**Bournston (Curzon) Limited**

# Directors' report and financial statements

Registered number 04927480

31 August 2006

# Contents

# Company information

| | |
|---|---|
| **Directors** | PM Kilmister<br>BS Smith-Hilliard |
| **Company Secretary** | BS Smith-Hilliard |
| **Registered office** | Huntingdon House<br>278-290 Huntingdon Street<br>Nottingham<br>NG1 3LY |
| **Company number** | 04927480 |
| **Auditors** | KPMG LLP<br>St Nicholas House<br>Park Row<br>Nottingham<br>NG1 6FQ |

# Directors' report

The directors present their report with the financial statements of the company for the year ended 31 August 2006

**Principal activities**

The principal activity of the company was that of property development

**Results**

The results for the year and financial position of the company are as shown in the annexed financial statements

**Dividends**

No dividends will be distributed for the year ended 31 August 2006 *(period ended 31 Aug 05 £nil)*

**Directors**

The directors during the year under review were

PM Kilmister
BS Smith-Hilliard

The directors holding office at 31 August 2006 did not hold any beneficial interest in the issued share capital of the company at that date

Mr BS Smith-Hilliard and Mr PM Kilmister each hold 1 ordinary share in the parent company Bournston Estates Limited at 31 August 2006 These shareholdings represent the whole of the issued share capital of Bournston Estates Limited

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Auditors**

The auditors, KPMG LLP, will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985

By order of the board

**PM Kilmister**
*Director*

Dated 19 . 6 . 07

# Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 period Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

## Independent auditors report to the members of Bournston (Curzon) Limited

We have audited the financial statements of Bournston (Curzon) Limited for the year ended 31 August 2006 which comprise the profit and loss account, the balance sheet and the related notes 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3

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 directors' report 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements 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 financial statements It also includes an assessment of the significant estimates and judgments 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

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 August 2006 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 financial statements

KPMG LLP

*Chartered Accountants*
*Registered Auditor*

Dated 19 June 2007

# Profit and loss account
*for the year ended 31 August 2006*

| | *Note* | **Year to 31 Aug 06 £** | 10 months to 31 Aug 05 £ |
|---|---|---|---|
| **Turnover** | *2* | **-** | - |
| Cost of sales | | **-** | - |
| **Gross loss** | | **-** | - |
| Administrative expenses | | **(120,701)** | (40,018) |
| **Operating loss** | *3* | **(120,701)** | (40,018) |
| Interest receivable | *5* | **1,690** | |
| Interest payable and similar charges | *6* | **(8,000)** | (5,670) |
| **Loss on ordinary activities before taxation** | | **(127,011)** | (45,688) |
| Tax on loss on ordinary activities | *7* | **51,749** | - |
| **Loss for the financial period after taxation** | *13* | **(75,262)** | (45,688) |

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations

There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

# Balance sheet
*as at 31 August 2006*

| | Note | 2006 £ | 2006 £ | 2005 £ | 2005 £ |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Stocks | *8* | **1,820,222** | | 131,294 | |
| Debtors | *9* | **13,706** | | - | |
| Cash at bank | | **8,054** | | 549 | |
| | | **1,841,982** | | 131,843 | |
| **Creditors** amounts falling due within one year | *10* | **(562,986)** | | (177,529) | |
| **Net current assets/(liabilities)** | | | **1,278,996** | | (45,686) |
| **Total assets less current liabilities** | | | **1,278,996** | | (45,686) |
| **Creditors** amounts falling due after more than one year | *11* | | **(1,399,944)** | | - |
| **Net liabilities** | | | **(120,948)** | | (45,686) |
| **Capital and reserves** | | | | | |
| Called up share capital | *12* | | **2** | | 2 |
| Profit and loss account | *13* | | **(120,950)** | | (45,688) |
| **Equity shareholder's deficit** | *14* | | **(120,948)** | | (45,686) |

These financial statements were approved by the board of directors on 19.6.07 and were signed on its behalf by

**PM Kilmister**
*Director*

# Notes
*(forming part of the financial statements)*

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

In these financial statements the company has changed its policy on revenue recognition In all previous periods, turnover and profits were recognised on exchange of contracts, unless the contract was conditional and the condition had not been satisfied at the date the financial statements were approved In such circumstances turnover was accounted for on completion of contracts In the current year turnover and profits are recognised when contracts are exchanged and the building work is substantially complete, unless the contract is conditional and the condition has not been satisfied at the date the financial statements are approved This has no effect on the profit and loss or balance sheet of the company for the preceding period

***Accounting convention***

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

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking includes the company in its own published consolidated financial statements

***Going concern***

The financial statements have been prepared on a going concern basis not withstanding net liabilities of £120,948 The directors of the parent company have indicated their agreement to continue to provide financial support to the company such that the company is able to continue to trade and meet its debts and liabilities as they fall due for at least twelve months from the date of approval of these financial statements and the foreseeable future

***Turnover***

Turnover is recognised when contracts are exchanged and the building work is substantially complete unless the contract is conditional and the condition has not been satisfied at the date the financial statements are approved In such circumstances turnover is recognised on completion of contracts

***Stocks***

Stocks and work in progress, which includes the cost of property together with all other directly attributable costs, are stated at the lower of cost and net realisable value Costs of property purchased for development and resale includes the following

Cost of acquisition
Legal fees on acquisition
Planning fees and related costs
Costs of development
Professional fees relating to acquisition and development
Interest incurred during development and ending on the date of practical completion

Net realisable value is based on actual or estimated sales proceeds less further costs expected to be incurred to completion

***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Related party transactions***

The company has taken advantage of the exemption contained within FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group

***Classification of financial instruments issued by the company***

Following the adoption of FRS25, financial instruments issued by the company are treated as equity (i e forming part of shareholder's funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholder's funds, are dealt with as appropriations in the reconciliation of movements in shareholder's funds

***Dividends on shares presented within shareholder's funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

## 3 Operating loss

The operating loss is stated after charging

| | **Year to 31 Aug 06 £** | 10 months to 31 Aug 05 £ |
|---|---|---|
| Auditors' remuneration | - | - |

The auditors were remunerated by other group companies

## 4 Directors' emoluments/staff numbers and cost

The directors received no remuneration from the company in either the current year or preceding period The directors were remunerated by the company's parent company

The average number of employees of the company (including directors) during the year was two (*2005 two*) They received remuneration from the company's parent company

# Notes *(continued)*

## 5 Interest receivable

| | Year to 31 Aug 06 £ | 10 months to 31 Aug 05 £ |
|---|---|---|
| Bank interest | **1,690** | - |

## 6 Interest payable and similar charges

| | Year to 31 Aug 06 £ | 10 months to 31 Aug 05 £ |
|---|---|---|
| Other loan interest | **8,000** | 5,670 |

## 7 Taxation

### (a) *Analysis of credit in the year*

| | Year to 31 Aug 06 £ | 10 months to 31 Aug 05 £ |
|---|---|---|
| *UK corporation tax* | | |
| Payment for group relief | **(38,043)** | - |
| *Deferred tax* | | |
| Origination of timing differences | **(13,706)** | - |
| Tax credit on ordinary activities | **(51,749)** | - |

### (b) *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (*2005 higher)* than the standard rate of corporation tax in the UK of 30% *(2005 30%)* The differences are explained below

| | Year to 31 Aug 06 £ | 10 months to 31 Aug 05 £ |
|---|---|---|
| *Current tax reconciliation* | | |
| Loss on ordinary activities before tax | **(127,011)** | (45,688) |
| Current tax at 30% (*2005 30%)* | **(38,103)** | (13,706) |
| *Effects of* | | |
| Expenses not deductible for tax purposes | **60** | - |
| Trading losses carried forward | - | 13,706 |
| Total current tax charge/(credit) | **(38,043)** | - |

### (c) *Factors that may affect future current and total tax charges*

Future trading profits are forecast to increase the charge to taxation in future years

# Notes *(continued)*

## 7 Taxation *(continued)*

### (d) *Deferred tax*

The elements of deferred taxation are as follows

| | 2006 £ | 2005 £ |
|---|---|---|
| Tax losses | **13,706** | - |
| Deferred tax asset (note 9) | **13,706** | - |

## 8 Stocks

| | 2006 £ | 2005 £ |
|---|---|---|
| Work in progress | **1,820,222** | 131,294 |

Included in stock at 31 August 2006 is £34,738 *(2005 £nil)* relating to loan interest

## 9 Debtors

| | 2006 £ | 2005 £ |
|---|---|---|
| Deferred tax asset (note 7) | **13,706** | - |

## 10 Creditors: amounts falling due within one year

| | 2006 £ | 2005 £ |
|---|---|---|
| Trade creditors | **15,518** | 11,768 |
| Accruals and deferred income | **544,077** | 3,000 |
| Amount due to parent company | **3,391** | 162,761 |
| | **562,986** | 177,529 |

# Notes *(continued)*

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

| | 2006 £ | 2005 £ |
|---|---|---|
| Bank loan | **1,399,944** | - |

The bank loan is secured by way of assignment over the building contract relating to the development of student accommodation at Asha House, Loughborough Interest is charged at 3% over the Bank Base Rate and payable quarterly in arrears

*Analysis of debt*

| | 2006 £ | 2005 £ |
|---|---|---|
| Debt can be analysed as falling due | | |
| Between one and two years | **1,399,944** | - |

## 12 Share capital

| | 2006 £ | 2005 £ |
|---|---|---|
| *Authorised* | | |
| 1,000 ordinary shares of £1 each | **1,000** | 1,000 |
| *Allotted, issued and fully paid* | | |
| 2 ordinary shares of £1 each | **2** | 2 |

## 13 Profit and loss account

| | 2006 £ | 2005 £ |
|---|---|---|
| Loss for the period | **(75,262)** | (45,688) |
| Opening balance | **(45,688)** | - |
| Balance at 31 August | **(120,950)** | (45,688) |

## 14 Reconciliation of movement in shareholder's deficit

| | 2006 £ | 2005 £ |
|---|---|---|
| Loss for the period | **(75,262)** | (45,688) |
| Net change in shareholder's deficit | **(75,262)** | (45,688) |
| Opening shareholder's deficit | **(45,686)** | 2 |
| Closing shareholder's deficit | **(120,948)** | (45,686) |

## Notes *(continued)*

### 15 Contingent liabilities

The company had no contingent liabilities at 31 August 2006 *(2005 none)*

### 16 Capital commitments

The company had no capital commitments at 31 August 2006 *(2005 none)*

### 17 Related party transactions

Bournston Developments Limited has acted as guarantor on a £5,200,000 finance facility with AIB Group (UK) plc for Bournston (Curzon) Limited Mr PM Kilmister and Mr BS Smith-Hilliard have also guaranteed £250,000 of this loan, in the event of Bournston Developments Limited being unable to meet its own guarantee

In the opinion of the directors, these transactions were all at market value, and on normal commercial terms

### 18 Ultimate parent company

The directors consider the ultimate parent company to be Bournston Estates Limited, a company registered in England and Wales Bournston Estates Limited owns the whole of the company's issued share capital