

Shottery Brook Developments Limited

Report and Financial Statements

Year Ended

31 March 2007

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BDO Stoy Hayward

Chartered Accountants

Shottery Brook Developments Limited

Annual report and financial statements for the year ended 31 March 2007

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Directors

I Kolodotschko
RW Morris

Secretary and registered office

DK Newcombe, Lombard House, Worcester Road, Stourport-on-Severn, Worcestershire, DY13 9BZ

Company number

4642922

Auditors

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

Bankers

HSBC Bank Plc, 37 High Street, Stourport-on-Severn, Worcestershire, DY13 8BD

Shottery Brook Developments Limited

Report of the directors for the year ended 31 March 2007

The directors present their report together with the audited financial statements for the year ended 31 March 2007.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year

Principal activities, review of business and future developments

The company's principal activity is the purchase and development of property for sale

The company has completed construction of its principal development with a majority of its units either being sold or rented to tenants

Directors

The directors of the company during the year were

I Kolodotschko

RW Morris

RW Morris is also a director of Thomas Vale Holdings Limited, a joint shareholder in the company

Principal risks and uncertainties

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties which are constantly monitored. The company is dependent upon the efficiency of its employees in satisfying its customers' needs and in the identification and consequent reduction of contract risks in the work undertaken. Systems are in place to ensure effective monitoring of these issues.

Financial instruments

The company holds financial instruments to finance its operations and manages risks arising from these operations and its sources of finance in accordance with its accounting policies.

In addition, various financial instruments such as trade debtors, amounts recoverable on contracts and trade creditors arise directly from the company's operations. The company performs credit checks for all significant customers to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities, inter-group loans and retained profits.

Shottery Brook Developments Limited

Report of the directors for the year ended 31 March 2007 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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, 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

RW Morris



Director

Date 8 October 2007

Shottery Brook Developments Limited

Independent auditor's report

To the shareholders of Shottery Brook Developments Limited

We have audited the financial statements of Shottery Brook Developments Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. 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 information specified by law regarding directors' remuneration and other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

Shottery Brook Developments Limited

Independent auditor's report (*Continued*)

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 31 March 2007 and of its result 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 financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
Birmingham*

Date *22 October 2007*

Shottery Brook Developments Limited**Profit and loss account for the year ended 31 March 2007**

	Note	2007 £	2006 £
Turnover		998,000	1,255,374
Cost of sales		663,577	954,361
Gross profit		334,423	301,013
Administrative expenses		184,037	248,380
Operating profit	2	150,386	52,633
Interest receivable and similar income		661	1,775
Interest payable and similar charges	4	(151,047)	(54,408)
Profit on ordinary activities before and after taxation for the financial year		-	-

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year

The notes on pages 8 to 12 form part of these financial statements

Shottery Brook Developments Limited**Balance sheet at 31 March 2007**

	Note	2007 £	2007 £	2006 £	2006 £
Current assets					
Stocks	6	2,720,624		3,265,150	
Debtors	7	18,857		3,000	
Cash at bank and in hand		184,155		59,504	
		<u>2,923,636</u>		<u>3,327,654</u>	
Creditors: amounts falling due within one year	8	<u>2,921,968</u>		<u>3,325,986</u>	
Total assets less current liabilities			<u>1,668</u>		<u>1,668</u>
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	10		1,568		1,568
			<u>1,668</u>		<u>1,668</u>
Shareholders' funds			<u>1,668</u>		<u>1,668</u>

The financial statements were approved by the board of directors and authorised for issue on 8 October 2007

RW Morris
Director



The notes on pages 8 to 12 form part of these financial statements

Shottery Brook Developments Limited

Cash flow statement for the year ended 31 March 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash inflow/(outflow) from operating activities	13		1,085,389		(41,687)
Returns on investments and servicing of finance					
Interest received		661		1,775	
Interest paid other		(151,047)		(54,408)	
Net cash outflow from returns on investments and servicing of finance			(150,386)		(52,633)
Cash inflow/(outflow) before financing			935,003		(94,320)
Financing					
New loans		-		88,966	
Loans repaid		(810,352)		-	
Net cash (outflow)/inflow from financing			(810,352)		88,966
Increase/(decrease) in cash	14		124,651		(5,354)

The notes on pages 8 to 12 form part of these financial statements

Shottery Brook Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2007

1 Accounting policies

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

The following principal accounting policies have been applied

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct costs incurred in the purchase and development of property. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Financial Instruments

Details of the financial risk management objectives and policies and details of the use of financial instruments by the company are provided in note 11 to the financial statements

Dividends

The company has adopted FRS 21 "Events after the balance sheet date" and dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid by the company. In the case of final dividends, this is when approved by the shareholders.

2 Operating profit

	2007 £	2006 £
This is arrived at after charging		
Audit services	1,600	1,500
Non-audit services	600	500
	<hr/>	<hr/>

3 Directors' remuneration

No director received any emoluments during the current year (2006 - £NIL)

4 Interest payable and similar charges

	2007 £	2006 £
Bank loan interest	151,047	54,408
	<hr/>	<hr/>

Shottery Brook Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2007 (Continued)

5 Taxation on profit on ordinary activities

No tax charge arises on the result for the year (2006 - £Nil)

6 Stocks

	2007 £	2006 £
Land	-	1,066,440
Work in progress	2,720,624	2,198,710
	<u>2,720,624</u>	<u>3,265,150</u>

Work in progress includes interest on borrowed capital amounting to £239,140 (2006 - £218,576)

There is no material difference between the replacement cost of stocks and the amounts stated above

7 Debtors

	2007 £	2006 £
Trade debtors	7,700	3,000
Other debtors	11,157	-
	<u>18,857</u>	<u>3,000</u>

All amounts shown under debtors fall due for payment within one year

Shottery Brook Developments Limited**Notes forming part of the financial statements for the year ended 31 March 2007 (Continued)****8 Creditors: amounts falling due within one year**

	2007 £	2006 £
Bank loan (secured)	1,011,595	1,821,947
Trade creditors	71,442	36,677
Amounts owed to associated undertakings	1,667,163	1,417,542
Taxation and social security	171,768	44,820
Accruals and deferred income	-	5,000
	<u>2,921,968</u>	<u>3,325,986</u>

The bank loan is secured by a fixed charge over the assets of the company

9 Share capital

	2007 £	Authorised 2006 £	Allotted, called up and fully paid 2007 £	2006 £
50 'A' Ordinary shares of £1 each	50	50	50	50
50 'B' Ordinary shares of £1 each	50	50	50	50
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The holders of a majority of each class of share may from time to time appoint any person to be a director up to a maximum of 2 for each class of share. The shareholders are entitled to one vote per share. The chairman of a general meeting of shareholders is not entitled to a second or casting vote. In all other respects, the shares rank *pari passu*.

10 Reserves

	Profit and loss account £
At 1 April 2006 and at 31 March 2007	1,568

11 Financial instruments

The company holds financial instruments to finance its operations and manages risks arising from these operations and its sources of finance in accordance with its accounting policies

In addition, various financial instruments such as trade debtors, trade creditors and bank loans arise directly from the company's operations. The company performs credit checks for all significant customers to minimise bad debt risk.

Operations and working capital requirements are funded principally out of short term banking facilities, inter-group loans and retained profits

12 Related party disclosures

Controlling parties

The company is controlled as a joint venture between Thomas Vale Holdings Limited and Color Estates Limited.

Related party transactions and balances

	Purchases of construction services from related party	Management services rendered by related party	Amounts owed to related party
	£	£	£
Related party			
2007			
Color Estates Limited	-	70,921	703,211
Thomas Vale Holdings Limited	-	70,921	963,952
2006			
Color Estates Limited	-	99,585	622,291
Thomas Vale Holdings Limited	-	92,085	697,811
Thomas Vale Construction PLC	38,597	-	97,440

Color Estates Limited and Thomas Vale Holdings Limited are members of the company Thomas Vale Construction PLC is a member of the Thomas Vale Holdings Limited group of companies.

The amounts due to Color Estates Limited and Thomas Vale Holdings Limited represent either interest free loans or outstanding trading accounts

The bank loan is secured by personal guarantees from I Kolodotschko, Color Estates Limited and Thomas Vale Holdings Limited for £275,000, £300,000 and £275,000, respectively

Shottery Brook Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2007 (Continued)

13 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2007 £	2006 £
Operating profit	150,386	52,633
Decrease/(increase) in stocks	544,526	(456,591)
Increase in debtors	(15,857)	-
Increase in creditors	406,334	362,271
	<u>1,085,389</u>	<u>(41,687)</u>
Net cash inflow/(outflow) from operating activities		

14 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase/(decrease) in cash	124,651	(5,354)
Cash outflow/(inflow) from changes in debt	810,352	(88,966)
	<u>935,003</u>	<u>(94,320)</u>
Movement in net debt		
Opening net debt	(1,762,443)	(1,668,123)
	<u>(827,440)</u>	<u>(1,762,443)</u>
Closing net debt		

15 Analysis of net debt

	At 1 April 2006 £	Cash flow £	At 31 March 2007 £
Cash at bank and in hand	59,504	124,651	184,155
Debt due within one year	(1,821,947)	810,352	(1,011,595)
	<u>(1,762,443)</u>	<u>935,003</u>	<u>(827,440)</u>
Total			