

SID 1877

Banner Hermitage Limited

Report and Financial Statements

31 May 2005



Banner Hermitage Limited

Registered No: 5121999

Directors

R G Werth
J A Kennedy
N S Burnett

Secretary

R A Walbourn

Auditors

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

Bankers

Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Registered Office

Riverside House
Riverside
Holtspur Lane
Wooburn Green
High Wycombe
Bucks HP10

Directors' report

The directors present their first report and financial statements for the period ended 31 May 2005.

The company was incorporated on 7 May 2004. The company is a wholly owned subsidiary of Banner SPV Limited.

Principal activity and review of the business

The principal activity of the company is property development.

The directors are satisfied with the company's performance for the period.

On 31 May 2005 the directors transferred all the assets and liabilities of the company, at their carrying value, to its parent company Banner SPV Limited.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the period.

The directors do not recommend the payment of a dividend.

Future developments

The activity of the company has ceased during the period and the directors anticipate that the company will become dormant.

Directors and their interests

The directors of the company during the period were as follows:

The first directors Pitsec Limited and Castle Notornis Limited resigned on 7 May 2004.

R G Werth	(appointed 7 May 2004)
J A Kennedy	(appointed 7 May 2004)
P A Bradley	(appointed 7 May 2004 and resigned 1 February 2005)
K M Bothwell	(appointed 11 January 2005 and resigned 31 March 2005)
N S Burnett	(appointed 1 September 2005)

The directors have no beneficial interest in the share capital of the company.

The directors are also directors of the parent company, Banner SPV Limited. The directors have no interests in the share capital of that company.

Auditors

BDO Stoy Hayward LLP, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the Board

Secretary



13 March 2006

Statement of directors' responsibilities in respect of the 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 of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Independent auditors' report

to the members of Banner Hermitage Limited

We have audited the company's financial statements for the period ended 31 May 2005 on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual 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 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 of the state of affairs of the Company as at 31 May 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
London

13 March 2006

Profit and loss account

for the period ended 31 May 2005

	<i>Notes</i>	<i>Period ended 31 May 2005 £</i>
Turnover		-
Cost of sales		-
Gross profit		-
Administrative expenses		(3,897)
Operating loss		(3,897)
Interest receivable and similar income		4,104
Interest payable and similar charges	4	(486,509)
Loss on ordinary activities before taxation	5	(486,302)
Tax on loss on ordinary activities	6	-
Retained loss for the financial year	9	(486,302)

The results for the period are derived from activities discontinued during the period.
There are no recognised gains or losses in the period other than the loss for the period.

Balance sheet

at 31 May 2005

	Notes	2005 £
Creditors: amounts falling due within one year	7	(486,202)
Net liabilities		<u>(486,202)</u>
Capital and reserves		
Called-up share capital	8	100
Profit and loss account	9	(486,302)
Equity shareholders' deficit	10	<u>(486,202)</u>

Director

13 March 2006

Notes to the financial statements

at 31 May 2005

1. Accounting policies

Basis of accounting

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

The financial statements have been prepared on a going concern basis as facilities are currently made available to Banner SPV Limited, the immediate parent company, by Banner Homers Group PLC, Uberior Ventures Limited and The Governor and Company of the Bank of Scotland which are sufficient to meet the company's obligations as they fall due.

Cash flow statement

The parent company, Banner SPV Limited, has prepared a cash flow statement for the period ended 31 May 2005 and accordingly under FRS1 (revised) this company has not prepared its own cash flow statement.

Turnover

Turnover on sales of interests in land and development properties (excluding sales of properties taken in part exchange) to outside customers is recognised on completion.

Stocks

Stocks, including land held for development, completed residential properties and work in progress, have been valued at the lower of cost and estimated net realisable value. Costs include attributable development costs and estimated net realisable value is based on estimated selling price less further costs to completion and disposal.

Costs incurred in relation to options and conditional contracts held over land are valued at the lower of cost and estimated net realisable value.

Interest payable

Interest payable is written off to the profit and loss account as it is incurred.

Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the directors consider 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 rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with members of the group headed by Banner SPV Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in its consolidated financial statements.

Notes to the financial statements

at 31 May 2005

2. Turnover

In the opinion of directors, all turnover and profits arise in the United Kingdom and from the principal activities of the company.

3. Employees

Other than its directors, the company had no employees during the period. The directors received no remuneration from the company during the period and the company does not operate a pension scheme.

4. Interest payable and similar charges

	<i>Period ended</i> <i>31 May</i> <i>2005</i> <i>£</i>
On bank overdraft and facilities	388,337
On shareholder loans	98,172
	<hr/>
	486,509
	<hr/>

5. Loss on ordinary activities before taxation

Audit fees were borne by Banner SPV Limited, the immediate parent undertaking. Banner SPV Limited pays an annual fee to Banner Homes Group PLC for the audit fees incurred on behalf of Banner SPV Limited and its subsidiaries.

Notes to the financial statements

at 31 May 2005

6. Tax on loss on ordinary activities

a) Analysis of tax charge in the period

	<i>Period ended</i>
	<i>31 May</i>
	<i>2005</i>
	<i>£</i>
Current tax:	
UK corporation tax	-
	<u><u> </u></u>

b) Factors affecting the tax charge

The tax credit on the loss on ordinary activity is lower than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	<i>Period ended</i>
	<i>31 May</i>
	<i>2005</i>
	<i>£</i>
Loss on ordinary activities before taxation	(486,302)
	<u><u> </u></u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(145,891)
Effects of:	
Expenses not deductible for tax purposes	153
Tax loss utilised by related shareholder owned undertakings	145,738
	<u><u> </u></u>
Current tax charge (note 6(a))	-
	<u><u> </u></u>

Notes to the financial statements

at 31 May 2005

7. Creditors: amounts falling due within one year

	2005 £
Amount due to parent undertaking	486,202

8. Called up share capital

	2005 £
<i>Authorised:</i>	
1,000 ordinary shares of £1 each	1,000
<i>Allotted, called up and fully paid:</i>	
100 ordinary shares of £1 each	100

9. Reserves

	<i>Profit and loss account £</i>
Loss for the period to 31 May 2005	(486,302)

10. Reconciliation of movement in shareholders' funds

	<i>Period ended 31 May 2005 £</i>
Issue of share capital	100
Retained loss for the period	(486,302)
Closing shareholders' deficit	(486,202)

Notes to the financial statements

at 31 May 2005

11. Related party transaction

Banner Homes Group PLC, Uberior Ventures Limited, are related parties of Banner Hermitage Limited by virtue of their investment in Banner SPV Limited, as detailed in note 13.

Their investment consists of shareholdings and loans in Banner SPV Limited.

The Governor and Company of the Bank of Scotland, which is a related party to Uberior Ventures Limited, have also provided a banking facility to the company on commercial terms.

The company entered into transactions with related parties during the year as follows:

	<i>Period ended</i> <i>31 May</i> <i>2005</i> <i>£</i>
Interest paid to Bank of Scotland	388,737
Interest recharged by Banner SPV Limited to the company on the Banner Homes Group PLC shareholder loan at the rate of 5% per annum.	49,085
Interest recharged by Banner SPV Limited to the company on the Uberior Investments PLC shareholder loan at the rate of 5% per annum.	49,085
	<u> </u>

All of the above amounts are outstanding at the year end.

12. Parent undertaking

The smallest group in which these financial statements are consolidated is that headed by Banner SPV Limited. Copies of that company's financial statements are available from Companies House.

At 31 May 2005, the 40,000 ordinary shares issued in Banner SPV Limited, the company's immediate parent company, are held in the following proportion:

	<i>2005</i> <i>No. of shares</i>	<i>2005</i> <i>% Proportion</i>
Uberior Ventures Limited	20,000	50
Banner Homes Group PLC	20,000	50
	<u> </u>	<u> </u>
	40,000	100
	<u> </u>	<u> </u>