

Roland Bardsley Homes Limited
(formerly Hallco 1021 Limited)

REVISED REPORT AND FINANCIAL STATEMENTS

30 June 2005



NOTE:

This report and financial statements replace the original report and financial statements for the period ended 30 June 2005 (as explained in note 25) and are now the statutory accounts of the company for that financial period.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

A Bardsley	(resigned 26 April 2006)
S A Bardsley	(resigned 26 April 2006)
K Spencer	(resigned 26 April 2006)
C Houlihan	(resigned 26 April 2006)
J H Alcock	(resigned 26 April 2006)
D J Ashworth	(resigned 26 April 2006)
P Harper	(resigned 26 April 2006)
H Mears	
R Pinder	(resigned 26 April 2006)
R J R Brooke	(appointed 26 April 2006)
G M Brown	(appointed 26 April 2006)
G C Crisp	(appointed 26 April 2006)

SECRETARY

J S Sherratt	(resigned 26 April 2006)
R G Douglas	(appointed 26 April 2006)

REGISTERED OFFICE

Wilson Bowden House
Leicester Road
Ibstock
Leicester
LE67 6WB

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

DIRECTORS' REPORT

The directors submit their report and the financial statements of the group for the period from 22 March 2004 to 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the building of private houses for subsequent sale.

The principal activity of the subsidiary during the period was that of providing IT services to the holding company and also to related companies.

The company was incorporated on 22 March 2004. On 19 July 2004 it acquired the trade, assets and liabilities of Hallco 1021 (formerly Roland Bardsley Homes Limited) following a group reconstruction. Accordingly the trading results reported in the consolidated profit and loss account cover the period from 19 July 2004 to 30 June 2005.

CHANGE OF NAME

On 16 September 2004 the company changed its name to Roland Bardsley Homes Limited.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Having planned ahead after previous year's buoyant markets, we feel that Roland Bardsley Homes stands on solid ground with our strong Management Team and Marketing flare, not forgetting our Board's policy to ensure a sound capital base and to have put in place financial resources ahead of need.

We feel that our strength is definitely with our experience, workforce and our ability to encourage innovation and to nurture the strong brand we have created. We do not rest on our laurels and relish the challenge of the coming year; we know that through our Management teams' ability to identify new opportunities and our consistent strategy we will remain one of the North West House Builders leading lights.

During the year, Roland Bardsley Homes sold 104 homes at an average selling price of £211,078

Roland Bardsley Homes achieved profits before tax of £3 million with a turnover of £23 million. This is an achievement in the current market and considering the comparison with the previous buoyant market more than satisfactory.

It is with confidence this year we have two flagship homes for sale in the region of £1.4 million each, and note strong interest from the public in these, so our confidence in our excellent product soars.

After last year's reorganisation, Roland Bardsley Homes has continued on its solid footing, and is well positioned in land, location and mix.

Our Health & Safety record, this year has improved dramatically with very low reported accidents, due to our keen and watchful approach, and we have received favourable reports from NHBC.

In the coming year, even if adverse conditions prevail, we are confident that with our proven record of accomplishment in all markets and due to forward planning i.e. land bank strength and maintaining our financial strength and order book we will deliver a good overall performance.

RESULTS AND DIVIDENDS

The trading results for the period, dividends and the company's and groups' financial position at the end of the period are shown in the attached financial statements.

Roland Bardsley Homes Limited (formerly Halco 1021 Limited)

DIRECTORS' REPORT

DIRECTORS

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

A Bardsley	(Appointed 01/07/2004)
S A Bardsley	(Appointed 01/07/2004)
K Spencer	(Appointed 01/07/2004)
C Houlihan	(Appointed 01/07/2004)
J H Alcock	(Appointed 14/02/2005)
D J Ashworth	(Appointed 30/10/2004)
P Harper	(Appointed 30/10/2004)
H Mears	(Appointed 30/10/2004)
R Pinder	(Appointed 30/10/2004)
HL Directors Limited	(Appointed 22/03/2004, Resigned 01/07/2004)

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

		<i>Ordinary 1p Shares</i>	
		30 June 2005	22 March 2004 (or later date of appointment)
A Bardsley	'A' ordinary shares	7,864	7,864
S A Bardsley	'B' ordinary shares	1,000	1,000

The directors have neither been granted nor exercised any options to subscribe for shares in the company.

Total - 9,864 shares in issue or £98.64.

The directors do not hold shares in any of the subsidiary companies.

DISABLED PERSONS

The group gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled whilst employed by the group every endeavour is made to protect that person's position. Disabled persons have the same opportunity for training and career development as other employees of similar skills and abilities.

WORKER PARTICIPATION

On matters arising that affect the work force, full consideration is given to their position. When it is considered necessary, consultations will be held with representatives of the workforce to discuss and decide upon matters of mutual interest.

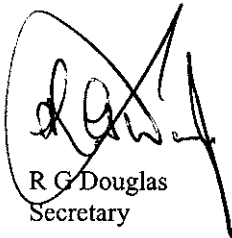
The group throughout the year continued to provide employees with information of matters of concern to them via in-house communications.

SAFETY

Safety remains of the very highest priority. The Board's Policy on safety is promulgated to all staff by means of a statement which also makes clear each person's responsibility.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

DIRECTORS' REPORT



R G Douglas
Secretary

12th December 2006

Roland Bardsley Homes Limited (formerly Halco 1021 Limited)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROLAND BARDSLEY HOMES LIMITED (formerly Hallco 1021 Limited)

We have audited the financial statements on pages 7 to 28.

This further report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and under Regulation 6 of Statutory Instruments 2005/2282 and 1990/2570 'Companies (revision of detective accounts and report) Regulations' on the revised accounts prepared under section 245 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the revised report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (Revision of detective accounts and reports) Regulations. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the revised financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

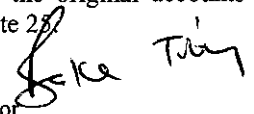
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the group'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 revised 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 revised financial statements.

Opinion

In our opinion the revised financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2005 and of the group's profit for the period then ended, seen as at the date that the original accounts were approved on 14 November 2005, and have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (revision of detective accounts and reports) Regulations.

In our opinion the original accounts failed to comply with the requirements of the Act in the respects as explained in note 25.

BAKER TILLY 
Registered Auditor
Chartered Accountants
Brazenose House
Lincoln Square
Manchester M2 5BL

13 December 2006

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period ended 30 June 2005

	<i>Note</i>	Period from 22 March 2004 to 30 June 2005 £
TURNOVER	1	23,264,355
Cost of sales		(16,484,764)
GROSS PROFIT		6,779,591
Admin expenses		(2,716,372)
Other operating income	2	122,918
OPERATING PROFIT	3	4,186,137
Interest receivable		93,613
Interest payable	5	(1,318,283)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,961,467
Taxation	6	(1,151,919)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,809,548
Dividends		(565,251)
RETAINED PROFIT FOR THE PERIOD	17	1,244,297

All of the operating profit for the period arises from continuing, acquired operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The company was incorporated on 22 March 2004. On 19 July 2004 it acquired the trade, assets and liabilities of Hallco 1021 (formerly Roland Bardsley Homes Limited) following a group reconstruction. Accordingly the trading results reported in the consolidated profit and loss account cover the period from 19 July 2004 to 30 June 2005.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

CONSOLIDATED BALANCE SHEET

30 June 2005

	Note	2005 £
FIXED ASSETS		
Tangible assets	8	1,019,905
Investments	9	226,475
		<u>1,246,380</u>
CURRENT ASSETS		
Stocks	10	39,093,734
Debtors	11	12,244,545
Cash at bank and in hand		1,248
		<u>51,339,527</u>
CREDITORS: amounts falling due within one year	13	(32,476,329)
NET CURRENT ASSETS		<u>18,863,198</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,109,578</u>
CREDITORS: amounts falling due after more than one year	14	(275,222)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(16,454)
		<u>19,817,902</u>
CAPITAL AND RESERVES		
Called up share capital	15	99
Share premium account	16	18,573,506
Profit and loss account	17	1,244,297
Total equity shareholders funds	18	<u>19,817,902</u>

Approved by the board on 12th December 2006.



R J R Brooke
Director

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

BALANCE SHEET

30 June 2005

	<i>Note</i>	2005 £
FIXED ASSETS		
Tangible assets	8	658,660
Investments	9	226,477
		<u>885,137</u>
CURRENT ASSETS		
Stock	10	36,652,333
Debtors	11	12,167,001
Cash at bank and in hand		1,248
		<u>48,820,582</u>
CREDITORS: amounts falling due within one year	13	(31,982,289)
NET CURRENT ASSETS		<u>16,838,293</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,723,430</u>
CREDITORS: amounts falling due after more than one year	14	(275,222)
		<u>17,448,208</u>
CAPITAL AND RESERVES		
Called up share capital	15	99
Share premium account	16	18,573,506
Profit and loss account	17	(1,125,397)
Total shareholders funds (Equity)	18	<u>17,448,208</u>

Approved by the board on 12th December 2006.


R J R Brooke
Director

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 30 June 2005

	<i>Note</i>	2005 £
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	19	(4,731,334)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received		89,509
Interest paid		(1,318,283)
Interest element of finance lease rental payments		-
Net cash outflow from returns on investments and servicing of finance		(1,228,774)
TAXATION		
Corporation tax paid		(181,005)
Net cash outflow from taxation		(181,005)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets		(232,409)
Receipts from sale of fixed assets		61,024
Net cash outflow from capital expenditure and financial investment		(171,385)
ACQUISITIONS AND DISPOSALS		
Purchase of subsidiary		(3,781,207)
Cash acquired on acquisition		1,768
Net cash outflow from acquisitions and disposals		(3,779,439)
EQUITY DIVIDENDS PAID		(565,251)
FINANCING		
New bank loan received		10,652,028
Capital element of finance lease payments		6,408
Net cash inflow from financing		10,658,436
INCREASE IN CASH		1,248

Further details are given in note 19.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

BASIS OF CONSOLIDATION

The consolidated financial statement comprises the audited accounts of the company and all its subsidiaries made up to 30 June 2005. The group uses the acquisition method of accounting to consolidate the results of subsidiary undertakings from the date of incorporation. The directors consider that to fully apply acquisition accounting to the group re-organisation, with consequent adjustment to the fair values of the related assets and liabilities would fail to give a true and fair view of the Group's state of affairs. Therefore, no fair value adjustment has been carried out in this transaction. It is not practicable to quantify the effect of this departure. Fair value adjustments have been made as necessary for any other acquisitions.

The company has taken advantage of Section 230 of the Companies Act 1985 not to present its own profit and loss account. The parent company's loss for the period was £560,146.

TURNOVER

Turnover represents the value of work done and the invoiced amounts of goods sold less returns and allowances, exclusive of value added tax. Turnover of house sales represents amounts receivable on legal completions; it does not include amounts relating to the sale of part-exchange properties or undeveloped land. Profit or loss on sales of part-exchange houses is included within cost of sales.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation. All classes of tangible fixed assets are recorded at cost.

Depreciation of fixed assets is charged in equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives as follows:

Plant & Machinery	5 – 7 years straight line
Fixtures, Fittings & Equipment	15% straight line
Motor Vehicles	20% straight line

STOCKS

Stocks, including land held for development and completed and part-exchanged houses are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

WORK IN PROGRESS

Work in progress is valued at the lower of cost and net realisable value. Work in progress includes the attributable costs after deducting amounts taken to cost of sales.

HIRE PURCHASE AGREEMENTS

Where an asset is acquired under a finance lease the asset is capitalised and the corresponding liability to the leasing company is included in obligations under finance leases. Depreciation on leased assets is charged to the profit and loss account at rates calculated to write off the capitalised value of the asset over the shorter of its expected useful life and the term of the lease. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account so as to give a constant periodic charge.

OPERATING LEASE AGREEMENTS

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

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

ACCOUNTING POLICIES

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 will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of all 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 substantially enacted at the balance sheet date.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Contributions are charged to the profit and loss accounts as they become payable in accordance with the rules of the scheme.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover represents the amount derived from the provision of goods and services which fall within the group's ordinary activities, stated net of valued added tax. The turnover is wholly generated in the UK.

The analysis of turnover by activity area is as follows:-

	2005 £
Private housing	23,138,297
I.T. services	126,058
	<u>23,264,355</u>

2 OTHER OPERATING INCOME

	2005 £
Sale of ground rents	122,918
	<u>122,918</u>

3 OPERATING PROFIT

	2005 £
Operating profit is stated after charging:	
Auditors' remuneration - audit	15,500
- other services	11,475
Operating leases	
- Plant and machinery	151,259
- Land and buildings	80,000
Depreciation of tangible fixed assets - owned assets	263,113
- leased assets	63,848
Loss on disposal of assets	21,917

4 DIRECTORS AND EMPLOYEES

	2005 £
Wages and salaries	6,127,271
Social security costs	606,094
Pension costs	157,070
	<u>6,890,435</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

4 DIRECTORS AND EMPLOYEES (continued)

Average number employed including executive Directors:	2005 Number
Management	27
Administrative	56
Productive	153
	<u>236</u>
 DIRECTORS	 2005 £
The directors' aggregate emoluments in respect of qualifying services were:	
Emoluments	514,319
Pension contributions	39,124
	<u>553,443</u>
 Highest paid director - emoluments	 135,209
- pension contributions	9,998
	<u>145,207</u>

Four directors were accruing benefits under company money purchase pension schemes in respect of qualifying services.

In addition to the above, Robard Consultants Limited makes available to the company services of C Houlihan and K Spencer. Management charges paid to Robard Consultants Limited for their services during the period amounted to £661,080.

PENSION COSTS

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company and independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £157,070

5 INTEREST PAYABLE

	2005 £
Bank overdrafts and short term interest	1,270,993
Interest on overdue corporation tax	21,953
Finance charges	25,337
	<u>1,318,283</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

6	TAXATION	2005 £
	Current tax:	
	In respect of the period:	
	UK corporation tax on profits of the period	874,806
	Adjustment in respect of prior periods	260,659
	Total current tax	1,135,465
	Deferred taxation:	
	Origination and reversal of timing differences	16,454
	Total deferred tax	16,454
	Tax on profit on ordinary activities	1,151,919

Factors affecting tax charge for period: 2005
£

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

Profit on ordinary activities before tax	2,961,467
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30%	888,440
Effects of:	
Expenses not deductible for tax purposes	50,001
Capital allowances in excess of depreciation	(16,558)
Additional deduction for land remediation	(33,219)
Income not taxable for tax purposes	(9,307)
Group relief claimed	(28,907)
Other adjustments	24,356
Current tax charge for period	874,806

7 DIVIDENDS

The following dividends have been paid in respect of the period:	2005 £
Dividend paid on ordinary shares	565,251

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

8 TANGIBLE FIXED ASSETS - GROUP

	Plant & Machinery	Fixtures, Fittings & Equipment	Motor Vehicles	Total
Cost or valuation	£	£	£	£
22 March 2004	-	-	-	-
Additions	199,580	24,719	8,015	232,314
Disposals	(154,887)	(46,095)	(49,359)	(250,341)
Transferred in on group re-organisation	1,775,786	1,282,753	307,876	3,366,415
30 June 2005	1,820,479	1,261,377	266,532	3,348,388
Depreciation				
22 March 2004	-	-	-	-
Charge for period	131,684	152,343	42,934	326,961
Disposals	(128,471)	(1,418)	(37,511)	(167,400)
Transfers in on group re-organisation	1,274,171	691,426	203,325	2,168,922
30 June 2005	1,277,384	842,351	208,748	2,328,483
Net book value				
30 June 2005	543,095	419,026	57,784	1,019,905
22 March 2004	-	-	-	-

The net book value of motor vehicles, plant and machinery and fixtures, fittings and equipment includes £343,415 in respect of assets held under finance leases. The depreciation charged on these assets during the period amounted to £63,848.

The amounts transferred in on group re-organisation relate to the assets transferred from Hallco 1022 Limited and Hallco 1021 Limited on 19 July 2004. See notes 9 and 23 for further details.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

8 TANGIBLE FIXED ASSETS (*continued*)

COMPANY

	Plant & Machinery	Fixtures, Fittings & Equipment	Motor Vehicles	Total
Cost or valuation	£	£	£	£
22 March 2004	-	-	-	-
Additions	199,580	3,000	8,015	210,595
Disposals	(154,887)	-	(49,359)	(204,246)
Transferred in on group re-organisation	1,775,786	595,541	307,876	2,679,203
30 June 2005	1,820,479	598,541	266,532	2,685,552
Depreciation				
22 March 2004	-	-	-	-
Charge for period	131,684	19,260	42,934	193,878
On disposals	(128,471)	-	(37,511)	(165,982)
Transferred in on group re-organisation	1,274,171	521,500	203,325	1,998,996
30 June 2005	1,277,384	540,760	208,748	2,026,892
Net book value				
30 June 2005	543,095	57,781	57,784	658,660
22 March 2004	-	-	-	-

The net book value of motor vehicles, plant and machinery and fixtures, fittings and equipment includes £343,415 in respect of assets held under finance leases. The depreciation charged on these assets during the period amounted to £63,848.

9 FIXED ASSET INVESTMENTS

GROUP

	Deferred share equity scheme £
22 March 2004	-
Additions	-
Transferred in on group re-organisation (note 9)	226,475
30 June 2005	226,475

Roland Bardsley Homes Limited runs a scheme whereby the customer can choose to only purchase part of the house and Roland Bardsley Homes Limited retains the remaining equity share. The Deferred share equity scheme represents the level of equity held by the company in houses sold.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

9 FIXED ASSET INVESTMENTS (continued)

COMPANY	Shares in subsidiaries	Deferred share equity scheme	Total
Cost:	£	£	£
22 March 2004	-	-	-
Additions	2,309,834	-	2,309,834
Transferred in on group re-organisation	-	226,475	226,475
30 June 2005	<u>2,309,834</u>	<u>226,475</u>	<u>2,536,309</u>
Provision against investment:			
22 March 2004	-	-	-
Provided in period	2,309,832	-	2,309,832
30 June 2005	<u>2,309,832</u>	<u>-</u>	<u>2,309,832</u>
Net book value			
30 June 2005	<u>2</u>	<u>226,475</u>	<u>226,477</u>
22 March 2004	<u>-</u>	<u>-</u>	<u>-</u>

The undermentioned are wholly owned subsidiary companies, incorporated in England.

	Principal activity
Roland Bardsley (IT) Limited	Provision of IT services
North West Land Developments Limited	Dormant

The company acquired 100% of the share capital of Roland Bardsley (IT) Limited; a company newly formed on 14 April 2004 and commenced trading on 19 July 2004.

On 19 July 2004 the company acquired all of the trade, assets and liabilities of Hallco 1021 Limited (formerly Roland Bardsley Homes Limited). The acquisition has been accounted for by the acquisition method of accounting.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

9 FIXED ASSET INVESTMENTS (continued)

	Book value at acquisition £
Tangible fixed assets	680,207
Fixed assets investments	226,475
Stock	29,769,442
Debtors	8,961,427
Cash at bank	1,768
Creditors	(21,065,714)
	<u>18,573,605</u>
Consideration	<u>18,573,605</u>
Consideration satisfied by issue of shares	<u>18,573,605</u>
	<u>18,573,605</u>

The results for Hallco 1021 Limited for the period from 1 July 2004 to 19 July 2004 and the prior year were as follows:

	Period from 1 July 2004 to 19 July 2004 £	Year ended 30 June 2004 £
Turnover	639,742	25,108,859
Operating profit	99,172	6,253,349
Profit on ordinary activities before tax	28,138	5,750,208
Taxation	-	996,465
Profit for the period	<u>28,138</u>	<u>3,840,743</u>

On 23 November 2004 the company acquired 100% of the share capital of North West Land Developments Limited. The acquisition has been accounted for by the acquisition method of accounting.

	Book value at acquisition	Fair value adjustment	Fair value at acquisition £
Stock (Land for development)	<u>1,342,600</u>	<u>2,438,607</u>	<u>3,781,207</u>
	1,342,600	2,438,607	3,781,207
Consideration			<u>3,781,207</u>
Consideration satisfied by cash			<u>3,781,207</u>
			<u>3,781,207</u>

The fair value adjustment relates to the revaluation of the land included within stock.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

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The land was immediately hived up into Roland Bardsley Homes Limited at book value. Accordingly a provision has been made against the cost of the investment.

9 FIXED ASSET INVESTMENTS (continued)

The results for North West Land Developments Limited for the period from 1 June 2004 to 23 November 2004 and the prior year were as follows:

	Period from 1 June 2004 to 23 November 2004 £	Year ended 31 May 2004 £
Turnover	-	-
Operating loss	-	(9,828)
Loss on ordinary activities before tax	-	(26,155)
Taxation	-	-
Loss for the period	-	(26,155)

10 STOCKS

	Group 2005 £	Company 2005 £
Raw materials and consumables	44,415	41,621
Work in progress	17,585,503	17,585,503
Land held for redevelopment	18,722,421	16,283,814
Part-exchange properties	2,741,395	2,741,395
	<u>39,093,734</u>	<u>36,652,333</u>

11 DEBTORS

	Group 2005 £	Company 2005 £
Trade debtors	55,822	55,822
Amounts owed by related undertakings	11,187,459	11,160,482
Other debtors	492,706	492,706
Directors' and Shareholders' current accounts (note 23b)	328,988	328,988
Prepayments and accrued income	179,570	129,003
	<u>12,244,545</u>	<u>12,167,001</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

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12 DEFERRED TAXATION

	Group 2005 £	Company 2005 £
Balance brought forward	-	-
Arising on acquisition	-	-
Profit and loss account movement arising during the period	16,454	-
Balance carried forward	<u>16,454</u>	<u>-</u>

The balance of deferred taxation account consists of the tax effect of timing differences in respect of:

	Group 2005 £	Company 2005 £
Excess of taxation allowances over depreciation on fixed assets	16,454	-
	<u>16,454</u>	<u>-</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	Group 2005 £	Company 2005 £
Bank loans and overdrafts	25,470,766	25,470,766
Trade creditors	2,630,787	2,630,787
Amounts owed to group undertakings	-	105,168
Amounts owed to related parties	2,306,765	1,716,557
Other taxes and social security	211,402	211,402
Corporation tax	960,818	960,818
Other creditors	217,251	217,251
Accruals and deferred income	542,525	533,525
Finance leases and hire purchase contracts (see note 14)	136,015	136,015
	<u>32,476,329</u>	<u>31,982,289</u>

Bank loans and overdrafts are technically repayable on demand and secured on the company's stocks of land, work in progress and houses for resale.

Bank loans are repaid from the proceeds of plot sales. Accordingly part of these balances may not be repaid within one year.

Finance leases and hire purchase liabilities are secured upon the underlying assets.

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NOTES TO THE FINANCIAL STATEMENTS

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14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2005 £	Company 2005 £
Finance leases and hire purchase contracts	275,222	275,222
	<u>275,222</u>	<u>275,222</u>
	Group 2005 £	Company 2005 £
Finance leases and hire purchase contracts:		
Amounts falling due:		
Within 1 year	136,015	136,015
In the second to fifth year	275,222	275,222
	<u>411,237</u>	<u>411,237</u>

15 CALLED UP SHARE CAPITAL

	2005 £
Authorised share capital:	
'A' Ordinary shares of 1p each	800
'B' Ordinary shares of 1p each	100
'C' Ordinary shares of 1p each	100
	<u>1,000</u>
Allotted, called up and fully paid:	
7,864 1p 'A' ordinary shares were allotted during the year	79
1,000 1p 'B' ordinary shares were allotted during the year	10
1,000 1p 'C' ordinary shares were allotted during the year	10
	<u>99</u>

All the shares rank pari passu with regards to capital and voting rights. With regards to income, a dividend may be paid either equally on all classes, or on one or more classes to the exclusion of the other classes, differentiating between such classes as to the amount or percentage of dividend payable.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

16 SHARE PREMIUM ACCOUNT

	2005 £
GROUP	
As at 22 March 2004	-
Issue of shares	18,573,506
As at 30 June 2005	<u>18,573,506</u>
COMPANY	
As at 22 March 2004	-
Issue of shares	18,573,506
As at 30 June 2005	<u>18,573,506</u>

The company acquired the trade, assets and liabilities of Hallco 1021 on 19 July 2004 for £18,573,605. Consideration was satisfied by the issue of 9,864 1p ordinary shares resulting in a share premium account of £18,573,506.

17 PROFIT AND LOSS ACCOUNT

	2005 £
GROUP	
As at 22 March 2004	-
Profit for the period	1,809,548
Dividends	(565,251)
As at 30 June 2005	<u>1,244,297</u>
COMPANY	
As at 22 March 2004	-
Loss for the period	(560,146)
Dividends	(565,251)
As at 30 June 2005	<u>(1,125,397)</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

18 RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	2005 £
Profit for the financial period	1,809,548
Dividends	(565,251)
	<u>1,244,297</u>
Issue of share capital	18,573,605
Net addition to shareholders' funds	<u>19,817,902</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>19,817,902</u>

COMPANY

	2005 £
Loss for the financial period	(560,146)
Dividends	(565,251)
	<u>(1,125,397)</u>
Net addition to shareholders' funds	18,573,605
Issue of share capital	<u>17,448,208</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>17,448,208</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

19 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash outflow from operating activities

	2005 £
Operating profit	4,186,137
Depreciation and amortisation charges	326,961
Increase in stocks	(5,543,083)
Increase in debtors	(3,289,014)
Decrease in creditors	(434,252)
Loss on disposal of fixed assets	21,917
	<u>(4,731,334)</u>

b) Reconciliation of net cash flow to movement in net debt

	2005 £
Increase in cash in period	1,248
Net cash inflow in respect of debt and lease financing	(10,658,436)
Change in net funds	<u>(10,657,188)</u>
Loans and finance leases acquired with acquisitions	(15,223,567)
Movement in period	<u>(25,880,755)</u>
Net debt at 22 March 2004	-
Net debt at 30 June 2005	<u>(25,880,755)</u>

c) Analysis of changes in net debt

	At 22 March 2004 £	Cash flows £	Acquisitions £	At 30 June 2005 £
Cash in hand and at bank	-	1,248	-	1,248
Overdrafts	-	-	-	-
	<u>-</u>	<u>1,248</u>	<u>-</u>	<u>1,248</u>
Debt due within one year	-	(10,652,028)	(14,818,738)	(25,470,766)
Debt due after one year	-	-	-	-
Finance leases	-	(6,408)	(404,829)	(411,237)
	<u>-</u>	<u>(10,658,436)</u>	<u>(15,223,567)</u>	<u>(25,882,003)</u>
	<u>-</u>	<u>(10,657,188)</u>	<u>(15,223,567)</u>	<u>(25,880,755)</u>

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

20 OPERATING LEASE COMMITMENTS

At 30 June 2005 the group had annual commitments under non-cancellable operating leases as set out below.

	Group		Company	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	-	32,559	-	32,559
Within 1 to 2 years	-	26,999	-	26,999
Within 2 to 5 years	92,187	32,952	92,187	32,952
After more than 5 years	-	-	-	-
	<u>92,187</u>	<u>92,510</u>	<u>92,187</u>	<u>92,510</u>

21 CAPITAL COMMITMENTS

Capital expenditure authorised and contracted for up to 30 June 2005 but not provided in the accounts amounted to £Nil.

22 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Mrs A Bardsley by virtue of her majority shareholding in the company.

23a) RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from disclosing group transactions and balances on the grounds that consolidated accounts are prepared.

Transactions took place with the following companies under the control of the Bardsley Family:

	Recharges 2005 £	Sales to 2005 £
Hallco 1022 Limited	92,187	17,817
Bardsley Construction Limited	10,802	803,068
Robard Consultants Limited	781,080	-
Microflow (Europe) Limited	282	26,017
Carriages Leisure Centre	-	10,215
Swan Hotel (Newby Bridge) Limited	280	5,500

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

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23a) RELATED PARTY TRANSACTIONS- continued

The balances owed by each related undertaking at the end of the year were as follows:

	2005 £	2005 £
	Included within debtors	Included within creditors
Hallco 1022 Limited	9,455,905	1,284,675
Bardsley Construction Limited	1,533,025	543,010
Robard Consultants Limited	121,110	479,080
Microflow (Europe) Limited	1,318	-
Carriages Leisure Centre Limited	65,237	-
Swan Hotel (Newby Bridge) Limited	350	-
Scorch Media	4,790	-
	<u>11,181,735</u>	<u>2,306,765</u>

Also included within amounts due from related parties is £5,724 owed by W R Bardsley. This is a balance acquired on acquisition of the trade, assets and liabilities of Hallco 1021 Limited.

On 19 July Roland Bardsley Homes Limited acquired the trade, assets and liabilities of Hallco 1021 Limited, a related party through common ownership. See Note 9 for details of this transaction.

On 19 July 2004 Roland Bardsley (IT) Limited acquired equipment, debtors and creditors from Hallco 1022 Limited.

23b) DIRECTORS' AND SHAREHOLDERS' LOAN ACCOUNT

At 30 June 2005 Mr C Houlihan owed £59,534 to the company. The maximum amount outstanding during the period was £59,534.

At 30 June 2005 Miss S Bardsley owed £4,518. The maximum amount outstanding during the period was £4,518.

As explained in note 25, unlawful dividends of £260,832 were paid in the period following the hive up of the subsidiary and the subsequent write downs against intra-group balances. These have been reclassified as shareholders loans and interest of £4,104 has been accrued.

24 CONTINGENT LIABILITIES

Performance bonds are given in the normal course of business on which no liability is expected to arise.

Roland Bardsley Homes Limited (formerly Hallco 1021 Limited)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2005

25 REVISIONS TO ORIGINAL ACCOUNTS

This report and financial statements replace the original report and financial statements for the period ended 30 June 2005.

The accounts have been prepared as at the date of the original accounts and not as at the date of revision and accordingly do not deal with events between 14 November 2005 and November 2006.

The original accounts did not comply with the requirements of the Companies Act 1985 in respect of the treatment of certain dividends and the treatment of the hive up of a subsidiary company's trade and assets into the company.

The hive up of land from North West Developments Limited in November 2004 at a net book value of £1,342,600 has now been reflected in the company's balance sheet. Investments have reduced by £1,308,572 and additional provisions of £102,525 have been made to cover irrecoverable inter company indebtedness. No adjustments are required to the group accounts as investments, intra-group balances and provisions are eliminated on consolidation.

As a result of the write down of the investment, insufficient distributable reserves were available to pay dividends to the shareholders. Dividends paid of £260,832 have been reclassified as shareholders loans which have been subsequently repaid. Interest of £4,104 has also been accrued on these amounts.