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COMPANY REGISTRATION NUMBER 4194152

**MACOB EXCHANGE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2011**

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MACOB EXCHANGE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the members	4
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

MACOB EXCHANGE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr R J Roberts
Mr W Rees
Mr D M Walters

Company secretary

Mr D M Walters

Registered office

2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Auditor

Clay Shaw Thomas Ltd
Chartered Accountants
& Statutory Auditor
2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Bankers

Barclays Bank plc
Corporate Banking Centre
3rd Floor
Windsor Court
Windsor Place
Cardiff
CF10 3ZL

Julian Hodge Bank Limited
29 Windsor Place
Cardiff
CF10 3BZ

MACOB EXCHANGE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2011

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

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of property development

BUSINESS REVIEW

The company's development of the Cardiff Coal Exchange has been put on hold until sufficient project funding can be raised to continue. Until the development recommences part of the site will be rented out for office accommodation

DIRECTORS

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

Mr R J Roberts
Mr W Rees
Mr D M Walters

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

AUDITOR

Clay Shaw Thomas Ltd are deemed to be re-appointed under section 487(2) of the Companies Act 2006

MACOB EXCHANGE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2011

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.

Registered office.
2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

Signed by order of the directors



MR D M WALTERS
Company Secretary

Approved by the directors on 28/6/2012.

MACOB EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACOB EXCHANGE LIMITED

YEAR ENDED 30 JUNE 2011

We have audited the financial statements of Macob Exchange Limited for the year ended 30 June 2011. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

MACOB EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACOB EXCHANGE LIMITED *(continued)*

YEAR ENDED 30 JUNE 2011

BASIS FOR DISCLAIMER OF OPINION ON FINANCIAL STATEMENTS

In seeking to form an opinion on the financial statements we considered the implications of the significant uncertainties disclosed in the financial statements concerning the following matters

- currently the company receives insufficient rental income from this tenanted property to fully fund both its loan interest payments due to Julian Hodge Bank and its operating costs. Following the year end Julian Hodge Bank made a formal demand for repayment of the loan as the company was in breach of its loan agreement. Due to the financial position of the company it is unable to meet its obligations in respect of this demand.
- the directors of the company's parent, Macob Holdings Limited, entered into discussions with the Group's principal bankers, Barclays Bank Plc, to obtain an additional facility that would secure its future. However, the directors were unable to secure a commitment from the bank for sufficient funding to continue trading in its current structure. As at the date of signing the Macob Holdings Group has been unable to secure an alternative source of finance.

There is potential for the material uncertainties to interact with one another such that we have been unable to obtain sufficient appropriate audit evidence regarding the possible effect of the uncertainties taken together.

DISCLAIMER OF OPINION ON FINANCIAL STATEMENTS

Because of the significance of the possible impact of the uncertainties, described in the Basis for Disclaimer of Opinion on Financial Statements paragraph, to the financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion. Accordingly we do not express an opinion on the financial statements.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

Notwithstanding our disclaimer of an opinion on the financial statements, 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.

MACOB EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACOB EXCHANGE LIMITED
(continued)

YEAR ENDED 30 JUNE 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Arising from the limitation of our work referred to 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

- 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, and
- certain disclosures of directors' remuneration specified by law are not made



MR D GWYN J WILLIAMS
B A ,F C A (Senior Statutory
Auditor)
For and on behalf of
CLAY SHAW THOMAS LTD
Chartered Accountants
& Statutory Auditor

2 Oldfield Road
Bocam Park
Bridgend
CF35 5LJ

29/6/2012

MACOB EXCHANGE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
TURNOVER		105,116	4,183
Cost of sales		838,549	37,087
GROSS LOSS		(733,433)	(32,904)
Administrative expenses		76,541	77,135
OPERATING LOSS	2	(809,974)	(110,039)
Attributable to			
Operating loss before exceptional items		(176,940)	(110,039)
Exceptional items	2	(633,034)	-
		(809,974)	(110,039)
Interest receivable		1,228	-
Interest payable and similar charges		(44)	(641)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(808,790)	(110,680)
Tax on loss on ordinary activities	4	-	(1,462)
LOSS FOR THE FINANCIAL YEAR		(808,790)	(109,218)

The notes on pages 9 to 13 form part of these financial statements.

MACOB EXCHANGE LIMITED**BALANCE SHEET****30 JUNE 2011**

	Note	2011 £	£	2010 £	£
FIXED ASSETS					
Tangible assets	5		405		1
CURRENT ASSETS					
Stocks	6	1,000,000		1,457,171	
Debtors	7	15,484		34,452	
Cash at bank		49,142		552	
		<u>1,064,626</u>		<u>1,492,175</u>	
CREDITORS: Amounts falling due within one year	8	<u>3,235,465</u>		<u>2,853,820</u>	
NET CURRENT LIABILITIES			(2,170,839)		(1,361,645)
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,170,434)		(1,361,644)
CAPITAL AND RESERVES					
Called-up equity share capital	11		2		2
Profit and loss account	12		(2,170,436)		(1,361,646)
DEFICIT			(2,170,434)		(1,361,644)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on ...28/6/2012... and are signed on their behalf by



MR D M WALTERS
Director

Company Registration Number 4194152

The notes on pages 9 to 13 form part of these financial statements.

MACOB EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

The turnover in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax. Turnover is generated through property development in line with the company's principal activities

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	- 15% straight line
Equipment	- 15% straight line

Stock and work in progress

Stock and work in progress is valued as the lower of cost and net realisable value. Cost is that expenditure which has been incurred in the normal course of business in bringing each project to its present location and condition. This includes finance costs where specific project funding is in place. Net realisable value is based on estimated selling price less future costs to completion and selling costs.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

MACOB EXCHANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2011**

1. ACCOUNTING POLICIES (continued)

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

2. OPERATING LOSS

Operating loss is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	71	-
Auditor's fees	3,000	3,000
Exceptional direct costs	633,034	-

The value of work in progress at the balance sheet date has been adjusted to reflect the projected net realisable value of the development. This is in line with the decline in yields being obtained in the industry, as a result of economic climate. The resulting write off has been shown as an exceptional direct cost in the profit and loss.

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Aggregate remuneration	5,500	13,250

4. TAXATION ON ORDINARY ACTIVITIES**Analysis of charge in the year**

	2011	2010
	£	£
Current tax.		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	-	(1,462)
Total current tax	-	(1,462)

MACOB EXCHANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2011****5. TANGIBLE FIXED ASSETS**

	Plant and machinery etc. £
COST	
At 1 July 2010	92
Additions	475
At 30 June 2011	567
 DEPRECIATION	
At 1 July 2010	91
Charge for the year	71
At 30 June 2011	162
 NET BOOK VALUE	
At 30 June 2011	405
At 30 June 2010	1

6. STOCKS

	2011 £	2010 £
Work in progress	296,700	753,871
Stock of land	703,300	703,300
	1,000,000	1,457,171

7. DEBTORS

	2011 £	2010 £
Trade debtors	13,141	17,919
VAT recoverable	2,343	16,533
	15,484	34,452

8. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	2,931,854	2,743,202
Trade creditors	9,788	31,989
Amounts owed to group undertakings	263,434	59,158
Other taxation and social security	-	100
Other creditors	30,389	19,371
	3,235,465	2,853,820

MACOB EXCHANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2011**

8. CREDITORS: Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Bank loans and overdrafts	<u>2,931,854</u>	<u>2,743,202</u>

Refer to bank security note for details

9. DEFERRED TAXATION

The directors' have not provided for a deferred tax asset on available losses in the 2011 accounting period of £71,168 (2010 £99,635) but will recognise the asset once the company returns to profitability

10. RELATED PARTY TRANSACTIONS

Macob Exchange Limited is member of the Macob group of companies. Details of transactions with other group companies have not been included as the directors consider disclosure of this information would be too onerous. In the opinion of the directors the absence of this information will have no impact upon the readers understanding of these financial statements.

Group consolidated financial statements are prepared and are available from Macob Holdings Limited, 2 Oldfield Road, Bocam Park, Bridgend, CF35 5LJ.

11. SHARE CAPITAL**Authorised share capital:**

	2011	2010
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
2 Ordinary shares of £1 each	2	2	2	2

12. PROFIT AND LOSS ACCOUNT

	2011	2010
	£	£
Balance brought forward	(1,361,646)	(1,252,428)
Loss for the financial year	<u>(808,790)</u>	<u>(109,218)</u>
Balance carried forward	<u>(2,170,436)</u>	<u>(1,361,646)</u>

MACOB EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

13. GOING CONCERN

The company has a deficit on the balance sheet and made a loss during the year. The company's development of the Cardiff Coal Exchange had been put on hold until sufficient project funding could be raised to continue. Currently the company receives insufficient rental income from this tenanted property to fully fund both its loan interest payments due to Julian Hodge Bank and its operating costs. Following the year end Julian Hodge Bank made a formal demand for repayment of the loan as the company was in breach of its loan agreement. Due to the financial position of the company it is unable to meet its obligations in respect of this demand. However there are on-going discussions with JHB which the directors' hope will be concluded shortly.

The directors of the company's parent entered into discussions with the Group's principal bankers, Barclays Bank Plc, to obtain an additional facility that would secure its future. Despite lengthy negotiations the directors were unable to secure a commitment from the bank for sufficient funding due to the uncertainty of future events that would impact on the financial viability of the Group. Following corporate restructuring advice in February 2012 the directors made the decision to sell the principal trading and development companies to a new holding company, Macob Property Holdings Limited (Formerly Macob Estates Limited). The reorganisation left Macob Holdings Limited with ownership of Macob Exchange Limited together with several dormant and non-trading subsidiaries. As at the date of signing the Group has been unable to secure an alternative source of finance.

The directors have concluded that above circumstances represent a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. However, due to the uncertainty of the outcome of both the matters mentioned above, they believe that it is still appropriate to adopt the going concern basis of accounting in preparing the financial statements.

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Macob Exchange Limited is Macob Holdings Limited, a company registered in England and Wales.

The ultimate controlling party is Mr R J Roberts who has a beneficial interest in 84% of the issued share capital of Macob Holdings Limited.

15. BANK SECURITY

Bank loans and overdrafts are secured by an unlimited cross guarantee for the bank funding of all group companies in favour of Barclays Bank Plc.

Julian Hodge Bank Limited has a legal charge over the Cardiff Exchange Building, Mount Stuart Square, Cardiff, CF10 5EL.