

Ashwell (Peterborough) Limited
Financial statements
For the year ended 30 April 2011



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Company No. 4136795

Company information

Company registration number	4136795
Registered office	Thirty Eight Station Road CAMBRIDGE CB1 2JD
Directors	S Topel J C Wooles
Secretary	J C Wooles
Bankers	Kaupthing Singer & Friedlander Limited (in administration) 21 New Street London EC2M 4HR
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Crown House Crown Street IPSWICH Suffolk IP1 3HS

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Report of the Directors

The directors present their report and the financial statements of the company for the year ended 30 April 2011

Principal activities & Going Concern

The principal activity of the company is property development trading and investment

On 1 November 2008, the company acquired the freehold of the Anglia Regional Co-Op site, Midland Road, Peterborough, subject to a leaseback for a period which expired in 2009. Architects were appointed to develop a Masterplan for a proposed mixed use development on the site and surrounding land under the control of Network Rail and others.

The Company obtained funding for the development from Kaupthing Singer & Friedlander Ltd (the *Bank* or the *Bankers*). The bank was placed into administration during October 2008. The world economic downturn and tightening of credit markets have had a very negative effect on residential and commercial property values in the UK. Primarily as a result of these factors, the company's balance sheet reflects a deficit of £6,174,525 which mainly represents monies owed to the Bankers, Kaupthing Singer & Friedlander Limited (in administration), and the parent company.

The company's Bankers made demand for the repayment of the loan facilities secured over the assets of the company on 6 November 2009. The company was unable to repay the loan and the Bank appointed a Law of Property Act ("LPA") Receiver to the site on 9 November 2009.

The company's only significant expenses are the LPA Receiver's expenses for dealing with the site and are part funded by the Bank.

The company is unable to meet any additional liabilities without the support of the Bank and is dependent on the limited support of the Bank to remain a going concern. The directors are cooperating with the Bank and LPA Receiver to maximise the Bank's recovery from the site.

Whilst the Bank and company continue to cooperate to maximise the Bank's recovery from the development of the asset, the directors do not currently intend to liquidate the company.

The directors have received confirmation of the bank's continuing limited support and have therefore prepared these accounts on a going concern basis.

Should the going concern basis not be appropriate, the directors are of the view that no further material adjustments to the financial statements would be required.

Directors

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

S Topel
J C Wooles

Report of the Directors (continued)

Directors' responsibilities

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 Accounting Standards (United Kingdom 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 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 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 auditors are 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 auditors are aware of that information

Auditor

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

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.

BY ORDER OF THE BOARD



J C Wooles
Secretary

31 January 2012

Report of the independent auditor to the members of Ashwell (Peterborough) Limited

We have audited the financial statements of Ashwell (Peterborough) Limited for the year ended 30 April 2011 which comprise the accounting policies, the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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 members, 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 members 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 members 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 4, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified in this regard, we have considered the adequacy of the disclosure made on page 7 to the financial statements in respect of the company's ability to continue as a going concern.

The company incurred a net loss of £232k during the year ended 30 April 2011 and, at that date, the company's total liabilities exceeded its total assets by £6.17m. The company's main liability is in respect of bank borrowings.

As explained on page 7, the Bank has made a demand for the repayment of the loan facilities. The company was unable to repay the loan and the Bank appointed a Law of Property Act ("LPA") Receiver on 9 November 2009. The directors are cooperating with the Bank and LPA Receiver to maximise the Bank's recovery from the company's assets. The Bank continues to fund the company on a day to day basis and continues to provide the funds for the expenses required to achieve the recovery of the company's assets. The Bank has confirmed its day to day support in this regard.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements would not require any further material adjustments if the company was unable to continue as a going concern.

Report of the independent auditor to the members of Ashwell (Peterborough) Limited (continued)

Qualified opinion on financial statements arising from limitation in audit scope

With respect to investment property, which has a net book value of £2m, the audit evidence available to us was limited because the directors have not provided any independent valuations of the property

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to open market value of the investment property, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 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 matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to fixed assets, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

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

- 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

Grant Thornton UK LLP

Mark Handley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
IPSWICH

31 January 2012

Accounting Policies

Going Concern

The world economic downturn and tightening of credit markets have had a very negative effect on residential and commercial property values in the UK. Primarily as a result of these factors, the company's balance sheet reflects a deficit of £6,174,525 which mainly represents monies owed to the Bankers, Kaupthing Singer & Friedlander Limited (in administration), and the parent company.

The company's Bankers made demand for the repayment of the loan facilities secured over the assets of the company on 6 November 2009. The company was unable to repay the loan and the Bank appointed a Law of Property Act ("LPA") Receiver to the site on 9 November 2009.

The company's only significant expenses are the LPA Receiver's expenses for dealing with the site and are part funded by the Bank.

The company is unable to meet any additional liabilities without the support of the Bank and is dependent on the limited support of the Bank to remain a going concern. The directors are cooperating with the Bank and LPA Receiver to maximise the Bank's recovery from the site.

Whilst the Bank and company continue to cooperate to maximise the Bank's recovery from the development of the asset, the directors do not currently intend to liquidate the company.

The directors have received confirmation of the bank's continuing limited support and have therefore prepared these accounts on a going concern basis.

Should the going concern basis not be appropriate, the directors are of the view that no further material adjustments to the financial statements would be required.

Basis of accounting

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

Turnover

Turnover is the total amount receivable by the company in respect of rental income, excluding VAT and trade discounts.

Land and properties under development

Land and properties in the course of development that will be retained, are stated at open market value as determined by independent valuation. The open market value includes development value and takes into account whether planning consents have been achieved.

Land acquisitions, costs of construction, legal, finance and planning fees incurred within the construction of the investment properties are capitalised in the balance sheet. Interest costs are capitalised up to the date of practical completion, once formal planning activities have commenced.

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

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 liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Turnover	1	33,417	54,636
Cost of sales		75,254	97,517
Gross (loss) / profit		(41,837)	(42,881)
Other operating charges	2	5,500	2,501
Operating loss	3	(47,337)	(45,382)
Interest receivable	5	–	65
Interest payable and similar charges	6	(184,300)	(336,498)
Loss on ordinary activities before taxation		(231,637)	(381,815)
Tax on profit on ordinary activities	7	–	–
Loss for the financial period	13	(231,637)	(381,815)

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 set out above

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	30 April 2011 £	30 April 2010 £
Fixed assets			
Intangible assets	8	2,000,000	2,000,000
Current Assets			
Debtors	9	-	2,667
Cash at bank & hand		7,170	4,666
		<u>7,170</u>	<u>7,333</u>
Creditors: amounts falling due within one year	10	8,181,695	7,950,221
Net current (liabilities)		<u>(8,174,525)</u>	<u>(7,942,888)</u>
Total assets less current liabilities		<u>(6,174,525)</u>	<u>(5,942,888)</u>
		<u>(6,174,525)</u>	<u>(5,942,888)</u>
Capital and reserves			
Called-up equity share capital	12	2	2
Profit and loss account	13	(6,174,527)	(5,942,890)
Shareholders' deficit	14	<u>(6,174,525)</u>	<u>(5,942,888)</u>

These financial statements were approved by the directors on 31 January 2012 and are signed on their behalf by:



J C Woolcs
Director



S J Topel
Director

Company Number 04136795

The accompanying accounting policies and notes form part of these financial statements.

Cash flow statement

	Note	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Net cash (outflow)/inflow from operating activities	17	(38,094)	(75,971)
Returns on investments and servicing of finance			
Interest received		—	65
Interest paid		(184,300)	(336,498)
Net cash outflow from returns on investments and servicing of finance		(184,300)	(336,433)
Cash outflow before financing		(222,394)	(412,404)
Financing			
Increase in banking facilities		224,898	412,403
Net cash inflow from financing		224,898	412,403
Increase / (decrease) in cash	19	2,504	(1)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below:

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
United Kingdom	<u>33,417</u>	<u>54,636</u>

2 Other operating charges

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Administrative expenses	<u>5,500</u>	<u>2,501</u>

3 Operating loss

Operating loss is stated after charging

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Auditor's remuneration		
Audit fees	<u>3,500</u>	<u>2,500</u>

4 Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the period

5 Interest receivable

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Bank interest receivable	<u>—</u>	<u>65</u>

6 Interest payable and similar charges

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Bank interest and similar charges	<u>184,300</u>	<u>336,498</u>

Ashwell (Peterborough) Limited
Financial statements for the year ended 30 April 2011
7 Taxation on ordinary activities

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(a) Analysis of charge in the year

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the period	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	—	—
Tax on profit on ordinary activities	—	—

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 – 28%)

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Loss on ordinary activities before taxation	(231,637)	(381,815)
Loss on ordinary activities by rate of tax	(64,858)	(106,908)
Losses carried forward & other timing differences	64,858	106,908
Total current tax (note 6(a))	—	—

There are tax losses relating to capital losses of approximately £1,104,000 (2010 - £872,000) and are potentially available to offset against future taxable capital gains. This represents an unprovided deferred tax asset of £265,000 (2010 - £241,000)

8 Tangible fixed assets

	Land and properties under development £
Cost or valuation	
At 1 May 2010	7,179,030
Additions	—
At 30 April 2011	7,179,030
Depreciation & Impairment	
At 1 May 2010	(5,179,030)
Provided during period	—
At 30 April 2011	(5,179,030)
Net book value	
At 30 April 2011	2,000,000
At 30 April 2010	2,000,000

8 Tangible fixed assets (cont'd)

The land and properties under development were valued on acquisition by Savills LLP during the course of the 2008 financial year. The aggregate of these valuations was £7.35m.

The company had been developing a Masterplan for the area. In the period following the acquisition, market evidence has suggested that the value of the scheme has fallen significantly. The directors sought a further informal opinion of realisable value from professional advisers on 11 March 2008. The directors adopted this opinion of realisable value which was £2m for the scheme as a whole for the 2008 financial statements.

The company's Bankers made demand for the repayment of the loan facilities secured over the asset on 6 November 2009. The company was unable to repay the loan and the Bank appointed a Law of Property Act ("LPA") Receiver to the site on 9 November 2009.

The directors have been unable to undertake any valuation on the site since the appointment of the LPA receiver and have maintained the previous valuation for the purposes of these accounts.

The directors, Bank and LPA receiver have not formally valued the site in the intervening period and have no reason to believe that there has been any significant change in the impaired financial situation of the combined asset. The overall valuation is based on the current development value and takes account of the planning permissions achieved to date.

The deficit on revaluation has been taken to the profit and loss account as a result of the impairment review.

Land and properties under development does not include any finance costs, which have been expensed in the period.

If the land and properties had not been revalued they would have been included on the historical cost basis of £7,179,030 (2010 - £7,179,030).

9 Debtors

	30 April 2011 £	30 April 2010 £
VAT recoverable	—	2,667
	<u>—</u>	<u>2,667</u>

10 Creditors: amounts falling due within one year

	30 April 2011 £	30 April 2010 £
Bank loans and overdrafts	7,938,980	7,714,082
Trade creditors	2,700	5,697
Amounts owed to group undertakings	227,942	227,942
VAT	573	—
Accruals and deferred income	11,500	2,500
	<u>8,181,695</u>	<u>7,950,221</u>

The Bank loan is secured by a fixed and floating charge over the assets of the company. A guarantee has been given by Ashwell (Chelmsford) Limited.

The company's Bankers made demand for the repayment of the loan facilities secured over the assets of the company on 6 November 2009. The company was unable to repay the loan and the Bank appointed a Law of Property Act ("LPA") Receiver to the development site on 9 November 2009.

11 Controlling related party and related party transactions

The directors consider that the ultimate parent undertaking of this company is Ashwell Property Group PLC

Ashwell Property Group PLC appointed an administrator on 8 December 2009

As at 30 April 2011, Ashwell (Peterborough) Limited owed Ashwell Property Group PLC £227,942 (30 April 2010 - £227,942)

12 Share capital

Authorised share capital

	30 April 2011		30 April 2010	
	£		£	
Ordinary shares of £1 each	<u>1,000</u>		<u>1,000</u>	
Allotted, called up and fully paid				

	30 April 2011		30 April 2010	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13 Profit and loss account

	30 April 2011		30 April 2010	
	£		£	
Balance brought forward	(5,942,890)		(5,561,075)	
(Loss) for the financial period	<u>(231,637)</u>		<u>(381,815)</u>	
Balance carried forward	<u>(6,174,527)</u>		<u>(5,942,890)</u>	

14 Reconciliation of movements in shareholders' deficit

	30 April 2011		30 April 2010	
	£		£	
Opening shareholders' deficit	(5,942,888)		(5,561,073)	
(Loss) for the financial period	<u>(231,637)</u>		<u>(381,815)</u>	
Net reduction in shareholders' deficit	<u>(231,637)</u>		<u>(381,815)</u>	
Closing shareholders' deficit	<u>(6,174,525)</u>		<u>(5,942,888)</u>	

15 Contingent Liabilities

There are no contingent liabilities at 30 April 2011 or 30 April 2010

16 Capital Commitments

There are no capital commitments at 30 April 2011 or 30 April 2010

17 Reconciliation of operating loss to net cash outflow from operating activities

	Year to 30 April 2011	18 Months to 30 April 2010
	£	£
Operating loss	(47,337)	(45,382)
Decrease / (increase) in debtors	2,667	2,094
Increase / (decrease) in creditors	6,576	(32,683)
Net cash (outflow) / inflow from operating activities	<u>(38,094)</u>	<u>(75,971)</u>

18 Reconciliation of net cash flow to movement in net debt

	Year to 30 April 2011	18 Months to 30 April 2010
	£	£
(Decrease) / increase in cash in the period	2,504	(1)
(Increase) in loans during the period	<u>(224,898)</u>	<u>(412,403)</u>
Change in net debt	(222,394)	(412,404)
Net debt at 1 May 2010	<u>(7,709,416)</u>	<u>(7,297,012)</u>
Net funds at 30 April 2011	<u>(7,931,810)</u>	<u>(7,709,416)</u>

19 Analysis of changes in net debt

	At 1 May 2010	Cash flows	At 30 April 2011
	£	£	£
Net cash			
Cash in hand and at bank	<u>4,666</u>	<u>2,504</u>	<u>7,170</u>
Debt			
Debt due within 1 year	<u>(7,714,082)</u>	<u>(224,898)</u>	<u>(7,938,980)</u>
Net debt	<u>(7,709,416)</u>	<u>(222,394)</u>	<u>(7,931,810)</u>

Management information

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 5 to 6**

Profit and loss account

	Year to 30 April 2011 £	18 Months to 30 April 2010 £
Turnover	33,417	54,636
Cost of sales		
Estate Expenditure	<u>75,254</u>	<u>97,517</u>
Gross profit	(41,837)	(42,881)
Overheads		
Administrative expenses	<u>5,500</u>	<u>2,501</u>
Operating loss	(47,337)	(45,382)
Bank interest receivable	<u>—</u>	<u>65</u>
	(47,337)	(45,317)
Interest payable and similar charges	<u>184,300</u>	<u>336,498</u>
Loss on ordinary activities	<u>(231,637)</u>	<u>(381,815)</u>

Notes to the detailed profit and loss account

	Year to 30 April 2011	18 Months to 30 April 2010
	£	£
Administrative expenses		
General expenses		
Auditors remuneration	3,500	2,500
Tax Fees	2,000	–
Bank charges	–	1
	<u>5,500</u>	<u>2,501</u>
 Interest receivable		
Bank interest receivable	<u>–</u>	<u>65</u>
 Interest payable and similar charges		
Bank interest payable	<u>184,300</u>	<u>336,498</u>