

Company Registration Number SC 123618

HAVERSTOCK HOMES PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2008

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HAVERSTOCK HOMES PLC
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2008

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HAVERSTOCK HOMES PLC
COMPANY INFORMATION

| | |
|-------------------------------|---|
| The board of directors | Mr A N Zorbas Mr T Zorbas Mrs N Polity-Zorbas |
| Company secretary | Mr A N Zorbas |
| Date of incorporation | 9 March 1990 |
| Registered office | 125 West Regent Street Glasgow G2 2SA |
| Auditor | BSG Valentine Chartered Accountants & Registered Auditor Lynton House 7 - 12 Tavistock Square London WC1H 9BQ |

HAVERSTOCK HOMES PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2008

The directors present their report and the financial statements of the company for the year ended 31 May 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year was that of developing properties and the letting of property on assured tenancies.

Principal risks and uncertainties

The significant risks faced by the company are inflation risks and fluctuations in the housing market.

Fair review of the business

The key financial highlights are as follows:

| | 2008 | 2007 |
|--------------------------|----------|-----------|
| Turnover | £338,386 | £23,738 |
| Profit/(Loss) before tax | £32,584 | £(34,738) |
| Current ratio | 2.05 | 1.53 |

The directors consider the results for the year to be satisfactory, given that its trading stock is still in the stages of development.

RESULTS AND DIVIDENDS

The profit for the year amounted to £32,584. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

It is not deemed material to disclose the financial risk management objectives and policies of the company, or the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk, in order to assess the assets, liabilities, financial position and profit or loss of the company.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Ordinary Shares of £0.50 each | |
|---------------------|-------------------------------|-------------------|
| | At 31 May 2008 | At 1 June 2007 |
| Mr A N Zorbas | 18,500 | 18,500 |
| Mr T Zorbas | - | - |
| Mrs N Polity-Zorbas | - | - |

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy to agree terms of transactions, including payment terms with suppliers and provided suppliers perform in accordance with the agreed terms. It is the company's normal practice that payment is made accordingly.

At the balance sheet date the company had no days of purchases outstanding in trade creditors.

HAVERSTOCK HOMES PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2008

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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 that 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint BSG Valentine as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
125 West Regent Street
Glasgow
G2 2SA

Signed on behalf of the directors



MRS N POLITY-ZORBAS
Director

Approved by the board on 22.12.08

HAVERSTOCK HOMES PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HAVERSTOCK HOMES PLC

YEAR ENDED 31 MAY 2008

We have audited the financial statements of Haverstock Homes PLC for the year ended 31 May 2008 on pages 6 to 12, which have been prepared on the basis of the accounting policies set out on page 10.

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 AUDITOR

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).

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 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 May 2008 and of its profit 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.

HAVERSTOCK HOMES PLC

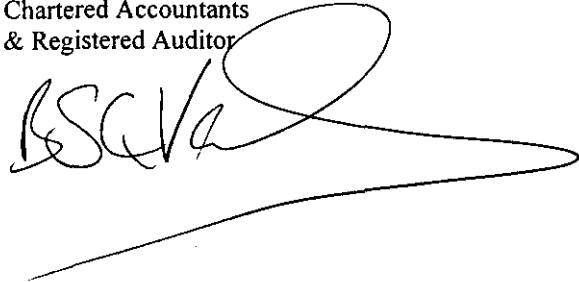
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HAVERSTOCK HOMES PLC *(continued)***

YEAR ENDED 31 MAY 2008

Lynton House
7 - 12 Tavistock Square
London
WC1H 9BQ

22/12/2002

BSG VALENTINE
Chartered Accountants
& Registered Auditor

A large, stylized handwritten signature in black ink, appearing to read 'BSG Valentine', is written over the printed name and title of the auditor.

HAVERSTOCK HOMES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 2008

| | Note | 2008 £ | 2007 £ |
|---|----------|-----------|-----------|
| TURNOVER | 2 | 338,386 | 23,738 |
| Cost of sales | | (264,119) | — |
| GROSS PROFIT | | 74,267 | 23,738 |
| Administrative expenses | | (23,499) | (33,525) |
| OPERATING PROFIT/(LOSS) | 3 | 50,768 | (9,787) |
| Interest receivable | | 4,698 | 1,964 |
| Interest payable and similar charges | 6 | (22,882) | (26,564) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 32,584 | (34,387) |
| Tax on profit/(loss) on ordinary activities | | — | — |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 32,584 | (34,387) |
| Balance brought forward | | (157,629) | (123,242) |
| Balance carried forward | | (125,045) | (157,629) |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 12 form part of these financial statements.

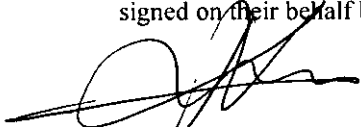
HAVERSTOCK HOMES PLC

BALANCE SHEET

AS AT 31 MAY 2008

| | Note | 2008 £ | £ | 2007 £ | £ |
|---|------|------------------|------------------|------------------|------------------|
| CURRENT ASSETS | | | | | |
| Stocks | 7 | 387,065 | | 641,184 | |
| Debtors | 8 | 75,106 | | 43,998 | |
| Cash at bank | | 64,032 | | 1,581 | |
| | | <u>526,203</u> | | <u>686,763</u> | |
| CREDITORS: Amounts falling due within one year | 9 | <u>(256,064)</u> | | <u>(449,208)</u> | |
| NET CURRENT ASSETS | | | <u>270,139</u> | | <u>237,555</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>270,139</u> | | <u>237,555</u> |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | 12 | | 229,983 | | 229,983 |
| Share premium account | 13 | | 165,201 | | 165,201 |
| Profit and loss account | | | <u>(125,045)</u> | | <u>(157,629)</u> |
| SHAREHOLDERS' FUNDS | 14 | | <u>270,139</u> | | <u>237,555</u> |

These financial statements were approved by the directors and authorised for issue on 22.12.08, and are signed on their behalf by:



MRS N POLITY-ZORBAS

The notes on pages 10 to 12 form part of these financial statements.

HAVERSTOCK HOMES PLC

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 2008

| | Note | 2008 £ | 2007 £ |
|--|------|------------------|-----------------|
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | 268,294 | (80,362) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 4,698 | 1,964 |
| Interest paid | | <u>(22,882)</u> | <u>(26,564)</u> |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (18,184) | (24,600) |
| CASH INFLOW/(OUTFLOW) BEFORE FINANCING | | 250,110 | (104,962) |
| FINANCING | | | |
| (Repayment of)/increase in bank loans | | <u>(180,001)</u> | <u>336,667</u> |
| NET CASH (OUTFLOW)/INFLOW FROM FINANCING | | (180,001) | 336,667 |
| INCREASE IN CASH | | <u>70,109</u> | <u>231,705</u> |

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 2008 £ | 2007 £ |
|---|----------------|-----------------|
| Operating profit/(loss) | 50,768 | (9,787) |
| Loss on disposal of fixed assets | - | 1 |
| Decrease/(increase) in stocks | 254,119 | (63,374) |
| Increase in debtors | (31,108) | (6,180) |
| Decrease in creditors | <u>(5,485)</u> | <u>(1,022)</u> |
| Net cash inflow/(outflow) from operating activities | <u>268,294</u> | <u>(80,362)</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2008 £ | 2007 £ |
|--|------------------|------------------|
| Increase in cash in the period | 70,109 | 231,705 |
| Net cash outflow from/(inflow) from bank loans | <u>180,001</u> | <u>(336,667)</u> |
| | 250,110 | (104,962) |
| Change in net debt | 250,110 | (104,962) |
| Net debt at 1 June 2007 | <u>(436,077)</u> | <u>(331,115)</u> |
| Net debt at 31 May 2008 | <u>(185,967)</u> | <u>(436,077)</u> |

The notes on pages 10 to 12 form part of these financial statements.

HAVERSTOCK HOMES PLC
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31 MAY 2008

ANALYSIS OF CHANGES IN NET DEBT

| | At 1 Jun 2007 £ | Cash flows £ | At 31 May 2008 £ |
|--------------------------|-----------------------|-----------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | 1,581 | 62,451 | 64,032 |
| Overdrafts | <u>(7,658)</u> | <u>7,658</u> | <u>—</u> |
| | <u>(6,077)</u> | <u>70,109</u> | <u>64,032</u> |
| Debt: | | | |
| Debt due within 1 year | <u>(430,000)</u> | <u>180,001</u> | <u>(249,999)</u> |
| Net debt | <u>(436,077)</u> | <u>250,110</u> | <u>(185,967)</u> |

The notes on pages 10 to 12 form part of these financial statements.

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

The turnover shown in the profit and loss accounts represents rents received and proceeds from sales of properties before charging expenses and taking credit for other sundry items of revenue.

Fixed assets

All fixed assets are initially recorded at cost.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | 2008 £ | 2007 £ |
|----------------|----------------|---------------|
| United Kingdom | <u>338,386</u> | <u>23,738</u> |

3. OPERATING PROFIT/(LOSS)

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

| | 2008 £ | 2007 £ |
|--|--------------|--------------|
| Loss on disposal of fixed assets | — | 1 |
| Net profit on foreign currency translation | (242) | — |
| Auditor's remuneration | <u>3,526</u> | <u>4,700</u> |
| | 2008 £ | 2007 £ |
| Auditor's remuneration - audit of the financial statements | <u>3,526</u> | <u>4,700</u> |

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2008

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

| | 2008 | 2007 |
|----------------------------|----------|----------|
| | No | No |
| Number of management staff | <u>3</u> | <u>3</u> |

The aggregate payroll costs of the above were:

| | 2008 | 2007 |
|-----------------------|--------------|---------------|
| | £ | £ |
| Wages and salaries | 5,000 | 15,000 |
| Social security costs | <u>—</u> | <u>—</u> |
| | <u>5,000</u> | <u>15,000</u> |

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

| | 2008 | 2007 |
|-----------------------|--------------|---------------|
| | £ | £ |
| Emoluments receivable | <u>5,000</u> | <u>15,000</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2008 | 2007 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable on bank borrowing | <u>22,882</u> | <u>26,564</u> |

7. STOCKS

| | 2008 | 2007 |
|------------------|----------------|----------------|
| | £ | £ |
| Work in progress | <u>387,065</u> | <u>641,184</u> |

8. DEBTORS

| | 2008 | 2007 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Other debtors | 68,091 | 36,251 |
| Directors current accounts | — | 732 |
| Prepayments and accrued income | <u>7,015</u> | <u>7,015</u> |
| | <u>75,106</u> | <u>43,998</u> |

HAVERSTOCK HOMES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2008

9. CREDITORS: Amounts falling due within one year

| | 2008 | 2007 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 249,999 | 437,658 |
| Other creditors | — | 2,150 |
| Directors current accounts | 1,365 | — |
| Accruals and deferred income | 4,700 | 9,400 |
| | <u>256,064</u> | <u>449,208</u> |

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | 2008 | 2007 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | <u>250,000</u> | <u>437,658</u> |

The bank hold as security a first legal mortgage over the freehold property known as 92 Elgin Avenue, London.

10. TRANSACTIONS WITH THE DIRECTORS

At the year end the directors loan account was in credit of £1,365 (2007: £732 overdrawn).

11. RELATED PARTY TRANSACTIONS

The controlling party during the period was I Kareliotis, by virtue of holding the majority of the issued share capital.

12. SHARE CAPITAL

Authorised share capital:

| | 2008 | 2007 |
|--|------------------|------------------|
| | £ | £ |
| 15,000,000 Ordinary shares of £0.50 each | <u>7,500,000</u> | <u>7,500,000</u> |

Allotted, called up and fully paid:

| | 2008 | 2007 |
|-------------------------------|----------------|----------------|
| | No | No |
| | £ | £ |
| Ordinary shares of £0.50 each | <u>459,965</u> | <u>459,965</u> |
| | <u>229,983</u> | <u>229,983</u> |

13. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2008 | 2007 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Profit/(Loss) for the financial year | 32,584 | (34,387) |
| Opening shareholders' funds | <u>237,555</u> | <u>271,942</u> |
| Closing shareholders' funds | <u>270,139</u> | <u>237,555</u> |