

DELAPAGE LIMITED
(A Company Limited by Guarantee)

**INTERIM MANAGER'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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DELAPAGE LIMITED
(A Company Limited by Guarantee)

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DELAPAGE LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY AND ITS TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2009

Trustees

J Ackerman
N Ackerman (resigned 19 January 2012)
Rev D Glassman (deceased 11 June 2009)
S Glassman (resigned 4 October 2011)
B Guttentag (resigned 6 January 2012)
C Guttentag (deceased 11 August 2010)

Interim Manager

R J Weston, a partner at Mazars LLP (appointed 19 October 2010)

Company registered number

01360086

Charity registered number

276017

Registered office

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Independent auditors

Wilder Coe LLP
233-237 Old Marylebone Road
London
NW1 5QT

Lawyers

Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

DELAPAGE LIMITED
(A Company Limited by Guarantee)

INTERIM MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2009

On 19 October 2010 the Charity Commission appointed an Interim Manager over Delapage Limited under section 18(1)(vii) of the Charities Act 1993 to have conduct of the affairs of the charity and to exercise all the powers and duties of its trustees.

The Interim Manager presents this Annual Report together with the audited financial statements of Delapage Limited and its subsidiary undertakings ('the Group') for the year ended 31 March 2009. He confirms that the Annual Report and financial statements of the Group comply with the current statutory requirements, the requirements of the Group and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Company is registered as a charitable company limited by guarantee which was constituted under a Memorandum of Association dated 29 March 1978 and is a registered charity number 276017.

The principal object of the charitable Company is to advance religion in accordance with the Orthodox Jewish faith and for such other purposes as are recognised by English law as charitable.

b. METHOD OF APPOINTMENT OR ELECTION OF INTERIM MANAGER

As noted above, on 19 October 2010 the Charity Commission appointed an Interim Manager over Delapage Limited by an Order made under section 18(1)(vii) of the Charities Act 1993 to have conduct of the affairs of the Company and to exercise all the powers and duties of its trustees.

The Interim Manager was appointed to address concerns over the governance of the Company and its subsidiary companies; a dispute between J Ackerman and N Ackerman, conflicts of interest and loyalty concerning transactions between the Company and property companies owned by J Ackerman and N Ackerman in a private capacity and the need to protect charitable assets for charitable application. As a consequence of these governance issues, the Company had failed to comply with its statutory obligations to file accounts with the Charity Commission and Companies House. At the date of appointment of the Interim Manager, the accounts for the financial year 2009 were outstanding by some 260 days.

Under the Order, the Interim Manager has all the powers and duties of the trustees of the charity, to the exclusion of the trustees of the charity. On 27 April 2011, the then incumbent directors of the two subsidiary companies each resigned and were replaced by two newly-appointed independent directors, under the direction of the Interim Manager, on behalf of the Company as director.

c. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Company holds a 100% shareholding in Haysport Properties Limited and Twinsectra Limited, whose principal activities are property investment and trading.

The Company does not act in tandem with any other charity or organisation in pursuit of its charitable objectives.

d. RELATED PARTY RELATIONSHIPS

The Company has two subsidiaries and their income is mainly derived from their large property portfolios.

DELAPAGE LIMITED
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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

e. RISK MANAGEMENT

The Interim Manager has conducted a review of the major risks to which the Company and the Group is exposed, in particular those related to the operations and finances of the Company and the Group. Where appropriate, systems and procedures have been established to mitigate the risks the charity faces. Significant external risks to funding have led to the development of a strategic plan drawn up by the Interim Manager which will allow for the rationalisation of the funding activities.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions by the Interim Manager together with an ongoing review of the strategy to mitigate risks. Procedures are in place to ensure compliance with all regulatory requirements.

f. FUNCTIONS OF THE INTERIM MANAGER

On appointment, the Interim Manager:

- Took over the management and administration of the Company and its property
- Considered the governance and decision-making of the trustees
- Reviewed the governance, risk assessment and system of internal control
- Considered the financial viability of the Company and its two subsidiary companies
- Considered the finance and loan arrangements between the Company, its two subsidiary companies and the loans to the private property companies.

OBJECTIVES AND ACTIVITIES

a. POLICIES AND OBJECTIVES

The objectives of the Company are:

- The advancement of religion in accordance with the Orthodox Jewish faith
- The advancement of Orthodox Jewish education
- The prevention and relief of poverty
- The advancement of health and provision of accommodation to those who need it by reason of age, ill health, disability, financial hardship or other disadvantage
- Any other purpose that may be regarded as analogous to any of the preceding purposes

The Company continues to manage its investments in, and the loans made to its subsidiaries, as described in the next sections of this report. The Company managed the loans made to the connected companies until these were assigned to its two subsidiary companies in May 2011.

DELAPAGE LIMITED
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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

ACHIEVEMENTS AND PERFORMANCE

a. GOING CONCERN

The principal risks of the Company and its subsidiaries concern the transactions and balances with the property companies owned by J Ackerman and N Ackerman and the Company and its subsidiaries' corporation tax affairs.

There were myriad debtor and credit balances between the two subsidiary companies and these private property companies at the date of appointment of the Interim Manager. As noted below, the Company assigned the great majority of the loans to its subsidiaries, for set off against corresponding creditor balances and thus recover that element of the loans. A number of debtor and creditor balances remain outstanding. The risk to the Group is that in the event of the insolvency of one or more of these private property companies, the Company's subsidiaries could face claims from creditors without recovering the value of debtor balances. To address this risk, the Interim Manager is seeking to restructure the assigned loans and debtor and creditor balances, as noted in note 27. The aim of the restructuring is to end the current financial relationships between the Company, its subsidiaries and the related party balances and replace these arrangements with loan notes, as described in note 27.

The Interim Manager is in communication with HM Revenue and Customs concerning the corporation tax affairs of the Company and its subsidiaries prior to his appointment, particularly concerning the loans and debtor balances with the related party balances and donations to beneficiaries, who are based outside the UK. It is not practicable at this stage to conclude whether or not a liability to corporation tax will arise. Accordingly, no provision has been made in these financial statements.

The two subsidiaries carry a significant level of secured borrowing from banks to fund their property investment portfolios. The continued support of these secured lenders is expected to be continued as all loans are being serviced and the programme of asset realisation is continuing to take place.

There are a number of uncertainties affecting the Company and Group's ability to continue in operational existence as a going concern. As noted in accounting policy 1.11, the Interim Manager has deemed it appropriate to adopt the going concern method in preparing the Company's and Group's audited financial statements. The financial statements do not include the adjustments which would result if the Company and Group were unable to continue as a going concern.

b. REVIEW OF ACTIVITIES

The Interim Manager has made no charitable donations since his appointment in 2010, given the uncertainty surrounding the future of the charity. The Interim Manager's focus and efforts since appointment have been and are to protect the Company's charitable property, including the Company's investments in its subsidiary companies and to seek to ensure the solvency of the Company and its subsidiaries. The Interim Manager has taken Counsel's Opinion and legal advice, where needed and has been in regular communication with the Charity Commission, HM Revenue and Customs and Companies House.

The Interim Manager has worked closely with the independent directors of the Company's two subsidiary companies, Haysport Properties Limited and Twinsectra Limited to promote the success of the subsidiary companies for the benefit of the Company.

As shown in note 11, an impairment provision has been made against loans to connected companies, which were carried at cost at 31 March 2008. The loans concerned are shown in note 14. The connected companies were under the joint control of J Ackerman and N Ackerman at both balance sheet dates. Interest was due at the rate of 10% annually, although no interest has been paid since 2006. There are concerns over the recoverability of these loans. The connected companies have a matrix of inter-company debtors and creditors, which have built up over time. Accordingly, a full provision has been made against the loans at 31 March 2009, with the exception of two loans which were repaid during the year ended 31 March 2012.

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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

REVIEW OF BUSINESS

Extracts from the review of business of Haysport Properties Limited as included in the financial statements that were approved on 26 September 2013 (References to "Company" refer to Haysport Properties Limited)

"Following the Interim Manager's appointment, on 27 April 2011, the then incumbent directors of the Company each resigned and were replaced by two newly appointed independent directors.

Following these Board changes, the new Directors set about a review of the business, its assets and liabilities. This review revealed a number of issues and challenges, which are rehearsed below.

The Directors have had to rely on often incomplete Company administrative records and information. Attempts to obtain access to and copies of records from data held or controlled by a former director have, thus far, not been successful and the Company is, therefore, about to commence legal proceedings in order to obtain access to these records.

In June 2005, the Company along with its fellow subsidiary, Twinsectra Limited, each offered security over certain of their assets in support of a Standby Letter of Credit facility granted to New Liberty Property Holdings Limited, a Gibraltar registered company under the control and/or influence of a former director. On 28 October 2009, New Liberty Property Holdings Limited was placed in provisional liquidation at which point £5.0million had been drawn under the Standby Letter of Credit. The Directors are examining the validity of and the circumstances under which such security was proffered but have, in the meantime, provided for the Company's proportionately attributable potential liability thereunder in its financial statements for the year ended 31 March 2010 and subsequently.

During 2011, Delapage Limited (with the consent of the Charity Commission) assigned to the Company certain interest bearing loans which had been made by Delapage to companies, which were formerly related by virtue of common directorships. The capital value of such assigned loans as at 31 March 2012 amounted to £31.1million together with interest outstanding totalling £12.5million. The consideration payable for the assigned loans is contingent, as there is considerable uncertainty as to their recoverability beyond what may be capable of set-off against corresponding creditor balances.

During 2010 certain of the Company's secured loans matured and post April 2011, the Company's secured lenders all issued reservation of rights letters in respect of their loans, asserting various events of default and thereby entitling the lenders to demand repayment. As a consequence, the Company's bank loans in the financial statements have been reclassified as current liabilities.

While the Company has been able to service the interest and instalment obligations attaching to such loans, it was evident that measures were required to reduce indebtedness. Accordingly, since April 2011 the Company has undertaken a managed asset realisation programme, which, by August 2013, had enabled the Company to reduce its secured bank debt from £66.4million (2008: £67.0million) to £39.7million.

Nevertheless, the Company remains reliant on the continuing support of its secured lenders to continue in operational existence, as its current borrowings are effectively repayable on demand. While an open constructive dialogue has been maintained with these lenders, there is no guarantee that repayment will not be demanded in the future, which would inevitably result in an insolvency process occurring.

Since April 2011, the majority by value of the Company's investments in properties have been valued by professional independent valuers enabling the Directors to adopt SSAP 19 for the financial year ended 31 March 2013. Where these valuations have revealed a permanent diminution in value, impairment adjustments have been applied in the financial statements giving rise to an exceptional charge of £10.1million (2008: £nil). Nevertheless based on the valuation results, the market value of the Company's property assets exceed their cost value as reported in the financial statements.

As a consequence, for the year ended 31 March 2009, the Company recorded a loss before tax of £12.8million (2008: loss £0.4million) and had net liabilities of £13.6million (2008: net liabilities £1.7million)."

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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

REVIEW OF BUSINESS

Extracts from the review of business of Twinsectra Limited as included in the financial statements that were approved on 26 September 2013 (References to "Company" refer to Twinsectra Limited)

"Following the Interim Manager's appointment, on 27 April 2011, the then incumbent directors of the Company each resigned and were replaced by two newly appointed independent directors.

Following these Board changes, the new Directors set about a review of the business, its assets and liabilities. This review revealed a number of issues and challenges, which are rehearsed below.

The Directors have had to rely on often incomplete Company administrative records and information. Attempts to obtain access to and copies of records from data held or controlled by a former director have, thus far, not been successful and the Company is, therefore, about to commence legal proceedings in order to obtain access to these records.

In June 2005, the Company along with its fellow subsidiary, Haysport Properties Limited, each offered security over certain of their assets in support of a Standby Letter of Credit facility granted to New Liberty Property Holdings Limited, a Gibraltar registered company under the control and/or influence of a former director. On 28 October 2009, New Liberty Property Holdings Limited was placed in provisional liquidation at which point £5.0million had been drawn under the Standby Letter of Credit. The Directors are examining the validity of and the circumstances under which such security was proffered but have, in the meantime, provided for the Company's proportionately attributable potential liability thereunder in its financial statements for the year ended 31 March 2010.

During 2011 Delapage Limited (with the consent of the Charity Commission) assigned to the Company certain interest bearing loans which had been made by Delapage to companies, which were formerly related by virtue of common directorships. The capital value of such assigned loans as at 31 March 2012 amounted to £42.3million together with interest outstanding totalling £16.9million. The consideration payable for the assigned loans is contingent, as there is considerable uncertainty as to their recoverability beyond what may be capable of set-off against corresponding creditor balances.

Post April 2011, the Company's secured lenders all issued reservation of rights letters in respect of their loans, asserting various events of default and thereby entitling the lenders to demand repayment. As a consequence, the Company's bank loans in the financial statements have been reclassified as current liabilities.

While the Company has been able to service the interest and installment obligations attaching to such loans, it was evident that measures were required to reduce indebtedness. Accordingly, since April 2011 the Company has undertaken a managed asset realisation programme, which, by August 2013, had enabled the Company to reduce its secured bank debt from £10.6million (2008: £10.6million) to £3.1million.

Nevertheless, the Company remains reliant on the continuing support of its remaining secured lender to continue in operational existence, as its current borrowings are effectively repayable on demand. While an open constructive dialogue has been maintained, there is no guarantee that repayment will not be demanded in the future, which would inevitably result in an insolvency process occurring.

Since April 2011, the majority by value of the Company's investments in properties have been valued by professional independent valuers enabling the Directors to adopt SSAP 19 for the financial year ended 31 March 2013. Nevertheless based on the valuation results, the market value of the Company's property assets exceed their cost value as reported in the financial statements.

The Directors have identified a loan made by the Company in August 2000 amounting to £4.35million (excluding accrued interest), which may not be recoverable and have included a provision for this sum as an exceptional charge in the financial statements.

As a consequence, for the year ended 31 March 2009, the Company recorded a loss before tax of £6.2million (2008: loss £5.3million) and had net liabilities of £11.0million (2008: net liabilities £6.8million)."

DELAPAGE LIMITED
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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

c. INVESTMENT POLICY AND PERFORMANCE

The Company's investments comprise its 100% holdings in its two subsidiary companies, Haysport Properties Limited and Twinsectra Limited, valued at cost at 31 March 2009 at £102 (2008: £102). See the financial review below for the loans to private property companies by the Company, which the Company assigned to its subsidiary companies in May 2011.

The investment performance of Haysport Properties Limited and Twinsectra Limited, as property investment companies, is noted above in the Review of the Business section.

FINANCIAL REVIEW

a. RESERVES POLICY

The current reserves policy, as developed by the Interim Manager, is to protect the Company's charitable property, including the Company's investments in its subsidiary companies and to seek to ensure the solvency of the Company and its subsidiaries, as noted above. If and when the restructuring of the assigned loans and related party debtors and creditors balances has been completed and the corporation tax position of the Company and its subsidiaries has been agreed with HM Revenue and Customs, the Interim Manager will develop a further reserves policy which reflects the precise risks and financial and other circumstances of that time.

b. PRINCIPAL FUNDING

The principal funding of the Company prior to the assignment of the loans to the private property companies to its subsidiary companies in May 2011 was interest receivable on those loans.

The principal funding of the two subsidiaries, Haysport Properties Limited and Twinsectra Limited, is rent receivable as property investment companies.

c. MATERIAL INVESTMENTS POLICY

During the year ended 31 March 2012, Delapage Limited (with the consent of the Charity Commission) assigned to its subsidiaries certain interest bearing loans which had been made by Delapage Limited to companies, which were formerly related by virtue of common directorships. The capital value of such assigned loans as at 31 March 2013 amounted to £63.4million together with interest outstanding totalling £46.7million. The consideration payable for the assigned loans is based on 50% of the creditor balances set off or subsequently received. As there is considerable uncertainty as to their recoverability in terms of corresponding creditor balances the consideration is contingent and is not recognised.

DELAPAGE LIMITED
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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

PLANS FOR THE FUTURE

a. FUTURE DEVELOPMENTS

The Interim Manager's focus is, and will continue to be, to protect the Company's charitable property, including the Company's investments in its subsidiary companies and to seek to ensure the solvency of the Company and its subsidiaries. The Interim Manager will continue to work closely with the directors of the two subsidiary companies, Haysport Properties Limited and Twinsectra Limited, to manage their property investment portfolio and seek to ensure the continued support of their secured lenders.

In the current year, the Interim Manager will continue to progress the application to the High Court for an Order to approve the terms of the proposed restructuring, as explained in note 27. The Interim Manager will also continue to work with HM Revenue and Customs to agree the corporation tax position of the Company and its subsidiaries. Finally, the Interim Manager will continue to keep the Charity Commission informed of the progress of his work, formally through an Annual Update report in November of each year and informally, as and when required.

The medium-term strategy of the Interim Manager is to reduce the reliance of the Company and its subsidiaries on the wider private Ackerman property companies and to formalise the position through the proposed restructuring.

FUNDS HELD AS CUSTODIAN

The Company does not hold funds as custodian trustee on behalf of others.

INTERIM MANAGER'S RESPONSIBILITIES STATEMENT

The Interim Manager is responsible for preparing the Report and the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Interim Manager to prepare financial statements for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Interim Manager are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charitable Group will continue in operation.

The Interim Manager is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Group and enable them to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DELAPAGE LIMITED
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INTERIM MANAGER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

PROVISION OF INFORMATION TO AUDITORS

The Interim Manager has confirmed that:


- so far as he is aware, there is no relevant audit information of which the charitable Group's auditors are unaware, and
- that he has taken all the steps that ought to have been taken in order to be aware of any information needed by the charitable Group's auditors in connection with preparing their report and to establish that the charitable Group's auditors are aware of that information.

AUDITORS

Wilder Coe transferred their business to a new limited liability partnership called Wilder Coe LLP with effect from 1 September 2010. As part of this restructuring arrangement, Wilder Coe resigned as auditors and, in accordance with the Companies Act 2006, Wilder Coe LLP were subsequently appointed as auditors with effect from 1 September 2010.

The auditors, Wilder Coe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Interim Manager on 2/vii/14


.....
R J Weston

DELAPAGE LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELAPAGE LIMITED

We have audited the financial statements of Delapage Limited for the year ended 31 March 2009 set out on pages 12 to 29. 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 charitable 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 charitable 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 charitable Company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF INTERIM MANAGERS AND AUDITORS

As explained more fully in the Interim Manager's Report, the Interim Manager is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Interim Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Interim Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

QUALIFIED OPINION

The group's investment properties have not been revalued in accordance with Statement of Standard Accounting Practice No. 19. In the absence of a valuation at the balance sheet date and the subjectivity of rolling back valuations carried out in later periods, it is not possible for us to quantify the effect of this non-compliance with Standard Accounting Practice on these financial statements.

Except for the matter above, in our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2009 and of its deficit 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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not qualified in this respect, we have considered the adequacy of the disclosure made in note 1.11 to the financial statements concerning the company's ability to continue as a going concern. The matters explained in note 1.11 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

DELAPAGE LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELAPAGE LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Interim Manager's 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:

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

Mark Saunders BA FCA (Senior Statutory Auditor)
for and on behalf of



Wilder Coe LLP
Chartered Accountants & Statutory Auditors
233-237 Old Marylebone Road
London
NW1 5QT
Date: *2nd JULY 2014*

DELAPAGE LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2009

	Note	Unrestricted funds 2009 £	Total funds 2008 £
INCOMING RESOURCES			
Incoming resources from generated funds:			
Voluntary income	2	70,000	2,781,500
Activities for generating funds:			
Property rental and investment activities	3	5,907,124	7,606,969
Investment income	4	(1,575,070)	8,561,829
TOTAL INCOMING RESOURCES		4,402,054	18,950,298
RESOURCES EXPENDED			
Costs of generating funds:			
Investment expenses and other costs	7	7,261,086	6,853,511
Grants to institutions	5	1,889,115	2,537,413
Exceptional Items	11	89,547,929	4,918,538
Governance costs	6	(43,882)	39,279
Taxation	12	(1,929,883)	-
TOTAL RESOURCES EXPENDED		96,724,365	14,348,741
NET (RESOURCES EXPENDED) / INCOMING RESOURCES BEFORE INVESTMENT ASSET DISPOSALS		(92,322,311)	4,601,557
Gains and losses on disposals of investment assets		(4,124)	133,707
UNREALISED (LOSSES)/ GAINS ON REVALUATIONS OF INVESTMENT ASSETS BEFORE REVALUATIONS		(92,326,435)	4,735,264
Gains and losses on revaluations of fixed asset investments		1,015,846	68,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(91,310,589)	4,803,264
<i>Total funds at 1 April 2008</i>		85,356,606	80,553,342
TOTAL (DEFICIT)/FUNDS AT 31 MARCH 2009		(5,953,983)	85,356,606

All activities relate to continuing operations.

The notes on pages 16 to 29 form part of these financial statements.

DELAPAGE LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 01360086

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Note	£	2009 £	2008 £
FIXED ASSETS				
Investment properties	13		63,430,889	73,196,685
Investments	14		1,639,694	76,636,174
			<u>65,070,583</u>	<u>149,832,859</u>
CURRENT ASSETS				
Debtors: amounts falling due after more than one year	16	-	4,350,001	
Debtors: amounts falling due within one year	16	54,944,443	57,570,804	
Cash at bank and in hand	15	9,599,460	5,522,570	
		<u>64,543,903</u>	<u>67,443,375</u>	
CREDITORS: amounts falling due within one year	17	(135,568,469)	(67,706,495)	
NET CURRENT LIABILITIES			<u>(71,024,566)</u>	<u>(263,120)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(5,953,983)</u>	<u>149,569,739</u>
CREDITORS: amounts falling due after more than one year	18		-	(64,213,133)
NET (LIABILITIES)/ASSETS			<u><u>(5,953,983)</u></u>	<u><u>85,356,606</u></u>
CHARITY FUNDS				
Unrestricted funds	20		(5,953,983)	85,356,606
TOTAL (DEFICIT)/FUNDS			<u><u>(5,953,983)</u></u>	<u><u>85,356,606</u></u>

The financial statements were approved by the Interim Manager on 2/vii/14



.....
R J Weston


The notes on pages 16 to 29 form part of these financial statements.

DELAPAGE LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 01360086

COMPANY BALANCE SHEET
AS AT 31 MARCH 2009

	Note	£	2009 £	2008 £
FIXED ASSETS				
Investments	14		775,102	74,860,853
CURRENT ASSETS				
Debtors	16	13,774,944	26,529,621	
Cash at bank and in hand	15	4,257,890	1,555,939	
		<u>18,032,834</u>	<u>28,085,560</u>	
CREDITORS: amounts falling due within one year	17	(130,200)	(9,058,139)	
NET CURRENT ASSETS			<u>17,902,634</u>	<u>19,027,421</u>
NET ASSETS			<u>18,677,736</u>	<u>93,888,274</u>
CHARITY FUNDS				
Unrestricted funds	20		<u>18,677,736</u>	<u>93,888,274</u>
TOTAL FUNDS			<u>18,677,736</u>	<u>93,888,274</u>

The financial statements were approved by the Interim Manager on 2/vii/14



R J Weston

The notes on pages 16 to 29 form part of these financial statements.

DELAPAGE LIMITED
(A Company Limited by Guarantee)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	21	(80,957,131)	(20,659,908)
Capital expenditure and financial investment	22	85,773,998	747,406
Acquisitions and disposals	22	-	226,144
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		4,816,867	(19,686,358)
Financing	22	(698,167)	(754,146)
INCREASE/(DECREASE) IN CASH IN THE YEAR		4,118,700	(20,440,504)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 MARCH 2009

	2009 £	2008 £
Increase/(Decrease) in cash in the year	4,118,700	(20,440,504)
Cash outflow from decrease in debt and lease financing	698,167	754,146
MOVEMENT IN NET DEBT IN THE YEAR	4,816,867	(19,686,358)
Net debt at 1 April 2008	(72,133,726)	(52,447,368)
NET DEBT AT 31 MARCH 2009	(67,316,859)	(72,133,726)

The notes on pages 16 to 29 form part of these financial statements.

DELAPAGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

As permitted by Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, a separate Statement of Financial Activities dealing with the results of the charitable company only, has not been presented.

1.2 BASIS OF CONSOLIDATION

The Company has two wholly owned subsidiaries, Haysport Properties Limited and Twinsectra Limited, which are registered in England.

The Statement of Financial Activities (SoFA) and the Balance sheet consolidate the financial statements of the Company and its subsidiary undertakings (subsidiaries). The results of the subsidiaries are consolidated on a line by line basis.

The deficit for Delapage Limited as a charitable Company was £75,210,538 (2008: £10,503,716).

1.3 COMPANY STATUS

The Company was set up as a registered charity limited by guarantee on 27 March 1978. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

1.4 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Interim Manager in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values.

1.5 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the Company is entitled to, and virtually certain to receive, the income and amount can be quantified with reasonable accuracy. The following policies are applied to particular categories of income:

Voluntary income is received by way of donations and is included in full in the Statement of Financial Activities when receivable.

Investment income is included when receivable.

Incoming resources from charitable trading activity are accounted for when earned.

Subsidiary turnover is wholly attributable to the subsidiaries principal activities, being that of property investment and investment income.

DELAPAGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.6 RESOURCES EXPENDED

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Charitable expenditure comprises those costs incurred by the Group in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.7 INVESTMENTS

Investments in companies listed on the stock exchange are treated as listed fixed asset investments and valued at market value.

All other fixed asset investments, are valued at cost less any amounts written off to represent any impairments in value, and are reviewed annually for impairments.

Fixed asset impairments resulting from losses of economic benefits are charged to the Statement of Financial Activities (SoFA). All other impairments are taken to the revaluation reserve to the extent that there is a balance on the revaluation reserve in respect of the particular asset.

1.8 INVESTMENT PROPERTIES

Investment properties are stated at cost, which is a departure from the requirements of Statement of Standard Accounting Practice No. 19 (SSAP 19).

No depreciation has been provided in respect of the freehold properties. This is a departure from the requirements of the Companies Act 2006, which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the Interim Manager considers that to depreciate them would not give a true and fair view.

If this departure from the requirement of the Act had not been made, the deficit for the year would have been increased by the depreciation, the amount of which is not readily quantifiable.

Since April 2011, the majority by value of the Group's investments in properties have been valued by professional independent valuers enabling the Interim Manager to adopt SSAP 19 for the financial year ended 31 March 2013. Nevertheless based on the valuation results, the market value of the Group's property assets exceed their cost value as reported in the financial statements for the year ended 31 March 2009.

Using the valuation as at 31 March 2013 and the disposals since 31 March 2009 the effect of this departure is that investment properties are stated at approximately £58million less than market value.

DELAPAGE LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.9 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.10 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.11 GOING CONCERN

As at 31 March 2009, the Group had net liabilities of £5,953,983 (*2008 net assets: £85,356,606*).

As evident from the Interim Manager's Report there are a number of material uncertainties affecting the Groups's ability to continue in operational existence. However, recognising the following factors:

- the continuing support of its secured lenders which is expected to continue as all loans are being serviced and the programme of asset realisation is continuing;
- the implementation of the proposed restructuring of former related party debtor and creditor balances (which will be eliminated) and the assigned loan balances referred to in more detail in note 27; and
- the SSAP 19 valuation results for the Group's property investments which would have resulted in a an increase of £58million over the carrying value at 31 March 2009;

The Interim Manager has deemed it appropriate to adopt the going concern method in preparing the Group's audited financial statements. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

2. VOLUNTARY INCOME

	Unrestricted funds 2009 £	<i>Total funds 2008 £</i>
Donations from individuals and companies	70,000	<i>2,781,500</i>

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

3. PROPERTY RENTAL AND INVESTMENT ACTIVITIES

	Unrestricted funds 2009 £	<i>Total funds 2008 £</i>
Rent receivable	5,810,010	5,983,878
Other income - UK	97,114	-
Profit on sale of investment properties	-	1,623,091
	<u>5,907,124</u>	<u>7,606,969</u>

4. INVESTMENT INCOME

	Unrestricted funds 2009 £	<i>Total funds 2008 £</i>
Charity investment income - connected companies	77,500	7,486,075
Bank and other interest receivable	231,852	1,057,388
Dividends received - listed investments	17,235	18,366
Amounts written off investments	(1,901,657)	-
	<u>(1,575,070)</u>	<u>8,561,829</u>

5. GRANTS TO INSTITUTIONS

	Unrestricted funds 2009 £	<i>Total funds 2008 £</i>
Donations to welfare institutions	142,590	314,466
Donations to educational institutions	202,606	479,897
Other donations	1,543,919	1,743,050
	<u>1,889,115</u>	<u>2,537,413</u>

Included within Other donations is £1,533,919 (2008: £1,742,500) donated to two charitable companies in which J Ackerman and N Ackerman were also trustees.

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

6. GOVERNANCE COSTS

	Unrestricted funds 2009 £	Total funds 2008 £
Accountancy costs	(65,633)	9,400
Auditors remuneration	23,750	24,000
Legal and professional fees	(2,500)	2,919
Other costs	501	2,960
	<u>(43,882)</u>	<u>39,279</u>

7. INVESTMENT EXPENSES AND OTHER COSTS

	Investment Property Activities 2009 £	Total 2008 £
Property management and administrative expenses	2,454,484	2,394,382
Finance income and expenses	4,806,602	4,459,129
	<u>7,261,086</u>	<u>6,853,511</u>

8. NET RESOURCES EXPENDED

This is stated after crediting:

	2009 £	2008 £
Difference on foreign exchange	<u>(614,753)</u>	<u>(7,933)</u>

9. AUDITORS' REMUNERATION

	2009 £	2008 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	<u>42,550</u>	<u>43,400</u>

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

10. STAFF COSTS

The average monthly number of employees for the group during the year was as follows:

	GROUP	
	2009	2008
Trustees	6	8
Directors	2	2
	8	10

11. EXCEPTIONAL ITEMS

	2009	2008
	£	£
Provision for doubtful debts	5,255,001	4,918,538
Impairment of investment properties	10,148,986	-
Impairment of investments	74,143,942	-
	89,547,929	4,918,538

The directors of the subsidiaries have decided to impair loan balances assigned to the subsidiary companies totalling £74,143,942 (2008: £Nil) due to concerns over recoverability.

The directors of the subsidiaries have provided against loans made to companies, which at the balance sheet date were related by virtue of common directorship, reflecting their concerns over recoverability.

In accordance with FRS 11 'Impairment of fixed assets and goodwill', the directors of the subsidiaries have reviewed the carrying value of the subsidiaries' investment properties. The carrying value of the investment properties as at 31 March 2009 has been written down to £52.4million.

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

12. TAXATION

	2009 £	2008 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on (deficit)/surplus for the year	804,047	-
DEFERRED TAX (see Note 19)		
Origination and reversal of timing differences	(2,733,930)	-
TAX ON (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES	<u>(1,929,883)</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2008 - lower than) the standard rate of corporation tax in the UK of 28% (2008 - 30%). The differences are explained below:

	2009 £	2008 £
(Deficit)/surplus on ordinary activities before tax	(94,256,318)	4,803,264
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	(26,391,769)	1,440,979
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,903,439	102,452
Short term timing differences	(5,981)	-
Capital allowances for year in excess of depreciation	-	(7,050)
Gift aid payments not available to carry forward	146,505	195,375
Tax losses created in the year	2,091,747	42,076
Unrelieved capital losses carried forward	1,155	-
Bad debt provision	-	1,475,561
Non-taxable income	21,058,951	(3,249,393)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>804,047</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are non-trade relationship losses of £5,760,947 (2008: £1,770,279), management losses of £3,479,852 (2008: £1,764) and capital losses of £4,124 (2008: £Nil) available to carry forward which may affect future tax charges.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

13. TANGIBLE FIXED ASSETS

GROUP	Freehold investment properties £	Long term leasehold investment properties £	Total £
COST			
At 1 April 2008	71,770,737	1,425,948	73,196,685
Additions	383,190	-	383,190
Impairment charge	(10,148,986)	-	(10,148,986)
At 31 March 2009	<u>62,004,941</u>	<u>1,425,948</u>	<u>63,430,889</u>
DEPRECIATION			
At 1 April 2008 and 31 March 2009	-	-	-
NET BOOK VALUE			
At 31 March 2009	<u>62,004,941</u>	<u>1,425,948</u>	<u>63,430,889</u>
At 31 March 2008	<u>71,770,737</u>	<u>1,425,948</u>	<u>73,196,685</u>

The subsidiaries' investment properties have not been depreciated in accordance with SSAP 19.

14. FIXED ASSET INVESTMENTS

GROUP	Listed securities £	Unlisted securities £	Loans to connected companies £	Total £
Cost or valuation				
At 1 April 2008	1,687,943	87,480	74,860,751	76,636,174
Additions	47	-	58,191	58,238
Disposals	(10,710)	-	-	(10,710)
Revaluations	(793,302)	3,061	-	(790,241)
Amounts written off	(72,357)	-	(74,143,942)	(74,216,299)
At 31 March 2009	<u>811,621</u>	<u>90,541</u>	<u>775,000</u>	<u>1,677,162</u>
IMPAIRMENT				
At 1 April 2008	-	-	-	-
Impairment on disposals	-	37,468	-	37,468
At 31 March 2009	<u>-</u>	<u>37,468</u>	<u>-</u>	<u>37,468</u>
NET BOOK VALUE				
At 31 March 2009	<u>811,621</u>	<u>53,073</u>	<u>775,000</u>	<u>1,639,694</u>
At 31 March 2008	<u>1,687,943</u>	<u>87,480</u>	<u>74,860,751</u>	<u>76,636,174</u>
HISTORICAL COST	<u>2,533,574</u>	<u>-</u>	<u>775,000</u>	<u>3,308,574</u>

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

14. FIXED ASSET INVESTMENTS (continued)

Listed securities

The market value of the listed investments at 31 March 2009 was £811,621 (2008: £1,687,943).

GROUP MATERIAL INVESTMENTS

	31 March 2009 £	31 March 2008 £
Kruton Limited	-	1,600,000
Wallshire Limited	-	4,000,000
Brightmark Limited	-	7,476,195
Crestlink Venture Limited	-	6,876,194
Eaglepeak Services Limited	-	6,876,194
Eurotop Enterprises Limited	-	7,276,195
Gateop Properties Limited	-	6,676,194
Kingstar UK Limited	-	7,476,195
Newregal Services Limited	-	7,276,195
Primeleaf Properties Limited	-	7,276,194
Silverpearl Properties Limited	-	6,501,195
Downham Limited	500,000	1,000,000
Upperwest Limited	-	3,000,000
Vinehall Estates Limited	275,000	550,000
Westgarth Estates Limited	-	1,000,000
	<u>775,000</u>	<u>74,860,751</u>

The above are included within loans to connected companies. They are connected by virtue of two trustees, J Ackerman and N Ackerman, having joint control of these companies at the Balance Sheet date. Interest on these loans is chargeable at 10% per annum. Except where known to be recoverable, a full provision has been made against the interest receivable.

COMPANY	Shares in group undertakings £	Loans to participating interests £	Total £
COST			
At 1 April 2008	102	74,860,751	74,860,853
Additions	-	58,191	58,191
Amounts written off (see Note 11)	-	(74,143,942)	(74,143,942)
	<u>102</u>	<u>775,000</u>	<u>775,102</u>
At 31 March 2009	<u>102</u>	<u>775,000</u>	<u>775,102</u>

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

15. CASH AT BANK AND IN HAND

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Cash at bank	5,751,357	5,522,570	409,787	1,555,939
Cash held in client account by Solicitors	3,848,103	-	3,848,103	-
	9,599,460	5,522,570	4,257,890	1,555,939

16. DEBTORS

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
DUE AFTER MORE THAN ONE YEAR				
Other debtors	-	4,350,001	-	-
	54,944,443	57,570,804	13,774,944	26,529,621
DUE WITHIN ONE YEAR				
Trade debtors	656,451	711,815	-	-
Amounts due from group undertakings	-	-	13,557,444	17,543,546
Other debtors	51,235,967	49,254,772	140,000	-
Deferred tax asset (see Note 19)	2,733,930	-	-	-
Prepayments and accrued income	318,095	7,604,217	77,500	7,486,075
Charitable donations receivable	-	-	-	1,500,000
	54,944,443	57,570,804	13,774,944	26,529,621

Included within other debtors are amounts due from related companies of £50,712,417 (2008: £48,797,977). These companies were under the control of common directors until 27 April 2011.

**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	76,916,319	13,443,163	-	-
Trade creditors	12,775	-	-	-
Corporation tax	804,047	-	-	-
Amounts due to group undertakings	-	-	-	8,891,806
Other creditors	57,664,352	53,996,960	83,000	63,000
Accruals and deferred income	170,976	266,372	47,200	103,333
	135,568,469	67,706,495	130,200	9,058,139

DELAPAGE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

The Bank loans are secured by way of a fixed charge over the properties to which they relate.

Included within other creditors are amounts due to related companies of £57,516,506 (2008: £53,871,221). These companies were under the control of common directors until 27 April 2011.

18. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	-	64,213,133	-	-

Included within the above are amounts falling due as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
OVER FIVE YEARS				
Bank loans	-	64,213,133	-	-

Creditors include amounts not wholly repayable within 5 years as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Repayable other than by instalments	-	64,213,133	-	-

Bank loan interest is charged at LIBOR plus varying rates. Interest is paid either on a monthly or quarterly basis.

The bank loans are secured by way of a fixed charge over the properties to which they relate.

19. DEFERRED TAXATION

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
At beginning of year	-	-	-	-
Created during the year	2,733,930	-	-	-
At end of year	2,733,930	-	-	-

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

19. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows:

	GROUP		COMPANY	
	2009	2008	2009	2008
	£	£	£	£
Tax losses brought forward	2,733,930	-	-	-

20. SUMMARY OF FUNDS - GROUP

	Brought Forward As restated £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	85,356,606	4,402,054	(96,724,365)	1,011,722	(5,953,983)

Included within Unrestricted Funds is a revaluation reserve of £257,695 (2008 negative reserves: £758,151) relating to net unrealised losses on revalued investments. Arising in the year was an unrealised gain of £1,105,846 (2008: £68,000).

SUMMARY OF FUNDS - COMPANY

	Brought forward £	Incoming resources £	Resources expended £	Carried forward £
General funds	93,888,274	778,637	(75,989,175)	18,677,736

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Net incoming resources before revaluations	(92,326,435)	4,735,264
Profit on disposal of investment properties	-	(1,623,091)
Loss/(Gain) on disposal of fixed asset investments	4,124	(133,707)
Provisions for doubtful debts	5,255,001	4,918,538
Decrease/(increase) in debtors	1,721,361	(18,032,678)
Decrease/(increase) in creditors	4,388,818	(10,524,234)
NET CASH OUTFLOW FROM OPERATIONS	(80,957,131)	(20,659,908)

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

DELAPAGE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of fixed asset investments	(58,238)	-
Sale of intangible fixed assets	6,586	-
Purchase of tangible fixed assets	(383,190)	(3,216,118)
Sale of tangible fixed assets	-	3,963,524
Impairment of tangible fixed assets	10,148,986	-
Impairment of loans to related parties	74,143,942	-
Revaluation of fixed asset investments	1,915,912	-
	<u>85,773,998</u>	<u>747,406</u>
NET CASH INFLOW FROM CAPITAL EXPENDITURE		
	2009 £	2008 £
ACQUISITIONS AND DISPOSALS		
Sale of fixed asset investments	-	226,144
	<u>-</u>	<u>226,144</u>
	2009 £	2008 £
FINANCING		
Repayment of loans	(698,167)	(754,146)
	<u>(698,167)</u>	<u>(754,146)</u>

23. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2008 £	Cash flow £	Other non-cash changes £	31 March 2009 £
Cash at bank and in hand:	5,522,570	4,076,890	-	9,599,460
Bank overdraft	(41,810)	41,810	-	-
	<u>5,480,760</u>	<u>4,118,700</u>	<u>-</u>	<u>9,599,460</u>
DEBT:				
Debts due within one year	(13,401,353)	-	(63,514,966)	(76,916,319)
Debts falling due after more than one year	(64,213,133)	-	64,213,133	-
	<u>(77,614,486)</u>	<u>-</u>	<u>0</u>	<u>(76,916,319)</u>
NET DEBT	<u>(72,133,726)</u>	<u>4,118,700</u>	<u>698,167</u>	<u>(67,316,859)</u>

24. CONTINGENT LIABILITIES

Properties owned by the subsidiaries of Delapage Limited with book value £4,017,127 have been used as security under a letter of credit made to a third party as part of financing arrangements including loans to the third party by banking institutions.

The total liability under the guarantee is not quantifiable but cannot exceed £5 million (see Note 27).

DELAPAGE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

25. PRINCIPAL SUBSIDIARIES

Company name	Principal activity	Percentage Shareholding
Haysport Properties Limited	Property investment and trading	100
Twinsectra Limited	Property investment and trading	100

26. ULTIMATE CONTROLLING PARTY

As at the 31 March 2009 and 31 March 2008 there was no ultimate controlling party.

27. POST BALANCE SHEET EVENTS

In June 2005, the Company's subsidiaries each offered security over certain of their assets in support of a Standby Letter of Credit facility granted to New Liberty Property Holdings Limited, a Gibraltar registered company under the control and/or influence of a trustee at the Balance Sheet date. On 28 October 2009, New Liberty Property Holdings Limited was placed in provisional liquidation at which point £5.0million had been drawn under the Standby Letter of Credit. The Directors of the Company's subsidiaries are examining the validity of and the circumstances under which such security was proffered but have, in the meantime, provided for the Company's proportionately attributable potential liability thereunder in its financial statements for the year ended 31 March 2010.

During the year ended 31 March 2012, Delapage Limited (with the consent of the Charity Commission) assigned to its subsidiaries certain interest bearing loans which had been made by Delapage Limited to companies, which were formerly related by virtue of common directorships. The capital value of such assigned loans as at 31 March 2013 amounted to £63.4million together with interest outstanding totalling £46.7million. The consideration payable for the assigned loans is based on 50% of the creditor balances set off or subsequently received. As there is considerable uncertainty as to their recoverability in terms of corresponding creditor balances the consideration is contingent and is not recognised.

In seeking to regularise the Group's financial position, outline terms were agreed in August 2011 to restructure both the assigned loans and the inter-company debtor and creditor balances referred to above. Their implementation was, however, delayed by protracted court proceedings concerning *inter alia* the ownership of the counterparties to the proposed restructuring. These proceedings are now considered to have been finally concluded. As a consequence, the Interim Manager of Delapage Limited has made an application to the High Court for an Order approving the terms of the proposed restructuring. If implemented, the restructuring would have the effect of eliminating the myriad of inter-company debtor and creditor balances and rescheduling the existing assigned loans together with interest thereon in exchange *inter alia* for loan notes to be issued to Haysport Properties Limited and Twinsectra Limited. The proposed loan notes will carry an escalating coupon and scheduled redemption profile.

Post April 2011, the subsidiaries secured lenders all issued reservation of rights letters in respect of their loans, asserting various events of default and thereby entitling the lenders to demand repayment. As a consequence, the Group's bank loans in the financial statements have been reclassified as current liabilities.