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AHL Langley Trading Limited

Report and Financial Statements

30 June 2006

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COMPANIES HOUSE

AHL Langley Trading Limited

Registered No: 5077826

Directors

G P C Mackay
K G Cox
V Rosser
S N Mixter

Secretary

T Patel

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Beds
LU1 3LU

Bankers

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

Registered office

400 Capability Green
Luton
Beds
LU1 3LU

Directors' report

The directors present their report and financial statements for the year ended 30 June 2006.

Principal activities

The principal activity of the company during the period was engagement in development opportunities in the UK affordable housing market.

Directors and their interests

The directors at 30 June 2006 and their interests in the share capital of the company were as follows:

	<i>At 30 June 2006 Ordinary shares</i>	<i>At 1 July 2005 Ordinary shares</i>
G P C Mackay	—	—
K G Cox	—	—

Subsequent to the period end, the following were appointed as directors of the company:

V Rosser (appointed 17 November 2006)

S N Mixer (appointed 17 November 2006)

K G Cox and G P C Mackay are also directors of group undertakings Assettrust Housing Limited, Assettrust Housing Investments Limited, Assettrust Housing Projects Limited and AHL Langley Holdings Limited. V Rosser and S N Mixer are also directors of Assettrust Housing Limited and AHL Langley Holdings Limited. Their interests are disclosed in the companies' individual financial statements.

Auditors

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

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.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



14 DEC 2006

Secretary

Statement of directors' responsibilities in respect of the financial statements

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 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 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 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.

Independent auditors' report

to the member of AHL Langley Trading Limited

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 auditors' 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the 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.

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.

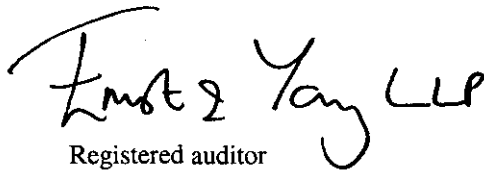
Independent auditors' report

to the member of AHL Langley Trading Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 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.



Registered auditor
Luton

19 DEC 2006

Profit and loss account **for the year ended 30 June 2006**

	<i>Notes</i>	<i>Year to 30 June 2006 £</i>	<i>Period to 30 June 2005 £</i>
Turnover		218,500	—
Cost of sales		118,716	—
Gross profit		99,784	—
Administrative expenses		71,359	80,925
Other operating income		(70,767)	—
Operating profit/(loss)	2	99,192	(80,925)
Bank interest receivable	3	794	—
Interest payable and similar charges		(240,798)	(1)
		(240,004)	(1)
Loss on ordinary activities before taxation		(140,812)	(80,926)
Tax on loss on ordinary activities	4	—	—
Loss for the financial year transferred from reserves		(140,812)	(80,926)

Balance sheet

at 30 June 2006

	Notes	30 June 2006 £	30 June 2005 £
Current assets			
Development properties		6,887,481	186,154
Debtors	5	6,117	132
Cash at bank		132,472	–
		<u>7,026,070</u>	<u>186,286</u>
Creditors: amounts falling due within one year	6	7,247,807	267,211
Net current liabilities		<u>(221,737)</u>	<u>(80,925)</u>
Total assets less current liabilities		<u>(221,737)</u>	<u>(80,925)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(221,738)	(80,926)
Equity shareholder's funds		<u>(221,737)</u>	<u>(80,925)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).



Director

14 DEC 2006

Notes to the financial statements

at 30 June 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Fundamental accounting concept

The financial statements have been prepared on a going concern basis as a parent company, Assettrust Housing Investments Limited, has agreed to provide sufficient funds to the company 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 parent company support was not provided.

Development properties

Properties held for development and sale are valued at the lower of cost, including incidental expenses, and net realisable value. Sales of properties are recognised on exchange of contracts provided that completion has taken place prior to the finalisation of the accounts.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- 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.

2. Operating profit/(loss)

This is stated after charging:

	<i>Year to 30 June 2006 £</i>	<i>Period to 30 June 2005 £</i>
Auditors' remuneration - fees	<u>6,000</u>	<u>2,000</u>

Notes to the financial statements

at 30 June 2006

3. Interest receivable

	<i>Year to 30 June 2006 £</i>	<i>Period to 30 June 2005 £</i>
Bank interest receivable	<u>794</u>	<u>—</u>

4. Taxation on ordinary activities

No tax charge arises due to the loss incurred in the period.

Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	<i>Year to 30 June 2006 £</i>	<i>Period to 30 June 2005 £</i>
Tax losses available	<u>59,587</u>	<u>21,900</u>

5. Debtors

	<i>30 June 2006 £</i>	<i>30 June 2005 £</i>
Amounts owed by group undertakings	—	88
Other debtors	<u>6,117</u>	<u>44</u>
	<u>6,117</u>	<u>132</u>

6. Creditors: amounts falling due within one year

	<i>30 June 2006 £</i>	<i>30 June 2005 £</i>
Bank overdraft	—	31
Trade creditors	11,038	589
Amounts owed to group undertakings	7,217,543	264,591
Accruals and deferred income	<u>19,226</u>	<u>2,000</u>
	<u>7,247,807</u>	<u>267,211</u>

Notes to the financial statements

at 30 June 2006

7. Contingent liability

There are fixed and floating charges over the assets of the company to secure amounts actually or contingently owed in respect of a facility or facility fee in the name of Assettrust Housing Investments Limited. Assettrust Housing Investments Limited is a subsidiary of Assettrust Housing Limited, the company's ultimate parent undertaking. At 30 June 2006 the amount of the contingent liability was £20,769,343.

8. Related party transactions

At 30 June 2006 the company owed £11,270 to AHL Langley Investment Limited, its fellow subsidiary undertaking, in respect of expenses incurred on its behalf.

The company owed £7,178,943 (2005: £264,591) to AHL Langley Holdings Limited, its immediate parent undertaking, in respect of loans advanced during the year. This balance includes interest payable of £240,798.

The company owed £27,330 to Assettrust Housing Limited, its ultimate parent undertaking, in respect of expenses incurred on its behalf.

9. Share capital

	30 June 2006 £	Authorised 30 June 2005 £
Ordinary shares of £1 each	<u>100</u>	<u>1</u>

	Allotted, called up and fully paid	
	30 June 2006	30 June 2005
	No.	No.
	£	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

10. Reconciliation of shareholder's funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 July 2005	1	(80,926)	(80,925)
Loss for the year	—	(140,812)	(140,812)
At 30 June 2006	<u>1</u>	<u>(221,738)</u>	<u>(221,737)</u>

11. Parent undertaking and controlling party

The company's immediate parent undertaking is AHL Langley Holdings Limited. The ultimate parent undertaking is Assettrust Housing Limited. The ultimate controlling party is G P C Mackay.