



Financial Statements Eastside & City Developments Limited

For the year ended 30 June 2007

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Company No. 04813998

Company information

Company registration number	04813998
Registered office	The Clockhouse Frogmoor HIGH WYCOMBE Buckinghamshire HP13 5DL
Directors	D C Miller N H Brunskill
Secretary	C Pipe
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 1 Westminster Way OXFORD OX2 0PZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2007

Principal activities and business review

The company is principally engaged in the development of the Eastside site in Nottingham

Following the year end the company sold the Eastside site, excluding the Hockley Building, for £37m realising a loss of £3,156,264. The loss has been realised in these financial statements in accordance with the company's accounting policies

Directors

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

Mr D C Miller	
Mr N H Brunskill	
Mr D A Johnson	(Resigned 26 January 2007)
Mr J M Holmes	(Resigned 14 February 2007)
Mr R M Pilkington	(Resigned 26 January 2007)
MR J Curliss	(Resigned 26 January 2007)

Directors' responsibilities

The directors are responsible for preparing 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

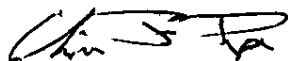
Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD



Mr C Pipe
Secretary



Report of the independent auditor to the members of Eastside & City Developments Limited

We have audited the financial statements of Eastside & City Developments Limited for the year ended 30 June 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. 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 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

Report of the independent auditor to the members of Eastside & City Developments Limited (continued)

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.

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 June 2007 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
OXFORD

25 April 2008

Principal accounting policies

Basis of accounting

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

The directors have prepared the financial statements on the going concern basis as the company has the continuing financial support of its parent undertaking

The principal accounting policies of the company are set out below. The policies remain unchanged from the previous year

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant and machinery	- 20% straight line
Computer equipment	- 25% straight line

Stock

Land and developments held as trading stock are valued at the lower of direct cost plus attributable overheads, including finance charges, and net realisable value. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of stocks

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date

Profit and loss account

	Note	2007 £	2006 £
Turnover		—	—
Cost of sales		(3,156,264)	—
Gross loss		(3,156,264)	—
Loss on ordinary activities before taxation		(3,156,264)	—
Tax on loss on ordinary activities	3	—	—
Loss for the financial year	11	<u>(3,156,264)</u>	<u>—</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	4	<u>41,097</u>	<u>62,558</u>
Current assets			
Stocks	5	35,339,101	31,816,146
Debtors	6	261,774	195,684
Cash at bank and in hand		<u>45,877</u>	<u>50,617</u>
		<u>35,646,752</u>	<u>32,062,447</u>
Creditors, amounts falling due within one year	7	<u>38,843,113</u>	<u>32,124,005</u>
Net current liabilities		<u>(3,196,361)</u>	<u>(61,558)</u>
Total assets less current liabilities		<u>(3,155,264)</u>	<u>1,000</u>
Capital and reserves			
Called-up equity share capital	10	1,000	1,000
Profit and loss account	11	<u>(3,156,264)</u>	<u>—</u>
(Deficit)/shareholders' funds	12	<u>(3,155,264)</u>	<u>1,000</u>

These financial statements were approved by the directors and authorised for issue on ~~27 April 2008~~ 27 April 2008 and are signed on their behalf by



N H Brunskill
Director

The accompanying accounting policies and notes form part of these financial statements

Notes to the financial statements

1 Costs incurred

During the year £1,538,598 (2006 £1,675,005) interest payable and similar charges on loans has been included within stock

Auditor's remuneration of £5,000 (2006 £4,750) for the audit of the Company's financial statements and £2,350 (2006 £2,250) for taxation services has been included within stock and included within accruals

Depreciation of £23,149 (2006 £22,099) has been included within stock.

2 Directors and employees

There were no employees of the company during the years ended 30 June 2007 or 30 June 2006

3 Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 19%)

	2007 £	2006 £
Loss on ordinary activities before taxation	(3,156,264)	-
Loss on ordinary activities by rate of tax	(946,879)	-
Unrelieved tax losses carried forward	728,908	-
Depreciation in excess of capital allowances	6,945	-
Losses surrendered for group relief	211,026	-
Total current tax	-	-

The company has tax losses carried forward of £2,430,000 at 30 June 2007 (2006 £nil). No deferred tax asset has been recognised due to the uncertainty surrounding the availability of future taxable profits.

4 Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 July 2006	14,585	79,525	94,110
Additions	—	1,688	1,688
At 30 June 2007	<u>14,585</u>	<u>81,213</u>	<u>95,798</u>
Depreciation			
At 1 July 2006	6,228	25,324	31,552
Charge for the year	2,916	20,233	23,149
At 30 June 2007	<u>9,144</u>	<u>45,557</u>	<u>54,701</u>
Net book value			
At 30 June 2007	<u>5,441</u>	<u>35,656</u>	<u>41,097</u>
At 30 June 2006	<u>8,357</u>	<u>54,201</u>	<u>62,558</u>

5 Stocks

	2007 £	2006 £
Work in progress	<u>35,339,101</u>	<u>31,816,146</u>

6 Debtors

	2007 £	2006 £
Amounts owed from related parties	56,133	—
Other debtors	120,124	114,238
Prepayments and accrued income	85,517	81,446
	<u>261,774</u>	<u>195,684</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to related undertakings	860,059	361,311
Other loan	2,048,781	—
Bank loans	13,228,889	25,857,719
Trade creditors	160,473	1,132,069
Amounts owed to group undertakings	22,490,860	4,633,487
Corporation tax	—	33,698
Other creditors	—	33,921
Accruals and deferred income	54,051	71,800
	<u>38,843,113</u>	<u>32,124,005</u>

Bank loans and overdrafts are secured by a fixed and floating charge over certain assets of the company

The other loan incurs interest at a rate of 4% per annum and is repayable on demand.

8 Contingent liabilities

There were no contingent liabilities at 30 June 2007 or 30 June 2006

9 Related party transactions

During the period £779,304 of costs were borne by Galleondeal Limited on behalf of the company. Galleondeal Limited owned 75% of the share capital of the company at the year end. Galleondeal also loaned £16,484,904 to the company on which interest of £195,696 was charged during the year and at the year end £22,289,437 remained unpaid.

During the period £444,401 (2006 £278,979) of costs were borne by Saxon Developments Limited, a company with common ultimate ownership, £426,309 remains unpaid at 30 June 2007.

During the period the company bore costs of £80,978 for Sneinton Market Developments Limited. £55,978 remains unpaid at 30 June 2007.

During the period £978,000 (2006 £978,000) of management fees were charged by Roxylight Group Services Limited, a company with common ultimate ownership, of which £433,750 remains unpaid at 30 June 2007.

During the period the company bore costs of £155 for Urban Regeneration UK Limited, the amount remains unpaid at 30 June 2007.

During the period £201,423 of costs were borne by Artillery Mansions Limited, a company with common ultimate ownership. The balance remains unpaid at 30 June 2007.

10 Share capital

Authorised share capital

	2007 £	2006 £
750 Ordinary 'A' shares of £1 each	750	750
250 Ordinary 'B' shares of £1 each	250	250
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary 'A' shares of £1 each	750	750	750	750
Ordinary 'B' shares of £1 each	250	250	250	250
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The "A" and "B" shares rank pari passu

11 Profit and loss account

	2007 £	2006 £
Loss for the financial year	(3,156,264)	—
Balance carried forward	<u>(3,156,264)</u>	<u>—</u>

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(3,156,264)	—
Opening shareholders' funds	1,000	1,000
Closing shareholders' (deficit)/funds	<u>(3,155,264)</u>	<u>1,000</u>

13 Post balance sheet events

Following the year end the company sold the Eastside site, excluding the Hockley Building, for £37m realising a loss of £3,156,264. The loss has been realised in these financial statements in accordance with the company's accounting policies.

14 Ultimate parent company and controlling related party

Galleondeal Limited is the company's controlling related party by virtue of a 75% holding of its issued ordinary share capital

The company's ultimate parent undertaking is Roxylight Holdings Limited which is incorporated in England and Wales.

