

Company Registration No. 4395618

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

Report and Financial Statements

30 September 2008

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GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

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GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M Collins (Chairman)
A Roake
Dr K Mourad FRCA
A Collins
Mrs L M Hartill

SECRETARY

M Collins

REGISTERED OFFICE

Goldcrest House
3 Hurlingham Business Park
Sullivan Road
London
SW6 3DU

BANKERS

Barclays Bank PLC
One Churchill Place
London
E14 5HP

SOLICITORS

LG
4 More London Riverside
London
SE1 2AU

AUDITORS

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity for the year under review was that of land development and sales.

A summary of the results for the year is shown on page 6 of the financial statements.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £29,667 (2007 restated profit: £310,427). A dividend of £491,540 (2007:£300,000) was paid on 30 September 2008. The retained loss for the year was transferred to reserves.

FUTURE DEVELOPMENTS

The directors intend to continue the management policy of acquiring suitable sites for residential and commercial developments, when economic conditions improve.

DIRECTORS

The directors during the year were as follows:

M Collins (Chairman)
A Roake
Dr K Mourad FRCR
A Collins
Mrs L M Hartill

In accordance with the memorandum and articles of association the directors are not required to retire by rotation.

DISCLOSURE OF INFORMATION TO THE AUDITORS

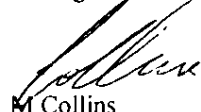
Each director of the company has confirmed that in fulfilling their duties as a director they have:

- taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information
- so far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

AUDITORS

A resolution to re-appoint Nexia Smith & Williamson as auditors will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M Collins
Director

7 July 2009

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that year. 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Goldcrest Homes (Graham Developments) Limited

We have audited the financial statements of Goldcrest Homes (Graham Developments) Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, 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 the 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 misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Goldcrest Homes (Graham Developments) Limited

Emphasis of matter - Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the Goldcrest Land Group ('group') as it is party to a cross-guarantee and debenture for the bank borrowings of its parent company and fellow subsidiaries. Following a provision of £4,908,000 for impairment in respect of development land, the Group incurred a net loss for the year of £6,397,000 and at 30 September 2008 Group net assets had reduced to £3,595,000. At the same date the Group's net debt totalled £31,823,000. The Group's cashflow forecast indicates that certain sales should take place during the final quarter of 2009 and that other sales will take place during 2010. As stated in note 1 to the financial statements the Group's bank facilities were agreed in December 2008 and extend to 31 December 2009. The Group's financial position at the year end, combined with the current conditions in the property market and with the other matters explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern unless bank facilities are further agreed at 31 December 2009. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

7 July 2009

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 30 September 2008

	Note	2008 £	2007 (restated – note 11) £
TURNOVER	1	-	2,525,554
Cost of sales		(30,941)	(1,434,219)
GROSS (LOSS)/PROFIT		(30,941)	1,091,335
Selling costs		-	(56,673)
Administrative expenses		166	(433,263)
OPERATING (LOSS)/PROFIT		(30,775)	601,399
Finance costs	5	-	(43,411)
Other income	6	1,108	2,834
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(29,667)	560,822
Tax on (loss)/profit on ordinary activities	4	-	(250,395)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(29,667)	310,427

The accompanying notes are an integral part of this profit and loss account.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 September 2008

	Notes	2008 £	2007 As restated £
(Loss)/profit for the year, as reported in the profit and loss account		(29,667)	310,427
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR		(29,667)	310,427
Prior year adjustment	11	119,772	
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR SINCE THE LAST ANNUAL REPORT		90,105	

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

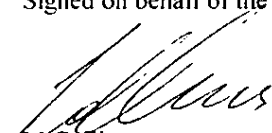
BALANCE SHEET

30 September 2008

	Note	2008 £	2007 (restated – note 11) £
CURRENT ASSETS			
Debtors	8	206,395	3,664,099
Cash		2,525	-
		<u>208,920</u>	<u>3,664,099</u>
CREDITORS: amounts falling due within one year	9	<u>(208,919)</u>	<u>(3,142,891)</u>
NET CURRENT ASSETS		<u>1</u>	<u>521,208</u>
NET ASSETS		<u>1</u>	<u>521,208</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	-	521,207
EQUITY SHAREHOLDERS' FUNDS	12	<u>1</u>	<u>521,208</u>

These financial statements were approved by the Board of Directors on 7 July 2009.

Signed on behalf of the Board of Directors


M Collins
Director

The accompanying notes are an integral part of this balance sheet.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

In determining the appropriate basis of preparation of the Company's financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

The Company is a wholly owned subsidiary within the Goldcrest Land group ('the Group'). The Group's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Chairman's and the Chief Executive's statements on pages 2 to 3 of the financial statements of the ultimate parent company, Goldcrest Land plc ('the Group financial statements'). In addition, the main financial risks that impact the Group's performance are set out in the Directors' Report on page 4 to 5 to the Group financial statements.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. Factors that particularly affect the Group are changes in the macroeconomic climate, the degree of confidence in the house-building sector and the financial strength of corporate buyers of development land.

The Company is party to a cross-guarantee and debenture for the bank borrowings of Goldcrest Land plc and its other subsidiaries and for the foreseeable future is reliant upon the Group's continued operational existence.

At 30 September 2008 the net assets of the Group were £3,595,000 whilst the net debt position of the Group was £31,823,000, with bank loans totalling £30,296,000, loan stock totalling £2,218,000 and cash balances amounting to £794,000.

The Group renewed its bank facilities in December 2008 and they extend to 31 December 2009. The loan facility totals £30 million, a mortgage facility of £944,000 and in addition there is an overdraft facility of £1 million. The loan stock was previously repayable on dates in March 2009 or before. All loan stock holders have agreed to postpone repayment until December 2009.

Whilst at 30 September 2008 the Group was in breach of certain covenants under its previous facilities, it is in compliance with the covenants under its renewed facilities at the date of approval of these financial statements. The Group's internal forecasts, which include new directors' loans totalling £650,000, indicate that it will remain in compliance with these covenants during the period of the bank loan facility.

However, the Group's internal forecasts are prepared on the basis that a significant proportion of the bank facilities must continue to be made available beyond 31 December 2009 because certain sales are not expected to take place until 2010. On the assumption that the Group has traded in line with its forecast, the directors have no reason to believe the bank will not renew the facility at that date since the scheduled timing of sales remains the same as when the facilities were renewed in December 2008.

Given the uncertain UK economic conditions there is a risk that the Group might not be able to perform to its forecast during 2009 and that the bank will not renew the facilities. Such a risk represents a material uncertainty because a failure to agree revised facilities may cast doubt about the Group's ability to continue as a going concern.

Nevertheless, based upon the Group's forecast, and the actions described in the Group Chief Executive's Statement, the directors have formed the judgement that it is appropriate to prepare the Company's financial statements on a going concern basis.

Prior year adjustment

The previous year's creditors' balance in these financial statements has been restated as a result of a fundamental error, in accordance with financial reporting standard 3 – 'reporting financial performance'. Further details of this adjustment can be found in note 11.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover comprises amounts receivable for properties sold in the normal course of business excluding value added tax.

Profit recognition

Profit on the sale of land is recognised when the contract is exchanged and it is unconditional by the date the accounts are signed.

Cash flow statement

The company has taken advantage of the exemption under Financial Reporting Standard 1 (Revised) not to prepare a cash flow statement, as a cash flow statement is included within the group accounts.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Finance costs

For land purchase, planning development and sale such directly attributable costs are capitalised throughout the period of development.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes cost of acquisition, construction costs, professional fees and directly attributable overhead expenditure including interest.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation is stated after charging:

	2008 £	2007 £
Auditors' remuneration	-	-

Auditors' remuneration for the year ended 30 September 2008 and the preceding year has been borne by the parent company.

3. EMPLOYEES

There were no employees employed by the company during the year or the preceding year. None of the directors received or are due any remuneration for their services to the company in this year or the preceding year.

4. TAXATION

	2008 £	2007 (restated – note 11) £
(a) Taxation charge on profit on ordinary activities		
UK corporation tax at 29% (2007: 30%)	-	-
Adjustments in respect of prior years - UK corporation tax	-	83,818
Total current charge	-	83,818
Deferred tax Origination and reversal of timing difference	-	166,577
Total deferred tax	-	166,577
Total tax on (loss)/profit on ordinary activities	-	250,395

	2008 £	2007 (restated – note 11) £
(b) Factors affecting tax charge for the year		
(Loss)/profit on ordinary activities before tax	(29,667)	560,822
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK 29% (2007: 30%)	(8,603)	168,247
Unrelieved tax losses and other deductions	8,603	-
Utilisation of tax losses	-	(48,475)
Group relief at nil consideration	-	(119,772)
Adjustment in respect of prior years	-	83,818
Current tax charge for the year	-	83,818

A deferred tax asset of £8,603 (2007: £nil) relating to unrelieved trading losses has not been recognised.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

5. FINANCE COSTS

	2008 £	2007 £
Bank interest payable	-	43,411

6. OTHER INCOME

	2008 £	2007 £
Interest receivable	1,108	-
Rent receivable	-	2,834
	<u>1,108</u>	<u>2,834</u>

7. DIVIDEND

	2008 £	2007 £
Ordinary dividend		
Interim paid of £491,540 (2007 – £300,000)	<u>491,540</u>	<u>300,000</u>

8. DEBTORS

	2008 £	2007 £
Trade debtors	-	2,906,397
Amounts owed by group undertaking	<u>206,395</u>	<u>757,702</u>
	<u>206,395</u>	<u>3,664,099</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 (restated – note 11) £
Bank loan (secured)	-	935,000
Bank overdraft (secured)	-	2,172
Trade creditors	-	68,138
Amounts owed to group undertakings	-	1,417,622
Other creditors	104,419	537,285
Accruals	<u>104,500</u>	<u>182,674</u>
	<u>208,919</u>	<u>3,142,891</u>

Security

Bank overdrafts and loans are secured by a legal charge on the company's stock of land for development and a floating charge on all other assets.

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

10. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
1 ordinary share of £1	1	1

11. RESERVES

	Profit and loss account £
At 1 October 2007	401,435
Prior year adjustment	119,772
At 1 October 2007 as restated	521,207
Loss for the year	(29,667)
Dividend payable	(491,540)
At 30 September 2008	-

Prior Year Adjustment

As a result of an independent valuation, the directors have recognised that the carrying value of stock in the group was overstated at 30 September 2007 by £8,116,000. This overstatement is considered to be a fundamental error under Financial Reporting Standard 3 and as a result the prior year stock balance in the group has suffered an impairment of £8,116,000 and been restated to £31,438,000. The resulting effect on the tax charge for the group is a reduction of £2,435,000 of which £119,772 applies to Goldcrest Homes (Graham Developments) Ltd. The profit and loss reserve has also been restated by this amount.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
(Loss)/profit for the year	(29,667)	190,655
Dividend payable	(491,540)	(300,000)
Net decrease in shareholders' funds	(521,207)	(109,345)
Opening equity shareholders' funds	401,436	510,781
Prior year adjustment	119,772	119,772
Opening equity shareholders' funds as restated	521,208	630,553
Closing equity shareholders' funds	1	521,208

13. CONTINGENT LIABILITY

The company is party to a cross-guarantee and debenture for the bank borrowings of its parent companies and fellow subsidiaries. At 30 September 2007 the borrowings of these companies totalled £30,295,854 (2007: £26,635,709).

GOLDCREST HOMES (GRAHAM DEVELOPMENTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2008

14. ULTIMATE PARENT COMPANY

The directors consider Goldcrest Land plc to be the company's ultimate holding company. The group headed by Goldcrest Land plc represents the largest and smallest group into which the results of the company are consolidated. Copies of its group accounts can be obtained from 3 Hurlingham Business Park, Sullivan Road, London SW6 3DU. The company's immediate controlling party is Goldcrest Homes (Graham) Limited.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with members of the group headed by Goldcrest Land plc.