

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Directors' Report and Financial Statements

for the Year Ended 28 February 2010



Larner Murphy Accountants Limited
Chartered Certified Accountants & Registered Auditors
12 Bury Road
Haslingden
Rossendale
Lancashire
BB4 5PL

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Contents

Company Information	1
Directors' report	2 to 3
Independent auditors' report	4 to 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 to 21

The following pages do not form part of the statutory financial statements

Detailed profit and loss account	22 to 24
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Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Company Information

Directors	L Patton K Norris (resigned 28 July 2009) T S Whittaker
Secretary	J Turner
Registered office	Ribble Court Shuttleworth Mead Business Park Padiham BB12 7NG
Solicitors	Jobling and Knape 5 Aalborg Square Lancaster LA1 1GG
Bankers	HSBC Bank plc Hardman Square 3rd Floor 4 Hardman Square Spinningfields Manchester M3 3EB Bank of Ireland 20 Chapel Street Liverpool L3 9AG Natwest Bank Plc Spring Gardens 11 Spring Gardens Manchester M60 3DB Yorkshire Bank Solutions Centre 45 Penny Street Lancaster LA1 1UE
Auditors	Larner Murphy Accountants Limited Chartered Certified Accountants & Registered Auditors 12 Bury Road Haslingden Rossendale Lancashire BB4 5PL

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Directors' Report for the Year Ended 28 February 2010

The directors present their report and the audited financial statements for the year ended 28 February 2010

Directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 2006. 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.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is developer and trader of commercial property and commercial property investment and management.

Business review

Review of business

In view of the rapidly declining UK property market, the directors are satisfied with the results for the year.

Going concern

Despite the rapidly declining UK property market, the directors have prepared the financial statements on a going concern basis. They are confident that the company will continue to trade profitably with the completion of business centres in the following financial period.

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Directors' Report for the Year Ended 28 February 2010

continued

Financial risk

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Results and dividend

The results for the company are set out in the financial statements.

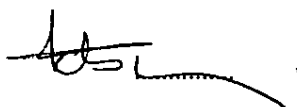
The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

- L Patton
- K Norris (resigned 28 July 2009)
- T S Whittaker

Approved by the Board on 24 February 2011 and signed on its behalf by



T S Whittaker
Director

Independent Auditors' Report to the Members of

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

We have audited the financial statements of Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited) for the year ended 28 February 2010, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/uknp.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**Independent Auditors' Report to the Members of
Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)**

continued


C Murphy FCCA
Senior Statutory Auditor

for and on behalf of
Larner Murphy Accountants Limited, Statutory Auditor

12 Bury Road
Haslingden
Rossendale
Lancashire
BB4 5PL

24 February 2011

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Profit and Loss Account for the Year Ended 28 February 2010

	Note	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Turnover		12,059,696	6,620,333
Cost of sales		(12,884,577)	(5,226,415)
Gross (loss)/profit		<u>(824,881)</u>	<u>1,393,918</u>
Administrative expenses		(438,824)	(847,072)
Other operating income	2	1,139,170	668,157
Operating (loss)/profit	3	<u>(124,535)</u>	<u>1,215,003</u>
Other interest receivable and similar income		911	13,677
Interest payable and similar charges	4	(172,126)	(340,914)
(Loss)/profit on ordinary activities before taxation		<u>(295,750)</u>	<u>887,766</u>
Tax on (loss)/profit on ordinary activities	5	8,379	(2,729)
(Loss)/profit for the financial year	14	<u>(287,371)</u>	<u>885,037</u>
Profit and loss reserve brought forward		281,232	(603,805)
Profit and loss reserve carried forward		<u><u>(6,139)</u></u>	<u><u>281,232</u></u>

Turnover and operating (loss)/profit derive wholly from continuing operations

The notes on pages 10 to 21 form an integral part of these financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)
Statement of Total Recognised Gains and Losses for the Year Ended 28 February 2010

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
(Loss)/profit for the financial year	(287,371)	885,037
Unrealised deficit on revaluation of properties	(200,000)	(3,953,557)
Total recognised losses for the year	<u>(487,371)</u>	<u>(3,068,520)</u>

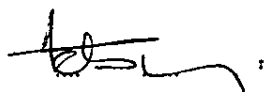
The notes on pages 10 to 21 form an integral part of these financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Balance Sheet as at 28 February 2010

		28 February 2010		28 February 2009	
	Note	£	£	£	£
Fixed assets					
Tangible assets	6		7,361,069		7,608,282
Investments	7		<u>774,751</u>		<u>747,198</u>
			8,135,820		8,355,480
Current assets					
Stocks	8	16,548,253		23,244,341	
Debtors	9	2,768,906		4,271,938	
Cash at bank and in hand		<u>96,011</u>		<u>1,474,816</u>	
		19,413,170		28,991,095	
Creditors: Amounts falling due within one year	10	<u>(27,373,296)</u>		<u>(34,027,504)</u>	
Net current liabilities			<u>(7,960,126)</u>		<u>(5,036,409)</u>
Total assets less current liabilities			175,694		3,319,071
Creditors: Amounts falling due after more than one year	11		-		(2,647,627)
Provisions for liabilities	12		<u>-</u>		<u>(8,379)</u>
Net assets			<u>175,694</u>		<u>663,065</u>
Capital and reserves					
Called up share capital	13		100		100
Revaluation reserve	14		181,733		381,733
Profit and loss reserve	14		<u>(6,139)</u>		<u>281,232</u>
Shareholders' funds	15		<u>175,694</u>		<u>663,065</u>

Approved by the Board on 24 February 2011 and signed on its behalf by



T S Whittaker
Director

The notes on pages 10 to 21 form an integral part of these financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Cash Flow Statement for the Year Ended 28 February 2010

		Year ended 28 February 2010	29 February 2008 to 28 February 2009
	Note	£	£
Net cash flow from operating activities	16	(4,660,992)	(6,159,543)
Returns on investment and servicing of finance	17	(171,215)	(327,237)
Taxation	17	-	(2,729)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	(9,663)
Sale of tangible fixed assets		35,133	-
Purchase of trade investment		(27,553)	(102,400)
		<u>7,580</u>	<u>(112,063)</u>
Cash outflow before management of liquid resources and financing		(4,824,627)	(6,601,572)
Financing			
Repayment of loans and borrowings		3,524,668	7,776,091
		<u>3,524,668</u>	<u>7,776,091</u>
(Decrease)/increase in cash		<u>(1,299,959)</u>	<u>1,174,519</u>

Reconciliation of net cash flow to movement in net debt

		Year ended 28 February 2010	29 February 2008 to 28 February 2009
	Note	£	£
(Decrease)/increase in cash in the year	18	(1,299,959)	1,174,519
Cash inflow from increase in debt and lease financing		<u>(3,524,668)</u>	<u>(7,776,091)</u>
Change in net funds resulting from cash flows		<u>(4,824,627)</u>	<u>(6,601,572)</u>
Net debt at the start of the year	18	<u>(11,631,122)</u>	<u>(5,029,550)</u>
Net debt at the end of the year	18	<u><u>(16,455,749)</u></u>	<u><u>(11,631,122)</u></u>

The notes on pages 10 to 21 form an integral part of these financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

1 Accounting policies

Basis of preparation

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

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Freehold Land	not provided
Land and buildings	1% on cost
Motor vehicles	25% on reducing balance
Fixtures and fittings	33% on cost

Fixed assets are included in the balance sheet at revalued amounts

Investment properties

Certain of the company's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows

No depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run

This treatment as regards the company's investment properties may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value

Stock and work in progress

The company entered into contracts to acquire properties for resale. The company's rights under these contracts are shown as stock and are valued at the lower of cost or net realisable value.

The company's obligations under these contracts are included in trade creditors. The company's rights and obligations under these contracts are recognised when the contract becomes binding on the company.

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

Deferred taxation

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 required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Commissions

Commissions on customer deposits disbursed prior to completion are held as prepayments on the balance sheet. Once a development has reached legal completion they are released to the profit and loss account

2 Other operating income

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Rent receivable	<u>1,139,170</u>	<u>668,157</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Hire of other assets - operating leases	138,315	211,668
Audit fees	2,100	3,000
(Profit)/loss on disposal of tangible fixed assets	(15,673)	246,959
Depreciation of owned assets	27,753	39,612
Depreciation of assets held under finance leases and hire purchase contracts	-	6,750
	<u>-</u>	<u>6,750</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

4 Interest payable and similar charges

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Interest on bank borrowings	<u>172,126</u>	<u>340,914</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

5 Taxation

Analysis of current period tax (credit)/charge

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Current tax		
(Over)/under provision in previous year	-	2,729
Deferred tax		
Origination and reversal of timing differences	(8,379)	-
Total tax on (loss)/profit on ordinary activities	<u>(8,379)</u>	<u>2,729</u>

Factors affecting current period tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (29 February 2008 to 28 February 2009 - lower than) the standard rate of corporation tax in the UK of 28 00% (29 February 2008 to 28 February 2009 - 28 00%)

The differences are reconciled below

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
(Loss)/profit on ordinary activities before taxation	<u>(295,750)</u>	<u>887,766</u>
Standard rate corporation tax (credit)/charge	(82,810)	248,574
Expenses not deductible for tax purposes	(3,710)	(84,120)
Capital allowances for period in excess of depreciation	(4,067)	15,197
Utilisation of tax losses	82,773	(179,651)
Adjustments to tax charge in respect of previous periods	-	2,729
Losses carried forward	7,814	-
Total current tax for the year	<u>-</u>	<u>2,729</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

6 Tangible fixed assets

	Land and buildings £	Long leasehold investment properties £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or Valuation					
As at 1 March 2009	5,477,843	2,025,000	125,679	74,295	7,702,817
Revaluation	(675,000)	475,000	-	-	(200,000)
Disposals	-	-	-	(55,697)	(55,697)
As at 28 February 2010	<u>4,802,843</u>	<u>2,500,000</u>	<u>125,679</u>	<u>18,598</u>	<u>7,447,120</u>
Depreciation					
As at 1 March 2009	13,500	-	50,160	30,875	94,535
Eliminated on disposals	(13,500)	-	-	(22,737)	(36,237)
Charge for the year	-	-	25,137	2,616	27,753
As at 28 February 2010	<u>-</u>	<u>-</u>	<u>75,297</u>	<u>10,754</u>	<u>86,051</u>
Net book value					
As at 28 February 2010	<u>4,802,843</u>	<u>2,500,000</u>	<u>50,382</u>	<u>7,844</u>	<u>7,361,069</u>
As at 28 February 2009	<u>5,464,343</u>	<u>2,025,000</u>	<u>75,519</u>	<u>43,420</u>	<u>7,608,282</u>

Land and buildings

The net book value of land and buildings includes

	Land and buildings		Investment properties	
	2010 £	2009 £	2010 £	2009 £
Freehold	4,802,843	4,802,843	-	-
Long leasehold	-	661,500	2,500,000	2,025,000
Short leasehold	-	-	-	-
	<u>4,802,843</u>	<u>5,464,343</u>	<u>2,500,000</u>	<u>2,025,000</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)
Notes to the Financial Statements for the Year Ended 28 February 2010

continued

Revaluation of fixed assets

The directors considered the value of the investment property to be correct in the current economy. The property was last revalued at 28 February 2008.

7 Investments held as fixed assets

	Loans to group undertakings
	£
As at 1 March 2009	747,198
Additions	27,553
As at 28 February 2010	<u>774,751</u>

The company has an interest in the following

	Principal activity	Address	Ownership	%	Period end
Other entities					
M8 Manchester Limited	Development and trading of commercial property	England	Ordinary		5030 April 2010

8 Stocks and work in progress

	28 February 2010	28 February 2009
	£	£
Stocks	7,596,859	14,968,112
Work in progress	8,951,394	8,276,229
	<u>16,548,253</u>	<u>23,244,341</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

9 Debtors

	28 February 2010	28 February 2009
	£	£
Trade debtors	60,445	15,783
Amounts owed by group undertakings	1,620,721	2,734,175
Amounts owed by undertakings in which the company has a participating interest	63,027	-
Other debtors	1,002,393	1,405,381
Deferred tax	-	-
Prepayments and accrued income	22,320	116,599
	<u>2,768,906</u>	<u>4,271,938</u>

The movement in the deferred tax asset in the year is as follows

	Deferred tax £
As at 1 March 2009	(8,379)
Deferred tax charged to the profit and loss account	<u>8,379</u>
As at 28 February 2010	<u>-</u>

10 Creditors: Amounts falling due within one year

	28 February 2010	28 February 2009
	£	£
Bank loans and overdrafts	16,551,759	10,458,311
Trade creditors	385,284	11,772,157
Taxation and social security	141,733	-
Other creditors	10,232,256	11,719,664
Accruals and deferred income	62,264	77,372
	<u>27,373,296</u>	<u>34,027,504</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	28 February 2010	28 February 2009
	£	£
Bank loans and overdraft	<u>16,551,759</u>	<u>10,458,311</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)
Notes to the Financial Statements for the Year Ended 28 February 2010

continued

11 Creditors: Amounts falling due after more than one year

	28 February 2010 £	28 February 2009 £
Bank loans and overdrafts	<u>-</u>	<u>2,647,627</u>

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company

	28 February 2010 £	28 February 2009 £
Bank loans	-	2,647,627

1) The loan facility for £1,506,343 relates to the property known as Ribble Court, Shuttleworth Mead Business Park, Padiham and is secured on the property and its associated assets by way of a first legal charge

2) The loan facility for £3,704,019 relates to the property known as Units 1-7, Centurion Business Park, Blackburn and is secured as follows

- i) by way of a first legal charge,
- ii) debenture comprising fixed and floating charges over the assets and undertaking of Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited) including all present and future freehold and leasehold property,
- iii) T S Whittaker has personally secured all liabilities of the company limited to £320,000

3) The loan facility for £8,036,627 relates to the property known as 184 commercial offices at Goodlass Road, Speke, Liverpool and is secured as follows

- i) first and only legal charge over the property,
- ii) charge over JCT fixed price building contract,
- iii) collateral warranties incorporating full step rights as recommended by the Bank's appointed QS,
- iv) cost overrun guarantee from T S Whittaker in the total sum of £880,000,
- v) assignment over pre-sales contracts
- vi) appropriate contractor's all risk insurance held prior to drawdown

4) The loan facility for £3,304,769 relates to the property known as 108 commercial offices at Liverpool Road, Burnley and is secured as follows

- i) first and only legal charge over the property,
- ii) charge over JCT fixed price building contract,
- iii) collateral warranties incorporating full step rights as recommended by the Bank's appointed QS,
- iv) cost overrun guarantee from T S Whittaker in the total sum of £440,000,
- v) assignment over pre-sales contracts
- vi) appropriate contractor's all risk insurance held prior to drawdown

Loans 3 and 4 have debentures over all the assets of Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited) and Harley Scott Holdings Limited (formally Dylan Harvey Group Limited) together with a cross guarantee between Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited) and Harley Scott Holdings Limited (formally Dylan Harvey Group Limited)

There is an unlimited cross guarantee between Harley Scott Holdings Limited (formally Dylan Harvey Group Limited), Dylan Harvey Residential Limited - in Liquidation, Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited) and Harley Scott Residential Limited (formally Harley Scott Limited)

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

12 Provisions for liabilities

	Deferred tax provision £
As at 1 March 2009	8,379
Deferred tax provision charged to the profit and loss account	(8,379)
As at 28 February 2010	-

13 Share capital

	28 February 2010 £	28 February 2009 £
Allotted, called up and fully paid		
Equity		
100 Ordinary shares of £1 each	100	100

14 Reserves

	Revaluation reserve £	Profit and loss reserve £	Total £
Balance at 1 March 2009	381,733	281,232	662,965
Transfer from profit and loss account for the year	-	(287,371)	(287,371)
Deficit on property revaluation	(200,000)	-	(200,000)
Balance at 28 February 2010	181,733	(6,139)	175,594

15 Reconciliation of movements in shareholders' funds

	28 February 2010 £	28 February 2009 £
(Loss)/profit attributable to members of the company	(287,371)	885,037
Other recognised losses for the period	(200,000)	(3,953,557)
Net reduction to shareholders' funds	(487,371)	(3,068,520)
Opening shareholders' funds	663,065	3,731,585
Closing shareholders' funds	175,694	663,065

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

16 Reconciliation of operating (loss)/profit to operating cash flows

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Operating (loss)/profit	(124,535)	2,100,040
Depreciation, amortisation and impairment charges	27,753	46,362
(Profit)/loss on disposal of fixed assets	(15,673)	246,959
Decrease/(increase) in stocks	6,696,088	(11,064,313)
Decrease/(increase) in debtors	1,503,032	(1,950,412)
(Decrease)/increase in creditors	(12,747,657)	4,461,821
Net cash outflow from operating activities	(4,660,992)	(6,159,543)

17 Analysis of cash flows

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Returns on investment and servicing of finance		
Other interest paid	(172,125)	(340,914)
Interest received	910	13,677
	(171,215)	(327,237)
Taxation		
Taxation paid	(8,379)	(2,729)
Taxation refund	8,379	-
	-	(2,729)

18 Analysis of net debt

	At start of period £	Cash flow £	Other non-cash changes £	At end of period £
Cash at bank and in hand	1,474,816	(1,378,806)	-	96,010
Bank overdraft	(78,847)	78,847	-	-

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Notes to the Financial Statements for the Year Ended 28 February 2010

continued

Cash and bank net funds	1,395,969	(1,299,959)	-	96,010
Debt due within one year	(10,379,464)	10,379,464	(16,551,759)	(16,551,759)
Debt due after one year	(2,647,627)	(13,904,132)	16,551,759	-
Change in debt	<u>(13,027,091)</u>	<u>(3,524,668)</u>	<u>-</u>	<u>(16,551,759)</u>
Net debt	<u>(11,631,122)</u>	<u>(4,824,627)</u>	<u>-</u>	<u>(16,455,749)</u>

19 Related parties

Controlling entity

T S Whittaker, a director, is the ultimate controlling party of Harley Scott Commercial Limited, by virtue of his shareholding in Harley Scott Holding Limited (formally Dylan Harvey Group Limited company number 04627975)

Related party transactions

During the year, the company sold the freehold land and buildings known as Burnley Business Centre, Liverpool Road, Burnley to Harley Scott Holdings Limited (formally Dylan Harvey Group Limited) (company number 04627975) The company leased the 108 offices at Burnley Business Centre from Harley Scott Holdings Limited on long leases

During the year, the company received rental income amounting to £699,408 on 108 individual long leases for commercial offices at Burnley Business Centre, Liverpool Road, Burnley from B1 Ltd (company number 06502501) The company paid a management charge amounting to £700,000 to B1 Ltd to manage to the business centre

The company has continued to loan monies to M8 Manchester Limited (company number 06208692) as noted in note 7 to these financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Detailed Profit and Loss Account for the Year Ended 28 February 2010

	Year ended 28 February 2010		29 February 2008 to 28 February 2009	
	£	£	£	£
Turnover				
Sales		12,059,696		6,620,333
Cost of sales				
Purchases	11,363,258		4,912,552	
Guaranteed rental	220,188		146,549	
Lost Developer Deposits	839,360		-	
Commissions payable	<u>461,771</u>		<u>167,314</u>	
		<u>(12,884,577)</u>		<u>(5,226,415)</u>
Gross (loss)/profit		(824,881)		1,393,918
Administrative expenses (analysed below)				
Establishment costs	228,757		281,507	
General administrative expenses	187,303		227,111	
Finance charges	10,684		45,133	
Depreciation costs	<u>12,080</u>		<u>293,321</u>	
		(438,824)		(847,072)
Other operating income				
Rent receivable		<u>1,139,170</u>		<u>668,157</u>
Operating (loss)/profit		(124,535)		1,215,003
Other interest receivable and similar income				
Bank interest receivable		911		13,677
Interest payable and similar charges				
Bank interest payable		64		3,477
Bank loan interest payable		<u>172,062</u>		<u>337,437</u>
		<u>(172,126)</u>		<u>(340,914)</u>
(Loss)/profit on ordinary activities before taxation		<u><u>(295,750)</u></u>		<u><u>887,766</u></u>

This page does not form part of the statutory financial statements

Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Detailed Profit and Loss Account for the Year Ended 28 February 2010

continued

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Establishment costs		
Rent	138,315	211,668
Ground rent and service charges	12,108	46,128
Water rates	14,548	(17,967)
Light, heat and power	9,668	5,117
Insurance	34,186	19,029
Repairs and renewals	19,932	17,532
	<u>228,757</u>	<u>281,507</u>
	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
General administrative expenses		
Telephone and fax	6,713	4,133
Printing, postage and stationery	6,406	92
Sundry expenses	(1,015)	(5,478)
Cleaning	4,894	2,460
Motor expenses	6,376	1,872
Travel and subsistence	-	1,457
Advertising	76,014	188,288
Customer entertaining (disallowable for tax)	250	815
Accountancy fees	-	(7,500)
Audit fees	2,100	3,000
Consultancy fees	18,440	-
Legal and professional fees	61,975	37,972
Bad debts written off	5,150	-
	<u>187,303</u>	<u>227,111</u>

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Harley Scott Commercial Limited (formally Dylan Harvey Commercial Limited)

Detailed Profit and Loss Account for the Year Ended 28 February 2010

continued

	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Finance charges		
Bank charges	<u>10,684</u>	<u>45,133</u>
	Year ended 28 February 2010 £	29 February 2008 to 28 February 2009 £
Depreciation costs		
Depreciation of long leasehold property	-	6,750
Depreciation of fixtures and fittings (owned)	25,137	25,137
Depreciation of motor vehicles (owned)	2,616	14,475
(Profit)/loss on disposal of tangible fixed assets	<u>(15,673)</u>	<u>246,959</u>
	<u>12,080</u>	<u>293,321</u>

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