



GALLIARD HOMES LIMITED



MIZEN

BUILDING EXCELLENCE

MAXILLIA PROPERTIES LIMITED

Financial Statements for the year ended 31st July 2008

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Registered number: 5664857

MAXILLIA PROPERTIES LIMITED
Financial statements for the year ended 31 July 2008

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Directors

G D Angus
S S Conway
W C Gair
B J Tansey

Secretary

B B Tansey

Registered Office

Heron House
109 – 115 Wembley Hill Road
Wembley
Middlesex
HA9 8DA

Company number

5664857

Auditors

Geary & Co, Church Hill Farm, Elmstone, Canterbury, Kent, CT3 1HN

MAXILLIA PROPERTIES LIMITED

Report of the directors for the year ended 31 July 2008

The directors present their report together with the audited financial statements for the year ended 31 July 2008.

Principal activity

The company commenced trading in January 2007 when it acquired development land in Docklands, East London. The company commenced development of the site and anticipates completing the project in late 2009.

The company's activity is a joint venture between Galliard Homes Limited and Mizen Properties Limited, each of which holds 50% of the company's issued share capital and has equal board representation through two directors.

Results and dividends

The directors report a loss before taxation of £993,197 for the year (2007: £194,962). See page 4. This loss arises primarily because of the company's prudent accounting policy relating to finance costs, under which interest is charged to the profit and loss account when incurred.

No dividends were proposed or paid during the year (2007: £nil).

Directors

The directors during the year were:

G D Angus
S S Conway
W C Gair
B J Tansey (Chairman)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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;
- follow applicable accounting standards, subject to any material departure 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.

MAXILLIA PROPERTIES LIMITED

Report of the directors for the year ended 31 July 2008 *(continued)*

Directors' responsibilities *(continued)*

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.

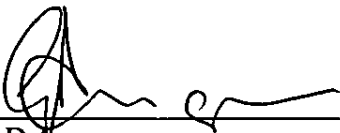
Auditors

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Geary & Co have been appointed as auditors of the company. They have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board


G D Angus
B J Tansey

23rd December 2008

MAXILLIA PROPERTIES LIMITED

Report of the independent auditors to the shareholders of Maxillia Properties Limited

We have audited the financial statements of Maxillia Properties Limited for the year ended 31 July 2008 on pages 4 to 11 which have been prepared under the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. 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, 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.

Basis of audit opinion

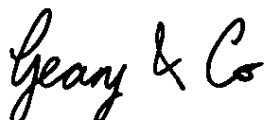
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 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.



GEARY & Co

Chartered Accountants & Registered Auditors

Church Hill Farm, Elmstone, Canterbury, Kent, CT3 1HN

23rd December 2008

MAXILLIA PROPERTIES LIMITED**Profit and loss account for the year ended 31 July 2008**

	Note	2008 £	2007 £
Turnover	2	-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(49,499)	(2,573)
		<hr/>	<hr/>
Operating profit/(loss)	3	(49,499)	(2,573)
Interest receivable		117,025	25,839
Interest payable and similar charges	4	(1,060,723)	(218,228)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		(993,197)	(194,962)
Taxation on profit/(loss) on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		(993,197)	(194,962)
Dividends	6	-	-
		<hr/>	<hr/>
Retained profit/(loss) for the year		(993,197)	(194,962)
Retained profit/(loss) brought forward		(194,962)	-
		<hr/>	<hr/>
Retained profit/(loss) carried forward		(1,188,159)	(194,962)
		<hr/>	<hr/>

All amounts relate to continuing activities.

The company had no recognised gains or losses during the two years other than as stated above.

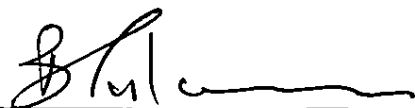
MAXILLIA PROPERTIES LIMITED**Balance sheet at 31 July 2008**

	Note	2008 £	2007 £
Current assets			
Stocks	7	23,237,205	14,523,198
Debtors	8	3,302,704	3,971,027
Cash at bank and in hand		75,595	2,015,987
		<hr/>	<hr/>
		26,615,504	20,510,212
Creditors: amounts falling due within one year	9	(1,087,005)	(2,571,939)
		<hr/>	<hr/>
Net current assets		25,528,499	17,938,273
Creditors: amounts falling due after more than one year	10	(26,716,656)	(18,133,233)
		<hr/>	<hr/>
Net assets/(deficit)		(1,188,157)	(194,960)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account		(1,188,159)	(194,962)
		<hr/>	<hr/>
Shareholders' funds/(deficit)	12	(1,188,157)	(194,960)
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 23rd December 2008.


G D Angus


B J Tansey

MAXILLIA PROPERTIES LIMITED

Cash flow statement for the year ended 31 July 2008

	Note	2008 £	2007 £
Net cash inflow/(outflow) from operating activities	13	(6,922,933)	(11,057,347)
Returns on investments and servicing of finance			
Interest received		117,025	17,663
Interest paid		(1,060,723)	(40,021)
Net cash outflow from returns on investments and servicing of finance		(943,698)	(22,358)
Taxation		-	-
Capital expenditure		-	-
Cash inflow/(outflow) before the use of liquid resources		(7,866,631)	(11,079,705)
Financing			
Increase in bank loans		5,923,137	11,095,690
Increase in loans from joint venture companies		3,102	2,000,000
		5,926,239	13,095,690
Increase/(decrease) in cash	14	(1,940,392)	2,015,985

MAXILLIA PROPERTIES LIMITED

Notes to the financial statements for the year ended 31 July 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents gross income receivable, excluding VAT, on the sale of development properties. Profits or losses on the sale of development properties are recognised on the completion of contracts for sale.

Stocks

Stocks of property developments are valued at the lower of cost and net realisable value. Cost includes the purchase and subsequent expenditure specifically attributable to a development property.

Finance costs

Interest on borrowings is charged to the profit and loss account when incurred. Other finance costs are charged over the term of the debt.

2 Turnover

The company's activity is wholly in the United Kingdom.

3 Operating profit/(loss)

	2008 £	2007 £
This has been arrived at after charging:		
Auditors' remuneration	3,500	2,500
Directors' fees	40,000	-
	<hr/>	<hr/>

4 Interest payable and similar charges

	2008 £	2007 £
Bank interest and charges	1,060,723	218,228
	<hr/>	<hr/>

MAXILLIA PROPERTIES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

5 Taxation on profit/(loss) on ordinary activities

	2008 £	2007 £
<i>UK Corporation tax</i>		
Current tax charge/(credit) for the year	-	-
	<hr/>	<hr/>
The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:		
Loss on ordinary activities before tax	(993,197)	(194,962)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(297,959)	(58,489)
Consortium relief – provided for no consideration	297,959	58,489
	<hr/>	<hr/>
Current tax charge/(credit) for the year	-	-
	<hr/>	<hr/>

6 Dividends

No dividends have been proposed or paid (2007: £nil).

7 Stocks

	2008 £	2007 £
Development land	13,796,630	13,707,428
Work in progress	9,440,575	815,770
	<hr/>	<hr/>
	23,237,205	14,523,198
	<hr/>	<hr/>

8 Debtors

	2008 £	2007 £
Deposits held by solicitors	2,569,061	3,487,543
Taxation	17,133	115,308
Prepayments	716,510	360,000
Accrued income	-	8,176
	<hr/>	<hr/>
	3,302,704	3,971,027
	<hr/>	<hr/>

The deposits held by solicitors are due to be received on completion of sales contracts in late 2009.

MAXILLIA PROPERTIES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to joint venture companies	1,080,599	2,391,232
Trade creditors	4,406	-
Accruals	2,000	180,707
	<u>1,087,005</u>	<u>2,571,939</u>

10 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loan (secured)	17,018,827	11,095,690
Amounts owed to joint venture companies	2,003,102	2,000,000
Deferred income	6,144,727	3,487,543
Deferred land cost	1,550,000	1,550,000
	<u>26,716,656</u>	<u>18,133,233</u>

The above liabilities are due to be paid, and deferred income recognised, in late 2009, on completion of sales contracts.

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2008 £	2007 £	2008 £	2007 £
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

MAXILLIA PROPERTIES LIMITED**Notes to the financial statements for the year ended 31 July 2008 (continued)****12 Reconciliation of movements in shareholders' funds/(deficit)**

	2008	2007
	£	£
Loss for the year	(993,197)	(194,962)
Opening shareholders' funds/(deficit)	(194,960)	2
Closing shareholders' funds/(deficit)	(1,188,157)	(194,960)

13 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2008	2007
	£	£
Operating profit/(loss)	(49,499)	(2,573)
Decrease/(increase) in stocks	(8,714,007)	(14,523,198)
Decrease/(increase) in debtors	668,323	(3,962,851)
Increase/(decrease) in creditors	1,172,250	7,431,275
Net cash inflow/(outflow) from operating activities	(6,922,933)	(11,057,347)

14 Reconciliation of net cash flow to movement in net funds

	2008	2007
	£	£
Increase/(decrease) in cash	(1,940,392)	2,015,985
Decrease/(increase) in bank loans	(5,923,137)	(11,095,690)
Decrease/(increase) in loans from joint venture companies	(3,102)	(2,000,000)
Changes in net funds	(7,866,631)	(11,079,705)
Opening net funds/(debt)	(11,079,703)	2
Closing net funds/(debt)	(18,946,334)	(11,079,703)

MAXILLIA PROPERTIES LIMITED

Notes to the financial statements for the year ended 31 July 2008 (continued)

15 Analysis of changes in net funds

	At 01/08/07 £	Cash flows £	Other changes £	At 31/07/08 £
<u>Cash</u>				
Cash at bank and in hand	2,015,987	(1,940,392)	-	75,595
<u>Financing</u>				
Bank loans	(11,095,690)	(5,923,137)	-	(17,018,827)
Loans from joint venture companies	(2,000,000)	(3,102)	-	(2,003,102)
Total	(11,079,703)	(7,866,631)	-	(18,946,334)

16 Related party transactions

Transactions took place as follows between the company and its joint venture partners on normal commercial terms during the year:

The company purchased marketing and professional services from Galliard Homes Limited at a cost of £121,486 (2007: £355,024).

Fees of £20,000 for services of directors G D Angus and S S Conway were paid to Galliard Homes Limited, and fees of £10,000 for services of director B J Tansey were paid to Mizen Properties Limited.

Construction work on the development has been carried out by Mizen Design Build Limited (a subsidiary of Mizen Properties Limited) under a formal JCT construction contract. The value of construction works completed and included in the financial statements to 31 July 2008 is £9,440,575 (2007: £460,746).

Amounts owed to joint venture partners were as follows:

	2008 £	2007 £
Galliard Homes Limited	1,062,137	2,073,037
Mizen Properties Limited and subsidiary companies	2,021,564	2,318,195

17 Control

The company is controlled jointly by Galliard Homes Limited and Mizen Properties Limited.