Bournston Group Limited

Director's report and financial statements

Registered number 05111483

31 December 2006

Contents

Company information

Director	PM Kilmister
Company Secretary	BS Smith-Hilliard
Registered office	Huntingdon House 278-290 Huntingdon Street Nottingham NG1 3LY
Company number	05111483
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

Director's report

The director presents his report with the financial statements of the company for the year ended 31 December 2006

Principal activities

The company did not trade during the year The principal activity of the company is that of a holding company for the group

The group's principal activities are those of property development and investment All activities of both the parent company and the group are continuing

Review of business

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

Dividends

Interim dividends of £270,000 *(2005 £nil)* were paid during the year

Director and director's interests

The director who held office during the year under review was

PM Kilmister

Disclosure of information to auditors

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

Auditors

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

By order of the board

PM Kilmister
Director

Dated 21.8.07

Statement of director's responsibilities in respect of the director's report and the financial statements

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 1985 He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

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

Independent auditors report to the members of Bournston Group Limited

We have audited the financial statements of Bournston Group Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the director and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether, in our opinion, the director's 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 director's remuneration and other transactions is not disclosed

We read the director's report and consider the implications for our report if we become aware of any apparent misstatement within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit 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 director's report is consistent with the financial statements

KPMG LLP

Chartered Accountants
Registered Auditor

Dated 21 August 2007

Profit and loss account
for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit	*3*	-	-
Income from shares in group undertakings		**900,000**	-
Amounts written off investments		**(600,000)**	-
Profit on ordinary activities before taxation		**300,000**	-
Taxation on profit on ordinary activities	*4*	-	-
Profit for the financial year	*9*	**300,000**	-

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

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

Company balance sheet
as at 31 December 2006

	Note		2006		2005
		£	£	£	£
Fixed assets					
Investments	5		**3,922,500**		4,522,500
Current assets					
Debtors	6	**1**		1	
Creditors amounts falling due within one year	7	**(1,642,500)**		(2,272,500)	
Net current liabilities			**(1,642,499)**		(2,272,499)
Net assets			**2,280,001**		2,250,001
Capital and reserves					
Called up share capital	8		**2**		2
Share premium	9		**2,249,999**		2,249,999
Profit and loss account	9		**30,000**		-
Shareholder's funds	10		**2,280,001**		2,250,001

These financial statements were approved by the director on 21.8.07

PM Kilmister
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group financial statements These financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Taxation

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

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i e forming part of shareholder's funds) only to the extent that they meet the following two conditions

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

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

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

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

Dividends on shares presented within shareholder's funds

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

Notes *(continued)*

2 Director's emoluments / staff numbers and costs

The director received no remuneration from the company in the year *(2005 £nil)* The director was remunerated by a subsidiary company

The average number of employees of the company (including director) during the year was one *(2005 one)* He received remuneration from a subsidiary company

3 Operating profit

The operating profit is stated after charging

	2006 £	2005 £
Auditors' remuneration	-	-

The auditors' were remunerated by other group companies

4 Taxation

(a) *Analysis of charge in the year*

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2006 *(2005 £nil)*

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

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

	2006 £	2005 £
Current tax reconciliation		
Profit on ordinary activities before tax	**300,000**	-
Current tax at 30% (*2005 30%)*	**90,000**	-
Effect of		
Income not liable to UK corporation tax	**(90,000)**	
Total current tax charge	-	-

Notes *(continued)*

5 Fixed asset investments

	£
Cost or valuation	
At 1 January 2006	4,522,500
Amounts written off	(600,000)
At 31 December 2006	3,922,500
Net book value	
At 31 December 2006	**3,922,500**
At 31 December 2005	4,522,500

	2006 £	2005 £
Unlisted investments	**3,922,500**	4,522,500

The company's investments at the balance sheet date in the share capital of unlisted companies include the following

Bournston Developments Limited

Nature of business Property investment and development

Class of shares	% holding
Ordinary	100 00

	2006 £	2005 £
Aggregate capital and reserves	**3,041,547**	2,413,574
Profit for the year after tax before dividends	**1,527,973**	1,188,499

6 Debtors: amounts falling due within one year

	2006 £	2005 £
Called up share capital not paid	**1**	1

7 Creditors: amounts falling due within one year

	2006 £	2005 £
Amount due to group undertakings	**1,642,500**	2,272,500

Notes *(continued)*

8 Share capital

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

During the prior year the company issued one £1 ordinary share for a consideration of £2,250,000

9 Reserves

	Share premium	Profit and loss account	Total
	£	£	£
Balance at 1 January 2006	2,249,999	-	2,249,999
Profit for the year	-	300,000	300,000
Dividends on shares classified in shareholder's funds	-	(270,000)	(270,000)
At 31 December 2006	**2,249,999**	**30,000**	**2,279,999**

10 Reconciliation of movement in equity shareholder's funds

	2006	2005
	£	£
Profit for the year	**300,000**	-
Dividends on shares classified in shareholder's funds	**(270,000)**	-
Issue of shares	-	2,250,000
Net addition to equity shareholder's funds	**30,000**	2,250,000
Opening equity shareholder's funds	**2,250,001**	1
Closing equity shareholder's funds	**2,280,001**	2,250,001

11 Contingent liabilities

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

12 Capital commitments

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

Notes *(continued)*

13 Related party transactions

The company had a loan at 31 December 2006 due from Bournston Developments Limited, a wholly owned subsidiary of Bournston Group Limited, in the sum of £1,642,500 *(2005 £2,272,500)* This amount is shown within creditors (see note 7)

The company had a loan at 31 December 2006 due from Mr PM Kilmister, in the sum of £1 *(2005 £1)* This relates to called up share capital not paid and is shown within other debtors (see note 6)