

PORCHESTER HOMES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Company Registration Number 04982661



PORCHESTER HOMES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

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PORCHESTER HOMES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 JUNE 2009

| | |
|-------------------------------|--|
| The board of directors | Mr C M Brooks Mr M T Shearn |
| Company secretary | Mr I M Wood Smith |
| Business address | Inhurst House Brimpton Road Baughurst Hampshire |
| Registered office | 1 London Street Reading Berkshire |
| Auditor | Tenon Audit Limited Statutory Auditor Clifton House Bunnian Place Basingstoke Hampshire |
| Bankers | Allied Irish Bank (GB) 51 Belmont Road Uxbridge Middlesex |

PORCHESTER HOMES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2009

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

Principal activities

The principal activity of the company continued to be property development. With the confirmed support of the immediate parent company, the accounts have been prepared on a going concern basis.

Directors

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

Mr C M Brooks
Mr M T Shearn

Directors' responsibilities

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 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 company and of the profit or loss of the company for that period. 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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, individually, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

PORCHESTER HOMES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2009

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

C M Brooks



Director

Approved by the directors on 31/10/09

PORCHESTER HOMES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PORCHESTER HOMES LIMITED
YEAR ENDED 30 JUNE 2009

We have audited the financial statements of Porchester Homes Limited for the year ended 30 June 2009. 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 Sections 495 and 496 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by 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 company's affairs as at 30 June 2009 and of its 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 matters 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.

PORCHESTER HOMES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PORCHESTER HOMES LIMITED *(continued)*
YEAR ENDED 30 JUNE 2009

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, or returns adequate for our audit have not been received from branches not visited by us, or

the 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



Mark Lucas, Senior Statutory Auditor
For and on behalf of

Tenon Audit Limited
Statutory Auditor
Clifton House
Bunnian Place
Basingstoke
Hampshire

Date - 27 November 2009

PORCHESTER HOMES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2009

| | Note | 2009 £ | 2008 £ |
|---|------|------------------|------------------|
| Turnover | | 5,612,992 | 11,429,188 |
| Cost of sales | | (5,526,737) | (9,301,705) |
| Gross profit | | <u>86,255</u> | <u>2,127,483</u> |
| Administrative expenses | | (488,702) | (524,804) |
| Operating (loss)/profit | 2 | <u>(402,447)</u> | <u>1,602,679</u> |
| Interest receivable | | 36,139 | 12,421 |
| Interest payable and similar charges | | (618,207) | (1,030,009) |
| (Loss)/profit on ordinary activities before taxation | | <u>(984,515)</u> | <u>585,091</u> |
| Tax on (loss)/profit on ordinary activities | 4 | — | — |
| (Loss)/profit for the financial year | | <u>(984,515)</u> | <u>585,091</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 notes on pages 8 to 13 form part of these financial statements

PORCHESTER HOMES LIMITED

Registered Number 04982661

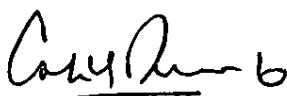
BALANCE SHEET**30 JUNE 2009**

| | Note | 2009 £ | £ | 2008 £ | £ |
|--|------|--------------------|------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 11,037 | | 21,878 |
| Current assets | | | | | |
| Stocks | | 5,740,642 | | 7,472,745 | |
| Debtors | 6 | 1,085,192 | | 108,471 | |
| Cash at bank and in hand | | 826,081 | | 1,010,734 | |
| | | <u>7,651,915</u> | | <u>8,591,950</u> | |
| Creditors: Amounts falling due within one year | 7 | <u>(8,600,905)</u> | | <u>(5,567,266)</u> | |
| Net current (liabilities)/assets | | | (948,990) | | 3,024,684 |
| Total assets less current liabilities | | | <u>(937,953)</u> | | <u>3,046,562</u> |
| Creditors: Amounts falling due after more than one year | 8 | | <u>—</u> | | <u>(3,000,000)</u> |
| | | | <u>(937,953)</u> | | <u>46,562</u> |
| Capital and reserves | | | | | |
| Called-up share capital | 11 | | 100 | | 100 |
| Profit and loss account | 12 | | (938,053) | | 46,462 |
| Shareholders' (deficit)/funds | 13 | | <u>(937,953)</u> | | <u>46,562</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 31/10/09, and are signed on their behalf by

C M Brooks
Director



The notes on pages 8 to 13 form part of these financial statements

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

1. Accounting policies

Basis of accounting

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

The company meets its day to day funding requirements through a mixture of bank debt and loans from its parent company, Cadugan Developments Limited. At the year end Cadugan Developments Limited has advanced £4,852,014 under an agreed working capital facility to fund development sites. The directors of Cadugan Developments Limited have confirmed that they will continue to make adequate facilities available to its subsidiary, Porchester Homes Limited, for a period of at least 12 months from the date of signing of these accounts to ensure all third party liabilities are paid as they fall due.

On the basis of this undertaking the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

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.

Turnover

Turnover, which excludes value added tax and sales between group companies, represents the invoiced value of goods and services provided, properties and developments sold and any profit margins achieved on properties taken in part exchange. It also includes the value of amounts invoiced under cost plus arrangements.

Turnover and profit are recognised when construction has been completed and there has been an exchange of contracts for sale providing for fixed legal completion within one month of exchange or on legal completion where this is not the case.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

| | |
|---------------------|-----------------------|
| Fixtures & Fittings | - 33 3% straight line |
| Computer Equipment | - 33 3% straight line |

Work in progress

Work in progress is valued at the lower of cost, excluding interest, and net realisable value. Costs include acquisition of land for development, development costs thereon and professional and planning fees. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

1. Accounting policies (continued)

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with FRS 17

Deferred taxation

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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the 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 enacted or substantively enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Interest

All interest, including interest arising on loans against land held for development and properties in the course of development, is expensed as incurred

2. Operating (loss)/profit

Operating (loss)/profit is stated after charging

| | 2009 | 2008 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Staff pension contributions | 8,275 | 8,213 |
| Depreciation of owned fixed assets | 7,482 | 8,216 |
| Auditors remuneration | 7,795 | 8,925 |
| Operating lease costs | | |
| -Plant and machinery | 28,888 | 25,818 |
| -Other | 8,400 | 8,400 |
| | <u> </u> | <u> </u> |

3. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

| | 2009 | 2008 |
|--|----------------|---------------|
| | £ | £ |
| Aggregate remuneration | 102,089 | 96,082 |
| Value of company pension contributions to money purchase schemes | 5,354 | — |
| | <u>107,443</u> | <u>96,082</u> |

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

4. Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%)

| | 2009 | 2008 |
|---|----------------|----------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before taxation | (984,515) | <u>585,091</u> |
| (Loss)/profit on ordinary activities by rate of tax | (275,665) | 175,527 |
| Effects of | | |
| Expenses not deductible for tax purposes | 2,203 | 1,381 |
| Capital allowances for period in excess of depreciation | 2,173 | (908) |
| Utilisation of tax losses | - | (176,000) |
| Unrelieved tax losses | <u>271,289</u> | - |
| Total current tax | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

The company has estimated tax losses of £968,889 (2008 £nil) available to carry forward against future taxable profits of the same trade. No deferred tax asset has been recognised in respect of these losses due to the uncertainty over future profits.

5. Tangible fixed assets

| | Fixtures & Fittings | Computer equipment | Total |
|-----------------------|--------------------------------|---------------------------|---------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 July 2008 | 16,643 | 17,965 | 34,608 |
| Additions | <u>-</u> | <u>450</u> | <u>450</u> |
| At 30 June 2009 | <u>16,643</u> | <u>18,415</u> | <u>35,058</u> |
| Depreciation | | | |
| At 1 July 2008 | 3,671 | 9,059 | 12,730 |
| Charge for the year | <u>5,350</u> | <u>5,941</u> | <u>11,291</u> |
| At 30 June 2009 | <u>9,021</u> | <u>15,000</u> | <u>24,021</u> |
| Net book value | | | |
| At 30 June 2009 | <u>7,622</u> | <u>3,415</u> | <u>11,037</u> |
| At 30 June 2008 | <u>12,972</u> | <u>8,906</u> | <u>21,878</u> |

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

6. Debtors

| | 2009 £ | 2008 £ |
|-----------------|------------------|----------------|
| Trade debtors | 624,400 | - |
| VAT recoverable | 87,267 | 89,017 |
| Other debtors | 373,525 | 19,454 |
| | <u>1,085,192</u> | <u>108,471</u> |

7. Creditors: Amounts falling due within one year

| | 2009 £ | 2008 £ |
|------------------------------------|------------------|------------------|
| Bank loans | 2,923,300 | 4,291,044 |
| Trade creditors | 134,757 | 124,069 |
| Amounts owed to group undertakings | 4,852,014 | 682,041 |
| Other taxation and social security | 3,308 | 29,933 |
| Other creditors | 687,526 | 440,179 |
| | <u>8,600,905</u> | <u>5,567,266</u> |

Bank loans are secured by a charge over a current development site

Group loans have no fixed repayments terms Interest is charged at 10% per annum

8. Creditors: Amounts falling due after more than one year

| | 2009 £ | 2008 £ |
|------------------------------------|-----------|------------------|
| Amounts owed to group undertakings | - | 3,000,000 |
| | <u>-</u> | <u>3,000,000</u> |

9. Commitments under operating leases

At 30 June 2009 the company had annual commitments under non-cancellable operating leases as set out below

| | 2009 Land and buildings £ | Other Items £ | 2008 Land and buildings £ | Other Items £ |
|-------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| Operating leases which expire | | | | |
| Within 1 year | - | 4,887 | - | - |
| Within 2 to 5 years | - | 10,337 | 8,400 | 21,240 |
| | <u>-</u> | <u>15,224</u> | <u>8,400</u> | <u>21,240</u> |

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

10. Related party transactions

Cadugan Developments Limited is a related party by virtue of its 75% ownership of Porchester Homes Limited. Cadugan Developments Limited has advanced Porchester Homes £4,852,014 (2008 £3,682,041) for the purchase of land and other costs. Interest of £492,086 (2008 £613,033) was charged on this loan during the period.

Bewley Homes Plc is a related party by virtue of C M Brooks being a director and shareholder of both that company and of the immediate parent company of Porchester Homes Limited. During the year the company made purchases from Bewley Homes Plc of £115,703 (2008 £85,691). At the period end, Porchester Homes Limited owed an amount of £nil (2008 £nil) to Bewley Homes Plc.

In addition Porchester Homes Limited provided services to Bewley Homes Plc to the value of £280,920 at a fixed rate of cost plus 5% (2008 £nil), at the year end Porchester Homes Limited were owed £280,920 (2008 £nil).

11. Share capital

Authorised share capital:

| | 2009 £ | 2008 £ |
|--------------------------------|------------|------------|
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2009 No | £ | 2008 No | £ |
|----------------------------|------------|------------|------------|------------|
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

12. Profit and loss account

| | 2009 £ | 2008 £ |
|--------------------------------------|------------------|---------------|
| Balance brought forward | 46,462 | (538,629) |
| (Loss)/profit for the financial year | (984,515) | 585,091 |
| Balance carried forward | <u>(938,053)</u> | <u>46,462</u> |

13. Reconciliation of movements in shareholders' funds

| | 2009 £ | 2008 £ |
|---------------------------------------|------------------|------------------|
| (Loss)/profit for the financial year | (984,515) | 585,091 |
| Opening shareholders' funds/(deficit) | <u>46,562</u> | <u>(538,529)</u> |
| Closing shareholders' (deficit)/funds | <u>(937,953)</u> | <u>46,562</u> |

14. Ultimate parent company

The immediate parent company is Cadugan Developments Limited, a company registered in England and Wales, by virtue of it owning 75% of the issued share capital of this company.

PORCHESTER HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2009

15. Ultimate controlling party

The ultimate parent company is Jesmond Enterprises Limited

The ultimate controlling party is York Trustees Limited