

**Edenstone Homes Limited**

**Directors' report and financial  
statements  
30 April 2013**

**Registered number 06397071**

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## Directors' report

The directors present their report and the audited financial statements for the year ended 30 April 2013

### Principal activities and business review

The company's principal activity is the construction and sale of residential properties

The year to 30 April 2013 has seen stable market conditions in the housing sector and there have been some signs of improvement. Funding availability has started to increase and government initiatives have helped to improve confidence that the housing market is beginning to recover from its downturn.

The company has, during the year, successfully completed development activities at the sites which it held at the point of the 2008 market crash. As such, the company can now look forward to 2013/14 and onwards with trading activity coming from sites acquired after the market crash and at prices reflective of the current marketplace. The directors anticipate that this change in mix of development sites will contribute towards an improvement in the company's operating margins as the higher-margin land is developed and sold.

The company made a loss in the year of £5,469,000 (2012 £2,816,000 profit) after recording a £5,584,000 provision against intercompany receivables.

The results for the year are set out on page 5.

### Proposed dividend

The directors do not recommend the payment of a dividend for the year (2012 £Nil).

### Directors

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

SJ Rodden  
MJ Taylor  
JS Taylor

### Political and Charitable contributions

The company made no political or charitable contributions during either year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish the company's auditor is aware of such information.

### Auditor

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

By order of the board



SJ Rodden  
Company Secretary

Priory House  
Prior Street  
Usk  
Monmouthshire  
NP15 1BJ

18 July 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX  
United Kingdom

**Independent auditor's report to the members of Edenstone Homes Limited**

We have audited the financial statements of Edenstone Homes Limited for the year ended 30 April 2013 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditor**

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, and express an opinion on, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 30 April 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of Edenstone Homes Limited**  
(continued)

**Opinion on other matters 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

**Emma Holiday (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

24 July 2013

**Profit and loss account**  
*for the year ended 30 April 2013*

	<i>Note</i>	<b>Year ended 30 April 2013 £000</b>	<b>Year ended 30 April 2012 £000</b>
<b>Turnover</b>	<b>3</b>	<b>1,070</b>	<b>5,309</b>
Cost of sales	4	(852)	(4,850)
<b>Gross profit</b>		<b>218</b>	<b>459</b>
Administrative expenses (including a charge of £5,584,000 against intercompany receivables (2012 release £700,000))		(5,991)	677
Other operating income		301	1,696
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(5,472)</b>	<b>2,832</b>
Interest receivable and similar income	7	3	-
Interest payable and similar charges	8	-	(16)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(5,469)</b>	<b>2,816</b>
Taxation on (loss)/ profit on ordinary activities	9	-	-
<b>(Loss)/profit for the financial year</b>	<b>16</b>	<b>(5,469)</b>	<b>2,816</b>

The above results represent the total recognised gains and losses for the period and relate entirely to continuing operations

The notes on pages 7 to 12 form part of the financial statements.

**Balance sheet**  
*at 30 April 2013*

	<i>Note</i>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
<b>Tangible fixed assets</b>	<i>10</i>	<b>11</b>	<b>-</b>
<b>Current assets</b>			
Stock	<i>11</i>	<b>975</b>	<b>339</b>
Debtors	<i>12</i>	<b>329</b>	<b>5,677</b>
Cash at bank		<b>939</b>	<b>1,794</b>
		<b>2,243</b>	<b>7,810</b>
<b>Creditors: amounts falling due within one year</b>	<i>13</i>	<b>(661)</b>	<b>(1,269)</b>
<b>Net current assets</b>		<b>1,582</b>	<b>6,541</b>
<b>Total assets less current liabilities</b>		<b>1,593</b>	<b>6,541</b>
<b>Creditors: amounts falling due after more than one year</b>	<i>14</i>	<b>(619)</b>	<b>(98)</b>
<b>Net assets</b>		<b>974</b>	<b>6,443</b>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>33,524</b>	<b>33,524</b>
Profit and loss account – accumulated losses	<i>16</i>	<b>(32,550)</b>	<b>(27,081)</b>
<b>Shareholders' funds – equity</b>	<i>17</i>	<b>974</b>	<b>6,443</b>

The notes on pages 7 to 12 form part of the financial statements

These financial statements were approved by the board of directors on 18 July 2013 and were signed on its behalf by



**SJ Rodden**  
*Director*

Registered number 06397071



## 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 company's financial statements

#### ***Basis of preparation***

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

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities where 100% of the voting rights are held within the group

#### ***Going concern***

At 30 April 2013, the company was not dependent for its business and working capital requirements on any third parties. The company has secured projects in the current marketplace which are forecast to be profitable and which will underpin the business in the coming years

Accordingly, the directors have concluded that Edenstone Homes Limited will continue in operational existence for the foreseeable future and for at least 12 months from the signing of these financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis of preparation

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the sale of residential property and is net of incentives and commissions. Turnover is recognised when legal completion on the property takes place

#### ***Work in progress***

Work in progress is stated at the lower of cost and net realisable value and comprises land, site development costs, construction costs and associated finance costs

#### ***Taxation***

The charge for taxation is based on the result for the period 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 to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

## Notes (continued)

### 2 Directors and employees

Directors' emoluments were £50,000 (2012 £124,000) The company contributed £10,000 (2012 £10,000) to pension plans on behalf of the directors during the year

### 3 Turnover

All turnover and profit/(loss) on ordinary activities before taxation arises solely from the principal activity of the company

### 4 Cost of sales

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
Site development and construction costs (including land)	852	4,850

### 5 Operating (loss)/ profit

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
<i>Operating (loss)/ profit is stated after charging/(crediting).</i>		
Provision/(credit) against intercompany receivables	5,584	(700)
Audit fees	-	-
Other income	(301)	(1,696)

All audit fees were borne by the ultimate parent undertaking, Edenstone Holdings Limited

Other income relates to amounts received from other group companies in relation to property management and sales

### 6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2013	2012
Management	3	3
Administration	2	1
Operations	5	3
	10	7

## Notes (continued)

### 6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2013 £000	2012 £000
Wages and salaries	238	330
Social security costs	25	38
Other pension costs	15	15
	<u>278</u>	<u>383</u>

### 7 Interest receivable and similar income

Interest receivable and similar income is made up of bank interest receivable

### 8 Interest payable and similar charges

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
Bank interest on overdrafts and loans repayable after five years	-	16
	<u>-</u>	<u>16</u>

### 9 Taxation on (loss)/ profit on ordinary activities

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
<b>Current taxation</b>		
UK Corporation tax @ 24% (2012 26%)	-	-
<b>Deferred taxation</b>		
Original and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

## Notes (continued)

### Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2012 charge is lower) than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below:

<i>Current tax reconciliation</i>	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
(Loss)/profit on ordinary activities before tax	(5,469)	2,816
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	(1,312)	728
Expenses not deductible for tax purposes	-	1
Release of impairment of inter-company receivables non-taxable	1,340	(181)
Brought forward tax losses on which deferred tax not recognised	(28)	(548)
	-	-

At the year end there were tax losses carried forward of £18,132,000 (2012 £18,249,000)

No deferred tax asset has been recognised in respect of the tax losses carried forward due to uncertainty regarding recoverability

### Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. The March 2013 Budget announced that the rate will further reduce to 20% by 2015, in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. These changes were substantively enacted in Finance (No 2) Bill 2013 on 3 July 2013 and may affect future tax charges of the company.

## 10 Tangible fixed assets

	Office equipment £000	Total £000
<i>Cost</i>		
At beginning of year	-	-
Additions	13	13
	13	13
<i>Depreciation</i>		
At beginning of year	-	-
Charge for the year	2	2
At end of year	2	2
<i>Net book value</i>		
At 30 April 2013	11	11
At 30 April 2012	-	-

## Notes (continued)

### 11 Stock

Stock consists of work in progress.

### 12 Debtors

	2013 £000	2012 £000
Trade debtors	193	157
Prepayments	52	12
Other debtors	84	36
Amounts due from group undertakings	-	5,472
	<u>329</u>	<u>5,677</u>

### 13 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	215	93
Other creditors and accruals	278	931
Amounts due to group undertakings	168	245
	<u>661</u>	<u>1,269</u>

### 14 Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Bank loan	98	98
Other loans	165	-
Trade creditors	356	-
	<u>619</u>	<u>98</u>

The bank loan is repayable in 2033, bears interest at the standard variable rate of the Monmouthshire Building Society and is secured on individual plots

Included within other loans is an amount of £150,000 (2012 £nil) which is secured against an individual plot

## Notes (continued)

### 15 Share capital

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
33,524,258 ordinary shares of £1 each	33,524	33,524

### 16 Profit and loss account

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
At beginning of year	(27,081)	(29,897)
(Loss)/profit for the year	(5,469)	2,816
At end of year	(32,550)	(27,081)

### 17 Reconciliation of movement in shareholders' funds

	Year ended 30 April 2013 £000	Year ended 30 April 2012 £000
Opening shareholders' funds	6,443	3,627
(Loss)/profit for the year	(5,469)	2,816
Closing shareholders' funds	974	6,443

### 18 Ultimate parent undertaking

The company is a wholly owned subsidiary of Edenstone Limited and the ultimate parent undertaking is Edenstone Holdings Limited. Both companies are registered in England and Wales and have their registered office at Priory House, Priory Street, Usk, NP15 1BJ. Consolidated accounts for Edenstone Holdings Limited (which heads the only group of undertakings for which group financial statements are drawn up and of which the company is a member) are available to the public and can be obtained from the registered office.

### 19 Related party disclosures

Rental payments of £49,000 (2012 £60,000) were made by the company to certain of its directors, for use of office premises owned by certain of the directors.

A loan of £165,000 (2012 £nil) is held by JS Taylor who is a director of the company at the year end. £150,000 of this loan is secured against an individual plot of land.