Assettrust Housing Limited

Report and Financial Statements

30 June 2009

4725777

Directors

Executive directors
G P C Mackay
F James
F Newell
D Orchin

Non-executive directors
Sir Brian Unwin (Chairman)
P S Chapman

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Registered office

400 Capability Green
Luton
Beds LU1 3AE

Directors' report

The directors present their report and financial statements for the year ended 30 June 2009

Results and dividends

The consolidated loss for the year after taxation amounted to £5,128,498 (2008 loss £5,199,461) The directors do not recommend the payment of a dividend (2008 £nil)

Principal activities and review of the business

The principal activity of the Company and its subsidiaries ("the Group") is the acquisition of new build residential property in England and Wales that, on completion, is rented or made available for sale on an affordable basis via a shared ownership scheme Tenants and Owners are drawn from Local Authority nominations, referrals from zone agents and the private sector The Group is privately financed and does not use Government grant

The Company also provides management and administration services to other members of the Group The properties that the Group owns are managed under long term contracts by Registered Providers ("RP's") or Housing Associations However the Company has overall responsibility for

- acquisition of units
- sales and marketing of the shared ownership units
- management of any subsequent sales of the units or purchase of an additional share ('staircasing')
- overseeing the collection of rent and service charges, and
- management of the finances and banking facilities for the portfolio and subsequent portfolio sales

We have continued to take delivery of Social Rented and Shared Ownership properties and now have 567 Shared Ownership units completed and delivered and 185 Social Rented units across the Portfolio As at year end there are still further units to be delivered during 2009/10 such that the portfolio is forecasted to increase to 624 shared ownership units and 185 Social Rented Units The Shared Ownership Portfolio was 70% sold and the social rented portfolio fully occupied at year end The long term trend for rent collection on the shared ownership portfolio is at 98 5% and fluctuates between 95-96% for the Social Rented Portfolio The board are very pleased with the management and operation of the portfolio during this time and we consider our progress on sales to be remarkable given the state of the UK housing market at this time

The 2008/09 financial year is the first year in which the Company has prepared consolidated financial statements for the Group The net loss attributable to the parent entity remained static at £5 12 million (£5 19 million in 2008) With the well over half the portfolio now being sold, the rental income covers a significant portion of the annual interest bill while continued initial sales and subsequent staircasing will lead to surpluses being released to the profit and loss account from the embedded value in the residual portfolio

Directors' report

Future outlook

We have recently seen some signs of a more robust housing market and feel that the units in the shared ownership portfolio are well placed to take advantage of the current market where buyers and lenders are looking increasingly at affordability

The attitude of investors towards residential properties remains subdued and this will impact our ability to sell the portfolio once all units have been fully sold However there is increasingly a view that the market has reached its floor and with signs of prices again starting to rise the board feels that a sale of the portfolio is achievable in the near term, releasing the significant premium over cost not currently reflected in the holding value of the residual portfolio

The Company plans to utilise the skills and expertise it has developed in managing its own residential shared ownership portfolio and apply them to new asset portfolios on behalf of third parties The Company is actively pursuing this strategy

Principal risks and uncertainties

The UK housing market remains subdued and as such there is the risk that the units unsold in our existing portfolio will take longer to sell than forecast This will limit revenue and increase the hold costs for the portfolio The knock on effect of this will be a longer period before the portfolio can be sold

Directors of the company

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

Sir Brian Unwin	(Chairman)
P S Chapman	
G P C Mackay	
F Newell	
F James	(Appointed 23 June 2009)
D Orchin	(Appointed 2 December 2008)
V Rosser	(Resigned 17 October 2008)
R Arthur	(Resigned 18 March 2009)
P Kershaw	(Resigned 18 March 2009)
K Cox	(Resigned 9 April 2009)

Disclosure of information to the 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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

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

On behalf of the Board

Sir Brian Unwin
Director

0 8 SEP 2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 group and company and of the profit or loss of the group for that period In preparing these 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 proper accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report

to the members of Assettrust Housing Limited

We have audited the financial statements of Assettrust Housing Limited for the year ended 30 June 2009 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows, the Group and Parent Company Reconciliation of Shareholders' Funds and the related notes 1 to 18 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 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB'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 group's and parent 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 group's and parent company's affairs as at 30 June 2009 and of the group's loss 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

Independent auditor's report

to the members of Assettrust Housing Limited

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's 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

Ernst & Young LLP

A Clewer (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

0 8 SEP 2010

Group profit and loss account

for the year ended 30 June 2009

	Notes	2009 £	2008 £
Turnover	2	9,934,303	7,280,243
Cost of sales		10,194,479	7,800,896
Gross loss		(260,176)	(520,653)
Administrative expenses		(4,994,273)	(5,181,636)
Other operating income		2,072,339	1,050,343
Operating loss	3	(3,182,110)	(4,651,946)
Bank interest receivable		72,812	934,305
Bank interest payable and similar charges		(5,289,334)	(4,635,352)
Loss on ordinary activities before taxation		(8,398,632)	(8,352,993)
Tax on loss on ordinary activities	5	2,904	–
Loss on ordinary activities after taxation		(8,395,728)	(8 352,993)
Minority interests		3,267,230	3,153,532
Loss for the financial year attributable to members of the parent company		(5,128,498)	(5,199,461)

Statement of total recognised gains and losses

for the year ended 30 June 2009

There are no recognised gains or losses other than the loss for the financial year of £5,128,498 in the year ended 30 June 2009 (2008 £5,199,461)

Group balance sheet

at 30 June 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	15,998,612	7,492,825
Current assets			
Properties held for sale		84,301,123	48,130,335
Debtors	9	1,358,056	1,188,133
Cash at bank		4,020,003	2,486,029
		89,679,182	51,804,497
Creditors amounts falling due within one year	10	19,035,678	17,103,781
Net current assets		70,643,504	34,700,716
Total assets less current liabilities		86,642,116	42,193,541
Creditors amounts falling due after more than one year	11	110,579,290	57,734,987
Net liabilities		(23,937,174)	(15,541,446)
Capital and reserves			
Called up share capital	14	505	505
Profit and loss account	15	(15,893,512)	(10,765,014)
	15	(15,893,007)	(10,764,509)
Minority interests		(8,044,167)	(4,776,937)
		(23,937,174)	(15,541,446)

The financial statements were approved by the board of directors on 08 SEP 2010 and were signed on its behalf by

Sir Brian Unwin
Director

Company balance sheet
at 30 June 2009

	Notes	2009 £	2008 £
Fixed assets			
Investments	8	255	255
Tangible assets	7	-	-
		255	255
Current assets			
Debtors	9	1,567,246	1,013,043
Cash at bank		41,194	448
		1,608,440	1,013,491
Creditors amounts falling due within one year	10	9,128,943	6,806,082
Net current liabilities		(7,520,503)	(5,792,591)
Total assets less current liabilities		(7,520,248)	(5,792,336)
Capital and reserves			
Called up share capital	14	505	505
Profit and loss account	15	(7,520,753)	(5,792,841)
Shareholders' deficit		(7,520,248)	(5,792,336)

The financial statements were approved by the board of directors on 08 SEP 2010 and were signed on its behalf by

Sir Brian Unwin
Director

Group cash flow statement

for the year ended 30 June 2009

	Notes	2009 £	2008 £
Net cash outflow from operating activities	16(a)	(46,478,278)	(15,472,310)
Returns on investments and servicing of finance			
Interest received		72,812	934,305
Interest paid		(5,141,582)	(4,635,352)
		(5,068,770)	(3,701,047)
Financing			
Net movement in long term borrowings	16(b)	52,844,303	19,836,209
Increase in cash		1,297,255	662,852

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2009

	Notes	2009 £	2008 £
Increase in cash		1,297,255	662,852
Cash inflow from net increase in loans	16(b)	(52,844,303)	(19,836,209)
Movement in net debt in the year		(51,547,048)	(19,173,357)
Net debt at 1 July 2008	16(b)	(55,295,731)	(36,122,374)
Net debt at 30 June 2009	16(b)	(106,842,779)	(55,295,731)

Notes to the financial statements

at 30 June 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention

Fundamental accounting concept

During the year the group incurred a loss after taxation of £8,395,728 (2008 £8,352,993) The financial statements have been prepared on a going concern basis as the principal shareholder has agreed to provide sufficient funds to the group in order for it to meet its liabilities as they fall due

On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis The financial statements do not include any adjustments that would result if the principal shareholder's support was not provided

Basis of consolidation

The group financial statements consolidate the financial statements of Assettrust Housing Limited and all its subsidiary undertakings drawn up to 30 June each year No profit and loss account is presented for Assettrust Housing Limited as permitted by section 408 of the Companies Act 2006

Revenue recognition

Turnover comprises revenue recognised by the group in respect of sales of development properties and rental income from investment properties exclusive of VAT Sales of properties are recognised on exchange of contracts provided that completion has taken place prior to the finalisation of the financial statements Rental income is recognised on an accruals basis

Other operating income

Other operating income comprises incidental rental income from properties held for sale, which is recognised on an accruals basis

Properties held for sale

Properties held for sale are valued at the lower of cost, including incidental expenses, and net realisable value

Fixed assets

All fixed assets are initially recorded at cost

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows

Equipment	– over 3 years
Investment properties	– nil, see below

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Investment properties

Certain of the group's properties are held for long-term investment Investment properties are accounted for in accordance with SSAP 19, as follows

(i) investment properties are revalued annually The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised on the profit and loss account for the year, and

Notes to the financial statements

at 30 June 2009

1. Accounting policies (continued)

Investment properties (continued)

(ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified

Investments

Investments are accounted for at the lower of cost and net realisable value

Convertible loans

Convertible loans are classified as financial liabilities until the conversion right is exercised under the terms described in note 11 'Creditors amounts falling due after more than one year'

Deferred taxation

Deferred taxation 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 right to pay less or to receive more, tax, with following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or 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

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in the period

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

Pensions

Defined contributions have been made to certain employees' personal pension plans The assets of these plans are held separately from those of the group The pension cost charge represents contributions payable by the group to the plans There were no amounts prepaid or accrued at the year end

Notes to the financial statements

at 30 June 2009

2. Turnover

Turnover comprises revenue recognised by the group in respect of sales of development properties and rental income from investment properties exclusive of VAT All turnover is derived from activities in the UK

	2009	*2008*
	£	*£*
Sale of development properties	9,343,451	7,153,058
Rental income	590,852	127,185
	9,934,303	7,280,243

In addition, revenue of £2,072,339 (2008 £1,050,343) in respect of incidental rental of available for sale units has been included in other operating income

3. Group operating loss

This is stated after charging

	2009	*2008*
	£	*£*
Auditors' remuneration *	168,700	128,700
Depreciation of owned fixed assets	–	331

* - £11,700 (2008 £12,600) of this relates to the company

4. Staff costs

a) Staff costs

	2009	*2008*
	£	*£*
Wages and salaries	974,910	1,242 713
Social security costs	111,076	146,574
Other pensions costs	5,833	–
	1,091,819	1,389,287

The average monthly number of employees during the year was made up as follows

	2009	*2008*
	No	*No*
Administration	10	13
Management	6	6
	16	19

Notes to the financial statements

at 30 June 2009

4. Staff costs (continued)

b) Directors' remuneration

	2009 £	2008 £
Aggregate remuneration in respect of qualifying services	402,125	449,167

	2009 £	2008 £
In respect of the highest paid director		
Aggregate remuneration	125,160	150,000

5. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2009 £	2008 £
Current tax		
UK corporation tax	–	–
Tax overprovided in prior years	(2,904)	–
Total current tax (note 7(b))	(2,904)	–

(b) Factors affecting current tax credit

The differences are reconciled below

	2009 £	2008 £
Loss on ordinary activities before tax	(8,398,632)	(8,352,993)
Loss on ordinary activities multiplied by standard rate of corporation tax of 28% (2008 28%)	(2,351,617)	(2,338,838)
Decelerated capital allowances	–	93
Expenses not deductible for tax purposes	11,970	33,910
Short term timing differences	7,765	8,742
Utilisation of brought forward tax losses	(136,620)	(72,929)
Tax overprovided in prior years	(2,904)	–
Tax losses not utilised carried forward	2,468,502	2,369,022
Total current tax (note 7(a))	(2,904)	–

Notes to the financial statements

at 30 June 2009

5. Tax (continued)

(c) The deferred taxation asset not recognised in the financial statements is as follows

	2009	*2008*
	£	£
Tax losses available	6,157,194	3,848,173
Depreciation in advance of capital allowances	1,344	1,680
Short term timing differences	32,404	24,639
Total unrecognised deferred tax	6,190,942	3,874,492

6. Loss attributable to members of the parent company

The loss dealt within the financial statements of the parent company is £1,727,912 (2008 £1,917,212)

7. Tangible fixed assets

Group

	Equipment	*Investment properties*	*Total*
	£	£	£
Cost			
At 1 July 2008	6,992	7,492,825	7,499,817
Transfers from stock	–	8,505,787	8,505,787
At 30 June 2009	6,992	15,998,612	16,005,604
Depreciation/impairment			
At 1 July 2008 and 30 June 2009	6,992	–	6,992
Net book value			
At 30 June 2009	–	15,998,612	15,998,612
At 1 July 2008	–	7,492,825	7,492,825

No depreciation is provided on investment properties The directors considered the market value of the properties to be in line with the above valuation

Company

	Equipment
	£
Cost	
At 1 July 2008 and 30 June 2009	6,992
Depreciation	
At 1 July 2008 and 30 June 2009	6,992
Net book value	
At 1 July 2008 and 30 June 2009	–

Notes to the financial statements
at 30 June 2009

8. Investments

Company

	Shares in subsidiary undertakings
	£
Cost and net book value	
At 1 July 2008 and 30 June 2009	255

The company owns 100% of the 'B' ordinary shares in Assettrust Housing Investments Limited, an intermediate holding company These shares carry 51% of the voting rights of all shares in issue

Assettrust Housing Investments Limited owns 100% of the ordinary share capital of Assettrust Housing Projects Limited, an investment holding company Assettrust Housing Projects Limited owns 100% of the ordinary share capital of the companies listed below The shares are held through subsidiary undertakings

Funding company

The principal activity of this company is the arrangement and provision of group financing

AHL Shared Ownership Borrower Limited

Holding companies

The principal activity of these companies is to be the holding companies for investment and trading companies

AHL C&A Holdings Limited
AHL City Quarter Holdings Limited
AHL The Forge Holdings Limited
AHL Hunton Bridge Wharf Holdings Limited
AHL Langley Holdings Limited
AHL Southfields Holdings Limited

Investment companies

The principal activity of these companies is engagement in investment opportunities in the UK affordable housing market

AHL C&A Investments Limited
AHL City Quarter Investments Limited
AHL The Forge Investments Limited
AHL Hunton Bridge Wharf Investment Limited
AHL Langley Investments limited
AHL Southfields Investments Limited

Notes to the financial statements

at 30 June 2009

8. Investments (continued)

Trading companies

The principal activity of these companies is engagement in development opportunities in the UK affordable housing market

AHL C&A Trading Limited
AHL City Quarter Trading Limited
AHL The Forge Trading Limited
AHL Garratt Lane Trading Limited
AHL Hunton Bridge Wharf Trading Limited
AHL Langley Trading Limited
AHL Pall Mall Trading Limited
AHL Pan Peninsula Trading Limited
AHL Point Pleasant Trading Limited
AHL Riverside Court Trading Limited
AHL Southfields Trading Limited
AHL Woodlands Village Trading Limited
AHL Woolwich Arsenal Trading Limited
AHL Worcester Waterside Trading Limited

9. Debtors

		Group		*Company*
	2009	*2008*	*2009*	*2008*
	£	*£*	*£*	*£*
Amounts owed by group undertakings	–	–	1,539,103	975,862
Other debtors	1,358,056	1,188,133	28,143	37,181
	1,358,056	1,188,133	1,567,246	1,013,043

10. Creditors: amounts falling due within one year

		Group		*Company*
	2009	*2008*	*2009*	*2008*
	£	*£*	*£*	*£*
Bank overdrafts	283,492	46,773	128,957	46,568
Trade creditors	2,848,815	3 151 622	2,293,270	1,772,001
Amounts owed to group undertakings	–	–	720,259	404,125
Corporation tax	–	2,904	–	–
Other taxes and social security	53,371	40,702	44,299	40,420
Other creditors	13,647,120	12,139,013	5,822,805	4,366,805
Accruals and deferred income	2,202,880	1,722,767	119,353	176,163
	19,035,678	17,103,781	9,128,943	6,806,082

Notes to the financial statements

at 30 June 2009

11. Creditors: amounts falling due after more than one year

		Group		*Company*
	2009	*2008*	*2009*	*2008*
	£	*£*	*£*	*£*
Bank loans	109,833,945	57,734,987	–	–
Convertible loans	745,345	–	–	–
	110,579,290	57,734,987	–	–

Included within bank loans are balances of £5,333,040 (2008 £5,386,125) which are repayable in July 2017 and are secured by a charge over the group's assets Interest is payable as follows

On facility A 0 75% above LIBOR plus mandatory cost

On facility B 1 25% above LIBOR plus mandatory cost

The convertible loans do not carry any right to interest but carry a right of conversion into 75% of the equity in Assettrust Housing Projects Limited The conversion right may be exercised at any time by the lenders of more than 50% of the loans, in which case the whole amount will convert and all investors will receive their proportionate share of 75% of the equity in the company

12. Contingent liabilities

There is a group VAT registration in place which includes the parent company, funding company, holding companies and trading companies Under this arrangement the group has joint and several liability for amounts due to H M Revenue and Customs

There are fixed and floating charges over the assets of certain companies in the group to secure amounts actually or contingently owed in respect of a facility and facility fee in the name of Assettrust Housing Investments Limited Assetrust Housing Investments Limited is a subsidiary of Assettrust Housing Limited At 30 June 2009 the total amount owed under the facility was £78,530,495 (2008 £26,544,714)

There are fixed and floating charges over the assets of certain companies in the group to secure amounts actually or contingently owed in respect of a facility and facility fee in the name of AHL Shared Ownership Borrower Limited Assettrust Housing Limited is the ultimate parent undertaking of AHL Shared Ownership Borrower Limited At 30 June 2009 the total amount owed under the facility was £26,791,928 (2008 £26,339,912)

There is a fixed share charge over the company's investment in AHL Southfields Investment Limited to secure amounts owed in respect of a facility in the name of both AHL Langley Investment Limited and AHL Southfields Investment Limited At 30 June 2009 the total amount owed under the facility was £5,417,547 (2008 £5,480,657)

Notes to the financial statements

at 30 June 2009

13. Transactions with the directors

	(Payable)/ receivable at 1 July 2008	*Recharge-able expenses*	*Loan*	*Payments*	*Fees*	*(Payable)/ receivable at 30 June 2009*
	£	*£*	*£*	*£*	*£*	*£*
G P C Mackay	(5,711,905)	(308,248)	(384,856)	2,764,889	–	(3,640,120)
R A Arthur	(49,556)	–	–	51,191	(31,191)	(29,556)
P S Chapman	(30,215)	–	–	50,313	(40,217)	(20,119)
P J C Kershaw	(58,750)	–	–	58,750	(37,375)	(37,375)
D Orchin	(1,332)	(3,597)	–	4,308	–	(621)
F Newell	(784)	(3,578)	–	3,476	–	(886)
K G Cox	(86,369)	(4,378)	(4,892)	4,378	–	(91,261)
S J Hussey	(65,190)	–	(7,453)	–	–	(72,643)
R J Milliken	(72,283)	–	(6,560)	–	–	(78,843)
P Daniel	(684,497)	–	–	–	–	(684,497)
V Rosser	(933)	–	–	2,116	(1,183)	–

14. Issued share capital

Group and parent company		*2009*		*2008*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
'A' ordinary shares of £0 01 each	49,500	495	49,500	495
'B' ordinary shares of £0 01 each	1,000	10	1,000	10
		505		505

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu in all respects other than that the 'B' ordinary shares do not carry voting rights

15. Reconciliation of shareholders' funds and movement on reserves

Group	*Share capital*	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 1 July 2007	505	(5,565,553)	(5,565,048)
Loss for the year	–	(5,199,461)	(5,199,461)
At 1 July 2008	505	(10,765,014)	(10,764,509)
Loss for the year	–	(5,128,498)	(5,128,498)
At 30 June 2009	505	(15,893,512)	(15,893,007)

Notes to the financial statements

at 30 June 2009

15. Reconciliation of shareholders' funds and movement on reserves (continued)

Company	*Share capital* £	*Profit and loss account* £	*Total share-holders' funds* £
At 1 July 2007	505	(3,875,629)	(3,875,124)
Loss for the year	–	(1,917,212)	(1,917,212)
At 1 July 2008	505	(5,792,841)	(5,792,336)
Loss for the year	–	(1,727,912)	(1,727,912)
At 30 June 2009	505	(7,520,753)	(7,520,248)

16. Notes to the statement of cash flows

a) Reconciliation of group operating loss to net cash outflow from operating activities

	2009 £	*2008* £
Group operating loss	(3,182,110)	(4,651,946)
Transfer of properties from stock to fixed assets	(8,505,787)	(214,000)
Increase in properties held for resale	(36,170,788)	(14,653,397)
Increase in debtors	(169,923)	(19,912)
Increase in creditors	1,550,330	4,066,614
Depreciation	–	331
Net outflow from operating activities	(46,478,278)	(15,472,310)

b) Analysis of net debt

	At 1 July 2008 £	*Cash flow* £	*At 30 June 2009* £
Cash at bank and in hand	2,486,029	1,533,974	4,020,003
Bank overdrafts	(46,773)	(236,719)	(283,492)
	2,439,256	1,297,255	3,736,511
Long term loans	(57,734,987)	(52,844,303)	(110,579,290)
	(55,295,731)	(51,547,048)	(106,842,779)

Notes to the financial statements
at 30 June 2009

17. Related party transactions

	(Payable)/ receivable at 1 July 2008	*Rechargeable expenses*	*Loan*	*Payments*	*Fees*	*(Payable)/ receivable at 30 June 2009*
	£	£	£	£	£	£
Bivar Limited	(673,085)	(135,284)	–	10,852	–	(797,517)
Hometrack Data Systems Limited	(1,009,729)	(276,194)	693,858	–	–	(592,065)
PXS Limited	(1,131,121)	(13,251)	(3,146,282)	–	365	(4,290,289)
Statuslist Limited	–	–	(613,000)	73,000	–	(540,000)
Hometrack Co UK Limited	(40,000)	–	(1,014,858)	–	–	(1,054,858)
Touchdown Relocation Limited	(20,000)	–	(21,870)	–	–	(41,870)
Openbook HIPS Limited	(2,820)	–	–	2,820	–	–

G P C Mackay is a director and shareholder of the above companies and of Assettrust Housing Limited

18. Parent undertaking and controlling party

In the opinion of the directors the ultimate controlling party is G P C Mackay