

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 23 MAY 2006 TO 31 MARCH 2007
FOR
NORTHACRE PROPERTIES LIMITED
05825378**

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NORTHACRE PROPERTIES LIMITED

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NORTHACRE PROPERTIES LIMITED

COMPANY INFORMATION

for the period 23 May 2006 to 31 March 2007

DIRECTORS:

G H Gosling
C A Gallagher
N Tuckey

SECRETARY:

S A Burnett

REGISTERED OFFICE:

15 Hockley Court
Stratford Road
Hockley Heath
Solihull
West Midlands
B94 6NW

REGISTERED NUMBER:

05825378 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

NORTHACRE PROPERTIES LIMITED

REPORT OF THE DIRECTORS for the period 23 May 2006 to 31 March 2007

The directors present their report with the audited financial statements of the company for the period 23 May 2006 to 31 March 2007

INCORPORATION

The company was incorporated on 23 May 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of property development

REVIEW OF BUSINESS

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

During the period the company purchased a property which it developed and then sold. The company actively sought further development opportunities subsequent to the sale and purchased another development property post period end. The company received incidental rental income during the period.

Both the result for the period, and the period end financial position were satisfactory. The directors consider future prospects to be satisfactory.

DIVIDENDS

No dividends have been paid in the period ended 31 March 2007

DIRECTORS

The directors during the period under review were

A C Gallagher	- appointed 25 7 06
	- resigned 25 8 06
G H Gosling	- appointed 25 7 06
C A Gallagher	- appointed 25 8 06

None of the other directors holding office at 31 March 2007 held any direct beneficial interest in the issued share capital of the company at date of appointment or 31 March 2007

The initial director Wildman & Battell Limited resigned on 25 July 2006

Mr N Tuckey was appointed as a director on 27 June 2007

NORTHACRE PROPERTIES LIMITED

REPORT OF THE DIRECTORS

for the period 23 May 2006 to 31 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



G H Gosling - Director

22 January 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHACRE PROPERTIES LIMITED

We have audited the financial statements of Northacre Properties Limited for the period ended 31 March 2007 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 directors' remuneration and other transactions 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

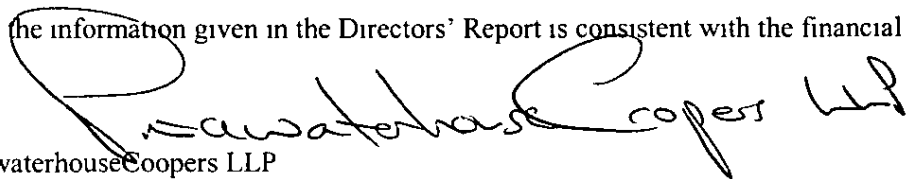
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the period 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
28 January 2008

NORTHACRE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

for the period 23 May 2006 to 31 March 2007

	Notes	£
TURNOVER		4,250,000
Cost of sales		<u>(3,167,113)</u>
GROSS PROFIT		1,082,887
Administrative expenses		<u>(1,024)</u>
		1,081,863
Other operating income		<u>65,082</u>
OPERATING PROFIT	3	1,146,945
Interest receivable and similar income		<u>5,503</u>
		1,152,448
Interest payable and similar charges	4	<u>(96,026)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,056,422
Tax on profit on ordinary activities	5	<u>(316,927)</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION	9	<u><u>739,495</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current period

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

The notes form part of these financial statements

NORTHACRE PROPERTIES LIMITED

BALANCE SHEET

31 March 2007

	Notes	£
CURRENT ASSETS		
Debtors	6	791,704
Cash at bank		<u>417,477</u>
		1,209,181
CREDITORS		
Amounts falling due within one year	7	<u>(469,684)</u>
NET CURRENT ASSETS		<u>739,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>739,497</u></u>
CAPITAL AND RESERVES		
Called up share capital	8	2
Profit and loss account	9	<u>739,495</u>
SHAREHOLDERS' FUNDS	11	<u><u>739,497</u></u>

The financial statements were approved by the Board of Directors on 22 January 2008 and were signed on its behalf by



G H Gosling - Director

The notes form part of these financial statements

NORTHACRE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the period 23 May 2006 to 31 March 2007

1 ACCOUNTING POLICIES

Accounting convention

These accounts are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents the invoiced value of work done resulting from property development activities. Turnover from property development is recognised on completion.

Other operating income

Other operating income represents rental income receivable from development properties.

Cost of sales

In addition to the costs originally stocked in work in progress attributable to each sales transaction, included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the profit and loss account until the viability of such a development is reasonably secure, after which such costs are capitalised in accordance with the stocks accounting policy.

Stocks

Work in progress, which includes land held for development, is valued at the lower of cost and net realisable value. Cost includes the purchase of land and acquisition expenses. Promotional costs associated with developments are expensed until the viability of that development is considered reasonably secure. Work in progress is reduced to net realisable value where circumstances indicate that recovery is unlikely.

Deferred tax

Full provision is made on a non-discounted basis for deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation at the current rate of tax. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

Amortisation of loan issue costs

Costs incurred in respect of obtaining loan finance are included in other debtors and the costs are amortised over the period of repayment of the loan in proportion to the outstanding loan. In respect of early repayment of the loan they are fully expensed.

2 STAFF COSTS

There were no staff costs for the period ended 31 March 2007.

The average monthly number of employees during the period was as follows:

Directors

2

NORTHACRE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 23 May 2006 to 31 March 2007

3 OPERATING PROFIT

The operating profit is stated after charging

	£
Auditors' remuneration	<u>1,000</u>
Directors' emoluments	<u>-</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	83,626
Amortisation of loan issue costs	<u>12,400</u>
	<u>96,026</u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period which equates to the profit at 30% was as follows

	£
Current tax	
UK corporation tax	<u>316,927</u>
Tax on profit on ordinary activities	<u>316,927</u>

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Amounts owed by related undertakings	791,702
Other debtors	<u>2</u>
	<u>791,704</u>

The amounts owed by related undertakings is due from J J Gallagher Limited, a company controlled by Mr A C Gallagher and has no fixed repayment date Interest is receivable at 1% over bank base rate

NORTHACRE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 23 May 2006 to 31 March 2007

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	13,836
Corporation tax	316,927
Accruals and deferred income	<u>138,921</u>
	<u>469,684</u>

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	£
1,000	Ordinary		<u>1,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	£
2	Ordinary		<u>2</u>

2 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period

9 RESERVES

	Profit and loss account £
Profit for the period	<u>739,495</u>
At 31 March 2007	<u>739,495</u>

10 RELATED PARTY DISCLOSURES

COUNTYWIDE DEVELOPMENTS LIMITED

During the period, Countywide Developments Limited, a company controlled by Mr A C Gallagher, lent funds to the company. All amounts had been repaid at the year end and the maximum amount of the loan during the period was £465,000. No interest was payable on the loan.

NORTHACRE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the period 23 May 2006 to 31 March 2007

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	739,495
Issue of shares	<u>2</u>
Net addition to shareholders' funds	739,497
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>739,497</u>
 Equity interests	 <u>739,497</u>

12 CONTROLLING PARTY

Mr A C Gallagher is the ultimate controlling party of the company