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# Gorse Stacks Development Limited

## Report and Financial Statements

30 September 2005

 ERNST & YOUNG



# Gorse Stacks Development Limited

Registered No: 04351332

## Directors

G Watkin Jones

M Watkin Jones

R S Willis

(Deceased 18 November 2004)

## Secretary

G P A Dexter

## Auditors

Ernst & Young LLP

Silkhouse Court

Tithebarn Street

Liverpool

L2 2LE

## Bankers

Bank of Scotland Plc

9<sup>th</sup> Floor

1 Marsden Street

Manchester

M2 1HW

## Solicitors

Hill Dickinson

State House

22 Dale Street

Liverpool

L2 4UR

## Registered Office

Units 21-22

Llandygai Industrial Estate

Bangor

Gwynedd

LL57 4YH

## Directors' report

The directors present their report and accounts for the company for the year ended 30 September 2005.

### Principal activity

The company's principal activity is that of property developer.

### Results and dividends

The profit for the period after taxation amounted to £nil. (2004: £nil). The directors do not recommend the payment of a dividend.

### Directors and their interests

The directors of the company at 30 September 2005 were those listed on page 1.

The interests of the directors in the share capital of the ultimate parent undertaking, Towerloom Limited, are shown in that company's accounts. The directors did not have any interests in the share capital of the company during the period.

Towerloom Limited has granted options to subscribe for ordinary shares of 1p each at par in the parent undertaking, Towerloom Limited, to the following directors:

	<i>At start of period No.</i>	<i>Granted during the period No.</i>	<i>At end of period No.</i>
M Watkin Jones	37,500	-	37,500

The options are exercisable by the grantee at any time up to 2011.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



G P A Dexter  
Secretary

16 December 2005

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## **Independent auditors' report**

**to the members of Gorse Stacks Development Limited**

We have audited the company's financial statements for the year ended 30 September 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 6. These financial statements have been prepared on the basis of 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 an auditors' 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 auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report 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 United Kingdom Auditing Standards 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.

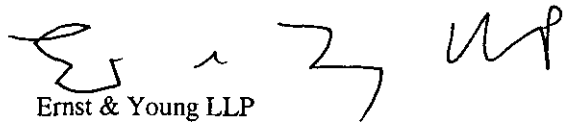
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Independent auditors' report**

to the members of Gorse Stacks Development Limited (continued)

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Liverpool  
16 December 2005

## Profit and loss account

For the year ended 30 September 2005

	2005 £	2004 £
<b>Turnover</b>	-	-
Cost of sales	-	-
	<hr/>	<hr/>
<b>Gross profit</b>		
Administrative expenses	-	-
	<hr/>	<hr/>
<b>Operating profit</b>	-	-
	<hr/>	<hr/>
Interest payable and similar charges	-	-
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	-	-
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>
<b>Profit for the financial period</b>	5 -	-
	<hr/>	<hr/>

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the result above.

# Balance Sheet

At 30 September 2005

	2005	2004
	£	£
<b>Current assets</b>		
Development land	1,396,606	822,701
Cash at bank and in hand	9	7,023
	<u>1,396,615</u>	<u>829,724</u>
<b>Creditors: amounts falling due within one year</b>	3	1,396,614
	<u>1</u>	<u>829,723</u>
<b>Net current assets</b>		
	<u>1</u>	<u>1</u>
<b>Capital and reserves</b>		
Called-up share capital	4	1
	<u>1</u>	<u>1</u>



G Watkin Jones  
Director  
16 December 2005

## Notes to the accounts

At 30 September 2005

### 1. Accounting policies

#### *Accounting convention*

The accounts 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 the ordinary course of business for goods supplied as a principal and for services provided, excluding VAT and trade discounts. In the case of long-term contracts, turnover reflects the contract activity of the year.

Turnover is wholly attributable to the company's continuing activity in the United Kingdom.

#### *Deferred tax*

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;
- 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.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### *Stock and work in progress*

Stock and work in progress are stated at the lower of cost and net realisable value. Cost represents all costs incurred in purchasing and developing property. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### *Long term contract work*

Profit is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on the appropriate stage of completion of the contract.

Costs incurred to carry out the work on long term contracts are matched with long term contract work included in turnover. Where costs cannot be matched with contract work accounted for as turnover, such amounts are included in stock.

Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the balance sheet date.

## Notes to the accounts

At 30 September 2005

### 2. Directors' emoluments

There have not been any directors' emoluments paid during the year or the previous period.

### 3. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loan	747,695	700,023
Amount owed to immediate parent undertaking	648,919	128,659
Other taxation and social security	-	1,041
	<u>1,396,614</u>	<u>829,723</u>

The bank loan has been guaranteed by Watkin Jones & Son Limited up to a maximum of £2,000,000.

### 4. Share capital

	2005 £	2004 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>

### 5. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 30 September 2004	1	-	1
Result for the year	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 September 2005	1	-	1
	<u>          </u>	<u>          </u>	<u>          </u>

### 6. Immediate and ultimate parent company

The immediate parent undertaking is Watkin Jones & Son Limited.

The ultimate parent undertaking is Towerloom Limited. Copies of its group accounts, which include the company, are available from its registered office: Units 21-22, Llandygai Industrial Estate, Bangor, Gwynedd, LL57 4HY.

Advantage has been taken of the exemption provided by FRS 8 'Related Party Transactions' and transactions with the group undertakings have not been disclosed in the accounts.