

Bournston Group Limited

**Director's report and financial
statements**

Registered number 05111483

31 December 2008

WEDNESDAY



ABIKRJC9

A12

21/04/2010

147

COMPANIES HOUSE

Contents

Company information	1
Director's report	2
Statement of director's responsibilities in respect of the director's report and the financial statements	4
Independent auditors' report to the members of Bournston Group Limited	5
Profit and loss account	7
Balance sheet	8
Notes	9

Company information

Director	PM Kilmister
Company Secretary	CA Kilmister
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 2008

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 financial position of the company are as shown in the annexed financial statements.

The director has prepared the financial statements of the Company on a going concern basis. Although the going concern basis has been adopted, there are some significant uncertainties that could cause the Company to be unable to continue as a going concern during the next twelve months from the date of approval of these financial statements. The uncertainties and the assumptions made to adopt the going concern basis are as follows:

- The Company is the parent company of Bournston Developments Limited. There are outstanding loans due by Bournston Developments Limited, this Company's subsidiary, to Bournston Estates Limited, which is the parent company of a separate group under common control, and due to Bournston Developments Limited from Lodgeday Management Limited, a stand alone company which is also under common control. Because of the deterioration of property values caused by the economic downturn, and the resulting slowdown of property sales, Lodgeday Management Limited has to date not generated funds to repay the debt to Bournston Developments Limited, nor Bournston Developments Limited likewise to Bournston Estates Limited.
- Within the Bournston Estates Limited group, a subsidiary, Bournston (Ruston Way) Limited went into liquidation on 18 August 2009 owing Her Majesty's Revenue & Customs (HMRC) £3.1 million. Bournston (Ruston Way) Limited does not have cash resources to pay HMRC the debt owing. Bournston (Ruston Way) Limited has a debt outstanding from its parent company Bournston Estates Limited, which in turn has debts due from the other subsidiaries within the group. The liquidators of Bournston (Ruston Way) Limited are currently discussing with HMRC a proposed settlement of the debt. However, the director understands that if a settlement is not reached and Bournston Estates Limited was called upon to repay its debt to Bournston (Ruston Way) Limited it would be unable to do so, which in turn could result in the liquidation of Bournston Estates Limited and assumption of control of secured assets of all subsidiaries within the Bournston Estates group. This event could lead to the amounts owed by Bournston Developments Limited to Bournston Estates Limited being called upon, which might lead to the liquidation of Bournston Developments Limited and assumption of control by secured lenders of assets of that company and its subsidiaries. However, the director is optimistic that a settlement will ultimately be reached concerning the HMRC debt in Bournston (Ruston Way) Limited which in turn will resolve this uncertainty.

Dividends

No interim dividends were paid during the year (2007: £365,000). The director does not propose a final dividend for the year (2007: £nil).

Director

The director who held office during the year under review was

PM Kilmister

Director's report *(continued)*

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to read 'PM Kilmister', with a stylized, sweeping underline.

PM Kilmister
Director

Dated 16 April 2010

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 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 2008 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 4.

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 director 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 members of Bournston Group Limited *(continued)*

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 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 director's report is consistent with the financial statements

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern

The Company owes £0.9 million to its subsidiary undertaking, Bournston Developments Limited, which in turn owes £2.1 million to a related party, Bournston Estates Limited. One of the subsidiaries of Bournston Estates Limited went into liquidation in August 2009 and the liquidator is currently seeking to negotiate a settlement with HMRC in respect of an outstanding liability. That subsidiary has a debt due from Bournston Estates Limited. The ability of the Company to continue as a going concern is dependent upon the liquidator negotiating a settlement with HMRC that does not require payment of the related party debt by Bournston Estates Limited and in turn by Bournston Developments Limited.

These matters, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Dated 19 April 2010

*Chartered Accountants
Registered Auditor*

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit	3	-	-
Income from shares in group undertakings		-	1,130,000
Amounts written off investments		(1,941,145)	(753,333)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		(1,941,145)	376,667
Taxation on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit for the financial year	9	(1,941,145)	376,667
		<hr/> <hr/>	<hr/> <hr/>

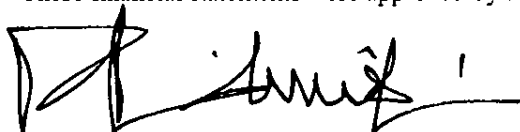
In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

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

Balance sheet
as at 31 December 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Investments	5		1,228,022		3,169,167
Current assets					
Debtors	6	1		1	
Creditors amounts falling due within one year	7	(877,500)		(877,500)	
Net current liabilities			(877,499)		(877,499)
Net assets			<u>350,523</u>		<u>2,291,668</u>
Capital and reserves					
Called up share capital	8		2		2
Share premium	9		2,249,999		2,249,999
Profit and loss account	9		(1,899,478)		41,667
Shareholder's funds	10		<u>350,523</u>		<u>2,291,668</u>

These financial statements were approved by the director on 16 April 2010



PM Kilmister
Director

Company number 05111483

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

Going concern

The financial statements have been prepared on a going concern basis which the director believes to be appropriate for the reasons set out below

The Company has an inter-company balance owing to its subsidiary undertaking, Bournston Developments Limited, of £0.9 million. There are outstanding loans of £2.1 million due by Bournston Developments Limited to Bournston Estates Limited, which is the parent company of a separate group under common control, and £2.0 million due to Bournston Developments Limited from Lodgeday Management Limited, a stand alone company which is also under common control. Because of the deterioration of property values caused by the economic downturn, and the resulting slowdown of property sales, Lodgeday Management Limited has to date not generated funds to repay the debt to Bournston Developments Limited, nor Bournston Developments Limited likewise to Bournston Estates Limited. Within the Bournston Estates Limited group, a subsidiary, Bournston (Ruston Way) Limited went into liquidation on 18 August 2009 owing Her Majesty's Revenue & Customs (HMRC) £3.1 million. Bournston (Ruston Way) Limited does not have cash resources to pay HMRC the debt owing. Bournston (Ruston Way) Limited has a debt outstanding from its parent company Bournston Estates Limited, which in turn has debts due from the other subsidiaries within the group. The liquidators of Bournston (Ruston Way) Limited are currently discussing with HMRC a proposed settlement of the debt. However, the director understands that if a settlement is not reached and Bournston Estates Limited was called upon to repay its debt to Bournston (Ruston Way) Limited it would be unable to do so, which in turn could result in the liquidation of Bournston Estates Limited and assumption of control of secured assets of all subsidiaries within the Bournston Estates group. This event could lead to the amounts owed by Bournston Developments Limited to Bournston Estates Limited being called upon, which might lead to the liquidation of Bournston Developments Limited and assumption of control by secured lenders of assets of that company and its subsidiaries. However, the director is optimistic that a settlement will ultimately be reached concerning the HMRC debt in Bournston (Ruston Way) Limited which in turn will resolve this uncertainty.

In summary, based on the support of the liquidators of Bournston (Ruston Way) Limited for a settlement to be reached with HMRC, the director considers that the use of the going concern basis of preparation is appropriate. However, he recognises that the above matters are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and that the Company and therefore may not be able to realise their assets and discharge their liabilities in the normal course of business. These financial statements do not include any adjustments that reflect this possible outcome.

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.

Notes (continued)

1 Accounting policies (continued)

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

Deferred tax assets are recognised only to the extent that the director considers 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

Classification of financial instruments issued by the company

Under 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

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value

2 Director's emoluments / staff numbers and costs

The director received no remuneration from the company in the year (2007 £nil). The director was remunerated by a subsidiary company.

The average number of employees of the company (including director) during the year was one (2007 one). He received remuneration from a subsidiary company.

Notes (continued)

3 Operating profit

The operating profit is stated after charging

	2008 £	2007 £
Auditors' remuneration	-	-

The auditors' were remunerated by other group companies

4 Taxation

Analysis of charge in the year

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 (2007 £nil)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2007 lower) than the standard rate of corporation tax in the UK of 28.497% (2007 30%). The differences are explained below

	2008 £	2007 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(1,941,145)	376,667
Current tax at 28.497% (2007 30%)	(553,173)	113,000
<i>Effect of</i>		
Income not liable to UK corporation tax	-	(339,000)
Expenses not deductible for tax purposes	553,173	226,000
Total current tax charge	-	-

Notes (continued)

5 Fixed asset investments

	£
<i>Cost or valuation</i>	
At 1 January 2008	3,169,167
Amounts written off	(1,941,145)
	<hr/>
At 31 December 2008	1,228,022
	<hr/>
<i>Net book value</i>	
At 31 December 2008	1,228,022
	<hr/>
At 31 December 2007	3,169,167
	<hr/>
	<hr/>
	2008 2007
	£ £
Unlisted investments	1,228,022 3,169,167
	<hr/>

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		
		2008	2007
		£	£
Aggregate capital and reserves		795,361	2,065,950
Loss for the year after tax before dividends		(1,018,441)	(85,597)
		<hr/>	<hr/>

6 Debtors: amounts falling due within one year

	2008	2007
	£	£
Called up share capital not paid	1	1
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	2008	2007
	£	£
Amount due to group undertakings	877,500	877,500
	<hr/>	<hr/>

Notes (continued)

8 Share capital

	2008 £	2007 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, issued and fully paid</i>		
2 ordinary share of £1	2	2

9 Reserves

	Share premium £	Profit and loss account £	Total £
Balance at 1 January 2008	2,249,999	41,667	2,291,666
Loss for the year	-	(1,941,145)	(1,941,145)
At 31 December 2008	2,249,999	(1,899,478)	350,521

10 Reconciliation of movement in equity shareholder's funds

	2008 £	2007 £
Profit for the year	(1,941,145)	376,667
Dividends on shares classified in shareholder's funds	-	(365,000)
Net addition to equity shareholder's funds	(1,941,145)	11,667
Opening equity shareholder's funds	2,291,668	2,280,001
Closing equity shareholder's funds	350,523	2,291,668

11 Contingent liabilities

The company had no contingent liabilities as at 31 December 2008 (2007 none)

12 Capital commitments

The company had no capital commitments at 31 December 2008 (2007 none)

13 Related party transactions

The company had a loan at 31 December 2008 due to Bournston Developments Limited, a wholly owned subsidiary of Bournston Group Limited, in the sum of £877,500 (2007 £877,500) This amount is shown within creditors (see note 7)

The company had a loan at 31 December 2008 due from Mr PM Kilmister, in the sum of £1 (2007 £1) This relates to called up share capital not paid and is shown within other debtors (see note 6)