
MOUNTGRANGE (NEW STREET) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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MOUNTGRANGE (NEW STREET) LIMITED

COMPANY INFORMATION

DIRECTORS

M J Chande
M T Myers
S A Corner
N A Berry

COMPANY SECRETARY

N A Berry

COMPANY NUMBER

5084873

REGISTERED OFFICE

13 Albemarle Street
Mayfair
London
W1S 4HJ

AUDITORS

Brett Adams
Chartered Accountant and Registered Auditors
25 Manchester Square
London
W1U 3PY

MOUNTGRANGE (NEW STREET) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

MOUNTGRANGE (NEW STREET) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the financial statements for the year ended 31 March 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. 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). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activities of the company is that of property development and trading.

BUSINESS REVIEW

This company is part of the joint venture for the major development in Edinburgh that is currently being carried out by its fellow subsidiary, Mountgrange (Caltongate) Limited. Therefore its results and prospects are directly connected to the joint venture. All planning consents have been granted and the directors are now in the process of obtaining pre-lets of commercial space in order to get the construction underway and source the necessary equity and bank finance.

The principal risks facing the company are connected with the development to be carried out by its fellow subsidiary and relate, in the main, to complying with the relevant planning permissions and ensuring adequate and sustainable financial resources to fund the development.

The monitoring of the expected costs has meant that the company has made a provision of the value of its land bank as against its appraised value as a development site. The provision amounted to approximately £467,000 (2007 - £nil).

In common with many property companies with the sharp correction in the property market and the shortage in the market place of bank finance the company is in protracted negotiations with its bankers in respect of the securing of bank facilities to allow the company to trade out its assets. The directors remain confident that a suitable facility will be agreed with the company's bankers but the negotiations will not be concluded for some time.

MOUNTGRANGE (NEW STREET) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £480,567 (2007 - loss £18,302).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were:

M J Chande
M T Myers
S A Corner
N A Berry (appointed 09/08/07)

M J Chande and M T Myers each have an interest in the shares of the ultimate parent company, Mountgrange Capital Plc. Neither N A Berry nor S A Corner have an interest in the company's shares or any other group companies' shares.

FUTURE DEVELOPMENTS

Due to the current economic climate the directors are reviewing the company's position and will act accordingly to minimise any risk the company may face.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Brett Adams, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *29th January 2009* and signed on its behalf.



M T Myers
Director

MOUNTGRANGE (NEW STREET) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE (NEW STREET) LIMITED

We have audited the financial statements of Mountgrange (New Street) Limited for the year ended 31 March 2008, set out on pages 5 to 11. These financial statements have been prepared in accordance with 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 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the 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.

MOUNTGRANGE (NEW STREET) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE (NEW STREET) LIMITED

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 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.

EMPHASIS OF MATTER - GOING CONCERN

As described in the directors' report on pages 1 and 2 the current economic environment is challenging and the company has reported a loss for the financial year of £480,567 and had net current liabilities of £540,049. The directors consider that the outlook presents significant challenges in the property development market. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over the future trading results and cash flows.

As explained in the Business Review on page 1, the company has ongoing discussions with its bankers about the renewal of existing facilities and an additional facility that may prove to be necessary. In the current economic environment, it is likely that these discussions will not be completed for some time.

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts doubt upon the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



BRETT ADAMS

Chartered Accountant and Registered Auditors
25 Manchester Square
London
W1U 3PY

Date:

30 JANUARY 2009

MOUNTGRANGE (NEW STREET) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
Cost of sales		<u>(466,578)</u>	<u>-</u>
GROSS LOSS		(466,578)	-
Administrative expenses		<u>(13,989)</u>	<u>(18,302)</u>
OPERATING LOSS	2	<u>(480,567)</u>	<u>(18,302)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(480,567)	(18,302)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	10	<u>(480,567)</u>	<u>(18,302)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 7 to 11 form part of these financial statements.

MOUNTGRANGE (NEW STREET) LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2008**

	Note	2008		2007	
		£	£	£	£
CURRENT ASSETS					
Stocks	6	1,018,458		1,314,250	
Debtors	7	11,120		3,760	
		<u>1,029,578</u>		<u>1,318,010</u>	
CREDITORS: amounts falling due within one year	8	<u>(1,569,627)</u>		<u>(1,377,492)</u>	
NET CURRENT LIABILITIES			<u>(540,049)</u>		<u>(59,482)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(540,049)</u>		<u>(59,482)</u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		<u>(540,149)</u>		<u>(59,582)</u>
SHAREHOLDERS' DEFICIT	11		<u>(540,049)</u>		<u>(59,482)</u>

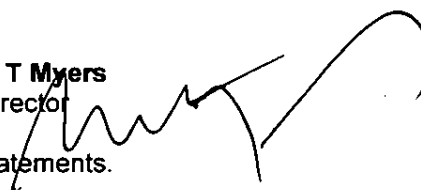
The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29th January 2009.

S A Corner
Director



M T Myers
Director



The notes on pages 7 to 11 form part of these financial statements.

MOUNTGRANGE (NEW STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of the sale of development properties. Revenue is recognised when the sale become unconditional.

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct costs.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 Going concern

The financial statements have been prepared on the going concern basis, the appropriateness of which depends on the continued support of the parent undertaking and the company's bankers as disclosed in the Business Review on page 1. The directors do consider the going concern basis to be appropriate.

2. OPERATING LOSS

During the year, no director received any emoluments (2007 - £NIL).

MOUNTGRANGE (NEW STREET) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

3. AUDITORS' REMUNERATION

	2008 £	2007 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>835</u>	<u>835</u>

4. STAFF COSTS

The average monthly number of employees, including the directors, during the year was as follows:

	2008 No.	2007 No.
Management	<u>4</u>	<u>4</u>

5. TAXATION

	2008 £	2007 £
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 - *higher than*) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	<u>(480,567)</u>	<u>(18,302)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	(144,170)	(5,491)
Effects of:		
Current year losses carried forward	144,170	-
Amount surrendered	-	5,491
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has losses amounting to £480,567 available to carry forward and offset against future profits.

MOUNTGRANGE (NEW STREET) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

6. STOCKS

	2008	2007
	£	£
Property stock	1,018,458	1,314,250

7. DEBTORS

	2008	2007
	£	£
Amounts owed by group undertakings	10,097	2,900
Other debtors	1,023	860
	11,120	3,760

**8. CREDITORS:
Amounts falling due within one year**

	2008	2007
	£	£
Bank loans and overdrafts	1,415	25,751
Trade creditors	4,176	2,080
Amounts owed to group undertakings	1,561,507	1,347,161
Accruals and deferred income	2,529	2,500
	1,569,627	1,377,492

Bank loans and overdrafts due within one year and after one year amounting to £1,415 (2007 - £25,751) are secured by:

A debenture giving a fixed charge over the property held as stock.

A debenture giving a floating charge over all the assets of the company.

A Cross Corporate Guarantee as detailed in Note 12.

MOUNTGRANGE (NEW STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

9. SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. RESERVES

	Profit and loss account £
At 1 April 2007	(59,582)
Loss for the year	<u>(480,567)</u>
At 31 March 2008	<u>(540,149)</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2008 £	2007 £
Opening shareholders' deficit	(59,482)	(41,180)
Loss for the year	<u>(480,567)</u>	<u>(18,302)</u>
Closing shareholders' deficit	<u>(540,049)</u>	<u>(59,482)</u>

12. CONTINGENT LIABILITIES

The company's bankers hold a Cross Corporate Guarantee between the company, Mountgrange Capital Plc, Mountgrange Limited, Mountgrange (Property Holdings) Limited, Mountgrange (Caltongate) Limited, Mountgrange (Maidstone) Limited, Mountgrange (Linwood) Limited, Mountgrange (Renaissance House), Mountgrange (St Helens) Limited, Mychand Holdings Limited and Mychand Limited. The directors consider it to be a remote possibility that the company will incur liability under the guarantee and therefore no provision is considered necessary in these accounts. At the year end, the total amount outstanding under this guarantee amounts to £62,556,714 (2007 - £37,697,162 - Six companies).

Since the year end, the Cross Corporate Guarantee has been extended to include Residential Pensions Scotland Limited and Mountgrange (Delphi) Limited. None of these companies were indebted to the bankers at the year end.

A charge has also been registered by the previous owners of the company's development property to secure performance of certain obligations and all monies due or to becoming due from the company. No provision is considered necessary in these accounts.

MOUNTGRANGE (NEW STREET) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

13. OTHER FINANCIAL COMMITMENTS

As part of the purchase agreement to acquire the remainder of the whole site of the property held in stock, the company has undertaken to provide replacement premises for the vendor on the new development and to allow occupation of the current premises at a peppercorn rent until such time that the new premises are available.

The estimate value of this commitment is £250,000, which has not been paid to the vendor.

14. TRANSACTIONS WITH DIRECTORS

During the year the company incurred management and accountancy fees of £1,700 (2007 - £3,250) from Barnes Roffe LLP, a firm in which S A Corner, a director, is a partner.

The balance owed to Barnes Roffe LLP at the year end amounted to £881 (2007 - £Nil).

15. RELATED PARTY TRANSACTIONS

As the company is 100% owned within a group that produces consolidated financial statements that are publicly available, it has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Transactions", not to disclose details of transactions with other entities which are part of the same group.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent is Mountgrange (Property Holdings) Limited, a company incorporated in Great Britain. This is the smallest group of which the company is a member.

The ultimate parent company is Mountgrange Capital Plc, a company incorporated in Great Britain. This is the largest group of which the company is a member and the consolidated financial statements are publicly available at Companies House, Cardiff, CF14 3UZ.

There is no ultimate controlling party.