on their behalf by



Sir William H Proby, Bt
Director



A S Minns
Director

Company Registration Number 03699956

The notes on pages 8 to 15 form part of these financial statements

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of preparation

The current economic environment remains challenging and the group, of which the company is now a member, has reported an operating loss for the period. Whilst the housing market in which the group operates is recovering from its recent downturn, the directors still consider that the outlook continues to present significant challenges in terms of project funding and operational finance generally. Whilst the directors have taken measures to reduce overheads, preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The group's forecasts and projections show that the group should be able to operate within the level of its current facilities. The directors maintain a constant dialogue with the group's bankers about the group's future borrowing requirements and no matters have been drawn to their attention to suggest that the renewal of the existing facilities may not be forthcoming on acceptable terms. In addition, the directors are hopeful to extend and increase the current funding from existing equity members and external joint venture partners to diversify the group's funding arrangements.

After making enquiries, the directors have a reasonable expectation that the group, and hence the company, has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of preparing the annual report and financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover comprises units sold where legal completion has taken place. The turnover and result before taxation are attributable to the one principal activity of the company carried on wholly within the United Kingdom.

Fixed assets

All fixed assets are initially recorded at cost.

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:

Fixtures & Fittings - 25% straight line

Work in progress

Work in progress is stated at the lower of cost and net realisable value and consists of land, materials, labour, professional fees, bank interest and fees directly relating to development property. It is the company's policy to capitalise interest arising on loans directly relating to the acquisition and development of development property unless the expected ultimate cost exceeds its recoverable amount. Provision is made for foreseeable losses.

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

1. ACCOUNTING POLICIES *(continued)*

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

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 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

Construction warranty scheme

The company is registered with the National House Builders Council ('NHBC') under their Buildmark warranty scheme. Under the scheme, the company has an obligation to rectify building defects in new residential properties sold for a period of two years from the date of practical completion. The company has assessed its liability under the scheme on the basis of historical experience.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
United Kingdom	<u>790,000</u>	<u>-</u>

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

3. OPERATING LOSS

Operating loss is stated after charging

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Directors' remuneration	82,083	115,377
Auditor's remuneration - as auditor	<u>4,500</u>	<u>-</u>

4. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Wages and salaries	82,083	115,377
Social security costs	<u>4,321</u>	<u>-</u>
	<u>86,404</u>	<u>115,377</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Interest payable on bank borrowing	18,929	12,000
Interest on other loans	<u>40,799</u>	<u>-</u>
	<u>59,728</u>	<u>12,000</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Current tax		
UK Corporation tax based on the results for the period at 28% (2008 - 21%)	-	(29,782)
Total current tax	<u>-</u>	<u>(29,782)</u>

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2008 - 21%)

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Loss on ordinary activities before taxation	<u>(141,885)</u>	<u>(131,404)</u>
Loss on ordinary activities by rate of tax	(39,728)	(27,595)
Expenses disallowed for tax purposes	2,217	1,906
Losses not utilised in the period	37,511	-
Loss carried back	-	1,834
Excess of capital allowances over depreciation	-	(10)
Prior year adjustment	-	(5,917)
Total current tax (note 6(a))	<u>-</u>	<u>(29,782)</u>

(c) Factors that may affect future tax charges

The company has unutilised tax losses to carry forward of £211,630. No deferred tax asset has been provided due to the uncertainty of recovery.

7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1st October 2008	1,496
Disposals	<u>(1,496)</u>
At 31st March 2010	<u>-</u>
DEPRECIATION	
At 1st October 2008	1,496
On disposals	<u>(1,496)</u>
At 31st March 2010	<u>-</u>
NET BOOK VALUE	
At 31st March 2010	<u>-</u>
At 30th September 2008	<u>-</u>

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

8 STOCKS

	31 Mar 10	30 Sep 08 <i>Unaudited</i>
	£	£
Work in progress	<u>2,159,918</u>	<u>2,078,608</u>

Interest capitalised as work in progress in the period amounted to £18,296 (2008 £13,536) At 31st March 2010, work in progress includes capitalised interest amounting to £18,296 (2008 £69,827)

The directors have carried out comprehensive development appraisals in respect of work in progress to ensure that it is stated in accordance with the company's accounting policy

9. DEBTORS

	31 Mar 10	30 Sep 08 <i>Unaudited</i>
	£	£
Amounts owed by group undertakings	768,000	–
Corporation tax repayable	–	23,866
Other debtors	<u>5,238</u>	<u>3,369</u>
	<u>773,238</u>	<u>27,235</u>

10. CREDITORS: Amounts falling due within one year

	31 Mar 10	30 Sep 08 <i>Unaudited</i>
	£	£
Overdrafts	2,714	465,393
Amounts owed to group undertakings	59,615	–
Other creditors	<u>5,238</u>	<u>–</u>
	67,567	465,393
Accruals and deferred income	<u>27,238</u>	<u>18,048</u>
	<u>94,805</u>	<u>483,441</u>

11. CREDITORS: Amounts falling due after more than one year

	31 Mar 10	30 Sep 08 <i>Unaudited</i>
	£	£
Bank loans	1,120,334	–
Other creditors	–	–
Other loans	<u>400,000</u>	<u>150,000</u>
	<u>1,520,334</u>	<u>150,000</u>

The bank loans are secured by fixed charges over the development properties included in work in progress

Other loans are repayable at the company's discretion but in any event no later than 31st December 2011

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

12. OTHER PROVISIONS

	31 Mar 10
	£
Construction warranty scheme:	
Balance brought forward	12,500
Movement for period	(12,500)
	<u>-</u>

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

13. RELATED PARTY DISCLOSURES

Control

The company is controlled by DBS Building Group Limited. DBS Building Group Limited acquired the share capital of Keygate Property Investments Limited on 30th July 2009. On this date DBS Building Group Limited also acquired 100% of the share capital of DBS Homes (Kings Hill) Limited, Direct Build Services Limited, DBS Homes Limited and Direct Build Services (Developments) Limited.

No one party has ultimate control.

Related party disclosures

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning transactions with group undertakings on the grounds that the company has been included in the group financial statements of its holding company where the company is a wholly owned subsidiary.

At 31st March 2010 an amount of £155,000 (2008 £50,000) is due to The Mesolith Pension Plan and £10,000 (2008 £Nil) is due to Mesolith Limited, a related party by virtue of common director and member, Mr A S Minns. These loans incur interest at 10% payable six monthly. The former is secured on specific work in progress developments and the latter is unsecured. At the period end the company had incurred interest of £15,937 (2008 £4,000) to the Mesolith Pension Plan and £397 (2008 £Nil) to Mesolith Limited. An amount of £50,000 was transferred to the company and repaid during the period to Mr A S Minns. Included in directors remuneration are executive fees of £36,143 (2008 £Nil) paid to Mesolith Limited for the services of Mr A S Minns.

At 31st March 2010 an amount of £15,000 (2008 £Nil) is due to Mrs G South, spouse of Mr A South, a former director. This loan incurs interest at 10% payable six monthly and is unsecured. At the period end the company had incurred interest of £1,281 (2008 £Nil). An amount of £15,000 was transferred to the company and repaid during the period from Mr South's pension plan. Included in directors remuneration are executive fees of £9,321 (2008 £Nil) paid to Van Ammel Limited for the services of Mr A A South.

At 31st March 2010 an amount of £215,000 (2008 £100,000) is due to Dentons Sipp, a pension vehicle of Mr D F Tett, a former director. This loan incurs interest at 10% payable six monthly and is secured on specific work in progress developments. This loan includes advances to the company of £165,000 and a repayment of £50,000 during the period. At the period end the company had incurred interest of £22,740 (2008 £8,000). Included in directors remuneration are executive fees of £23,643 (2008 £25,833) paid to Bloomfield Financial Advisors Limited for the services of Mr D Tett. Included in Accountancy fees is £Nil (2008 £3,333) in respect of accountancy services supplied by Bloomfield Financial Advisors Limited.

At 31st March 2010 an amount of £5,000 (2008 £Nil) is due to Sir William Proby, Bt, director. This loan incurs interest at 10% payable six monthly and is unsecured. At the period end the company has incurred interest payable of £444 (2008 £Nil). This loan includes advances to the company of £10,000 and a repayment of £5,000 during the period. Included in directors remuneration are executive fees of £12,976 (2008 £36,667) paid to Elton Estates Company Limited for the services of Sir William Proby, Bt. Included in Accountancy fees is £4,167 (2008 £6,000) in respect of accountancy services supplied by Elton Estates Company Limited.

14. SHARE CAPITAL

Allotted, called up and fully paid:

	31 Mar 10		30 Sep 08	
	No	£	Unaudited No	£
3,271,509 Ordinary shares of £0.25 each	<u>3,271,509</u>	<u>817,877</u>	<u>3,271,509</u>	<u>817,877</u>

KEYGATE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st OCTOBER 2008 TO 31st MARCH 2010

15. SHARE PREMIUM ACCOUNT

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Balance brought forward	757,137	586,802
Premium on shares issued in the period	—	170,335
Balance carried forward	<u>757,137</u>	<u>757,137</u>

16. PROFIT AND LOSS ACCOUNT

	Period from 1 Oct 08 to 31 Mar 10	Year to 30 Sep 08 <i>Unaudited</i>
	£	£
Balance brought forward	(115,112)	(13,490)
Loss for the financial period	(141,885)	(101,622)
Balance carried forward	<u>(256,997)</u>	<u>(115,112)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Mar 10	30 Sep 08 <i>Unaudited</i>
	£	£
Loss for the financial period	(141,885)	(101,622)
New equity share capital subscribed	—	121,668
Premium on new share capital subscribed	—	170,335
	<u>—</u>	<u>292,003</u>
Net (reduction)/addition to shareholders' funds	(141,885)	190,381
Opening shareholders' funds	1,459,902	1,269,521
Closing shareholders' funds	<u>1,318,017</u>	<u>1,459,902</u>

18. ULTIMATE PARENT COMPANY

The directors consider the ultimate parent undertaking to be DBS Building Group Limited, a company registered in England and Wales. DBS Building Group Limited acquired the share capital of Keygate Property Investments Limited on 30th July 2009.

19. CONTINGENCIES

The company has guaranteed the bank borrowings of other group undertakings. At 31st March 2010 the potential indebtedness to the bank amounted to £5,784,072.