

Gorse Stacks Development Limited

Report and Financial Statements

for the year ended 30 September 2010

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Gorse Stacks Development Limited

Company Information

Directors	G Watkin Jones M Watkin Jones
Company secretary	P M Byrom
Company number	04351332
Registered office	Units 21-22 Llandygarn Industrial Estate Bangor Gwynedd LL57 4YH
Auditors	Ernst & Young LLP 20 Chapel Street Liverpool L3 9AG

Gorse Stacks Development Limited

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Gorse Stacks Development Limited

Directors' report for the year ended 30 September 2010

The directors present their report and the financial statements for the year ended 30 September 2010

Principal activities and review of the business

The company's principal activity is that of property developer

During the year the company developed proposals for a mixed use scheme, including an integrated resource health centre, at the main Gorse Stacks site which the company owns in Chester. Further development works have been held pending the conclusion of agreements relating to these proposals.

Results and dividends

The company made neither a profit nor a loss for the year (2009 - £NIL). The directors do not recommend the payment of a dividend.

Future developments

The company intends to resume development works at the Gorse Stacks site once the agreements relating to the current proposals for the site have been concluded.

Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the final outcome of discussions concerning the current proposals for the main part at the Gorse Stacks site and the general state of the property market in so far as it affects the sales values which will be achieved on the development of the site.

The directors have considered the carrying value of the company's work in progress, which is stated at the lower of cost and net realisable value, and are satisfied that no write down is required.

Directors and their interests

The directors who served during the year were

G Watkin Jones
M Watkin Jones

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the companies Act 2006. Such a qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Gorse Stacks Development Limited

**Directors' report
for the year ended 30 September 2010**

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 7 January 2011 and signed on its behalf



P M Byrom
Secretary

Gorse Stacks Development Limited

**Statement of directors' responsibilities
for the year ended 30 September 2010**

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Gorse Stacks Development Limited

Independent auditors' report to the shareholders of Gorse Stacks Development Limited

We have audited the financial statements of Gorse Stacks Development Limited for the year ended 30 September 2010, which comprise the Profit and loss account, the Balance sheet 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 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 explained more fully in the Statement of directors' responsibilities, 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 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 the 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 30 September 2010 and of its results for the year 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

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.

Gorse Stacks Development Limited

Independent auditors' report to the shareholders of Gorse Stacks Development Limited

Ernst & Young

Barry Flynn (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Liverpool

Date 12/1/2011

Gorse Stacks Development Limited

**Profit and loss account
for the year ended 30 September 2010**

	<i>Note</i>	<i>2010</i> <i>£</i>	<i>2009</i> <i>£</i>
<i>Profit on ordinary activities before taxation</i>		-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
<i>Profit for the financial year</i>	6	<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in either the current or previous year

Gorse Stacks Development Limited
Registered number 04351332

Balance sheet
as at 30 September 2010

	<i>Note</i>	<i>£</i>	<i>2010</i> <i>£</i>	<i>£</i>	<i>2009</i> <i>£</i>
Current assets					
Stocks and work in progress	3	8,378,960		8,059,729	
Creditors, amounts falling due within one year	4	<u>(8,378,959)</u>		<u>(8,059,728)</u>	
Net current assets			<u>1</u>		<u>1</u>
Total assets less current liabilities			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	5		<u>1</u>		<u>1</u>
Shareholders' funds	7		<u>1</u>		<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

7 January 2011



M Watkin Jones
Director

The notes on pages 8 to 11 form part of these financial statements

Gorse Stacks Development Limited

**Notes to the financial statements
for the year ended 30 September 2010**

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The financial statements have been prepared under the principles of going concern. The directors consider the continuing support confirmed by the company's immediate parent undertaking, Watkin Jones and Son Limited, to be adequate for this basis to be used

1.3 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.

1.4 Cash flow

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.

1.5 Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises all costs directly attributable to the purchasing and development of the property, including the acquisition of land and buildings, legal costs, attributable overheads, attributable finance costs and the cost of bringing developments to their present condition at the balance sheet date. Rental income arising during the development of the property is capitalised into its carrying value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Gorse Stacks Development Limited

**Notes to the financial statements
for the year ended 30 September 2010**

1 Accounting policies (continued)**1.6 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,
- 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. Directors emoluments and auditors remuneration

There have not been any directors' emoluments paid during the year. There were no employees of the company apart from the directors.

Auditors remuneration has been borne by another group company.

3. Stocks and work in progress

	2010 £	2009 £
Work in progress	8,378,960	8,059,729

Work in progress includes attributable finance charges amounting to £545,438 (2009 £252,532)

**4 Creditors
Amounts falling due within one year**

	2010 £	2009 £
Bank loans and overdrafts	3,559,041	4,560,521
Amounts owed to group undertakings	4,819,918	3,499,207
	8,378,959	8,059,728

The bank loan is secured by a legal charge over the company's development site and by a capital guarantee issued

Gorse Stacks Development Limited

**Notes to the financial statements
for the year ended 30 September 2010**

4 Creditors
Amounts falling due within one year (continued)

by Watkin Jones & Son Limited up to a maximum of £2,000,000

5 Share capital

	2010 £	2009 £
Allotted, called up and unpaid		
1 Ordinary share of £1	1	1

6 Reserves

At 1 October 2009 and 30 September 2010

7 Reconciliation of shareholders' funds and movement on reserves

	2010 £	2009 £
Shareholders' funds at 1 October 2009 and 30 September 2010	1	1

8 Contingent liabilities

The company is party to counter indemnities in respect of performance bonds entered into by other group companies with HCC International Plc and the Electrical Contractors' Insurance Company Limited which amounted to £1,109,940 at 30 September 2010 (2009 £550,555) No material liability is expected to arise as a result of this arrangement

The company has granted a debenture containing a fixed and floating charge and has entered into a corporate guarantee of the group's bank borrowings from the Royal Bank of Scotland Plc, which at the balance sheet date amounted to £3,559,041 (2009 £27,251,896) No material liability is expected to arise as a result of this arrangement

Gorse Stacks Development Limited

**Notes to the financial statements
for the year ended 30 September 2010**

9 Immediate and ultimate parent company

The immediate parent company is Newmark Developments Limited

The ultimate parent company is Watkin Jones Group 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 4YH

The company's intermediate parent company, Watkin Jones & Sons Limited, has confirmed its willingness to provide such financial support to the company as is necessary, for a period of not less than 12 months from the date of approval of these accounts, to enable the company to meet its liabilities as they fall due

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