

Eshott Homes Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2006

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COMPANIES HOUSE

Eshott Homes Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T N H Sanderson
M A Sanderson

SECRETARY

T N H Sanderson

REGISTERED OFFICE

Eshott Hall
Morpeth
Northumberland
NE65 9EP

AUDITORS

Baker Tilly UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

BANKERS

Yorkshire Bank Plc
46 Corey Street
York
YO1 9NQ

SOLICITORS

Eversheds Solicitors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

Eshott Homes Limited

DIRECTORS' REPORT

The directors present their report and financial statements of Eshott Homes Limited for the year ended 31 March 2006

PRINCIPAL ACTIVITY

The principal activity of the company was that of property developers

RESULTS AND DIVIDENDS

The results for the year are set out on page 6

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being

- a) to finance its operations,
- b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year were as follows

T N H Sanderson
M A Sanderson

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are responsible and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice

Eshott Homes Limited

DIRECTORS' REPORT

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly UK Audit LLP be reappointed as auditors of the company will be put to the Annual General Meeting

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 18/10/08 and signed on its behalf by



T N H Sanderson
Director

Eshott Homes Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHOTT HOMES LIMITED

We have audited the financial statements on pages 6 to 12

This report is made solely to the company's members, 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 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 auditors

The directors' responsibilities for preparing the Annual Report and 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 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. However, the evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the company has not prepared any profit or cash flow projections for an appropriate period subsequent to the balance sheet date. Further, insufficient audit evidence was available concerning the recoverability of amounts owed by the group undertakings, associated companies and directors. As a result, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the recoverability of these balances, and therefore the applicability of the going concern basis, the circumstances of which, together with the effect on the financial statements should this basis be inappropriate, are set out in Note 1 to the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Eshott Homes Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHOTT HOMES LIMITED

Opinion: Disclaimer on view given by the financial statements

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

In respect solely of the limitations in our work referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements



BAKER TILLY UK AUDIT LLP
Registered Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
13th April 2008

Eshott Homes Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006

	Notes	2006 £	2005 £
TURNOVER	2	7,263,195	5,889,634
Cost of sales		<u>(6,830,178)</u>	<u>(5,533,311)</u>
Gross profit		433,017	356,323
Administrative expenses		<u>(342,572)</u>	<u>(338,296)</u>
Operating profit	3	90,445	18,027
Other interest receivable and similar income		1,056	769
Interest payable and similar charges		<u>(129,250)</u>	<u>(4,774)</u>
(Loss)/profit on ordinary activities before taxation		(37,749)	14,022
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit on ordinary activities after taxation		<u>(37,749)</u>	<u>14,022</u>
(Loss)/retained profit for the year		(37,749)	14,022
Accumulated loss brought forward		<u>(186,785)</u>	<u>(200,807)</u>
Accumulated loss carried forward		<u>(224,534)</u>	<u>(186,785)</u>

Eshott Homes Limited

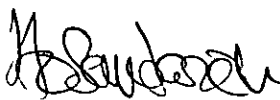
BALANCE SHEET

as at 31 March 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	5		51,620		35,748
Current assets					
Debtors	6	3,337,204		1,989,468	
Cash at bank and in hand		63,321		61,337	
		<u>3,400,525</u>		<u>2,050,805</u>	
Creditors: amounts falling due within one year	7	<u>(3,658,567)</u>		<u>(2,257,725)</u>	
Net current (liabilities)/assets			<u>(258,042)</u>		<u>(206,920)</u>
Total assets less current liabilities			<u>(206,422)</u>		<u>(171,172)</u>
Creditors: amounts falling due after more than one year	8		<u>(18,110)</u>		<u>(15,611)</u>
Net (liabilities)/assets			<u>(224,532)</u>		<u>(186,783)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		<u>(224,534)</u>		<u>(186,785)</u>
Equity shareholders' funds			<u>(224,532)</u>		<u>(186,783)</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005) relating to small companies

The financial statements were approved by the Board on 18/04/08 and signed on its behalf by



T N H Sanderson
Director

Eshott Homes Limited

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

CHANGES IN ACCOUNTING POLICY

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards

FRSSE 2005

There has been no change in accounting policies relevant to the company on implementation of FRSSE 2005 (effective January 2005)

TURNOVER

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities

TANGIBLE FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at costs. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Plant & Machinery	- 10% Reducing balance
Fixtures, fittings and equipment	- 10% Reducing balance
Motor Vehicles	- 25% Reducing balance

LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under hire purchase contract and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future period. The finance elements of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

PENSIONS

The pension costs charged in the financial statements represent the contribution payable by the company during the year

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Eshott Homes Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Due to the significance of the company's net current liabilities and the uncertainty with regard to the recoverability of amounts owed from group undertakings, associated companies and directors as shown in the balance sheet, the directors have considered the appropriateness of the going concern basis of preparation used in the financial statements

The group undertakings, to which the balances are owed from, are considered in the directors' opinions, to be going concerns. As a result no provision has been made in relation to these balances within the financial statements. The directors are also of the opinion that they will have the ability to repay these loans at some stage in the future.

The directors have not prepared projected profit or cashflow information for a period of at least twelve months from the anticipated date of approval of the financial statements. The company meets its working capital requirements through the support of the company's bankers, group undertakings associated companies and directors.

Subject to the above support the directors believe that the cashflows expected to be generated will allow the company to operate within its facilities.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements accordingly do not include any adjustment in order to reflect presentation on a break up basis.

2 TURNOVER

The turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3 OPERATING PROFIT

	2006 £	2005 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	8,374	10,170
Auditors' remuneration	4,000	4,000
	<u> </u>	<u> </u>
And after crediting		
Profit on disposal of tangible fixed assets	353	-
	<u> </u>	<u> </u>

4 PENSION COSTS

The company operates a defined contribution pension scheme in respect of the directors and staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £2,594 (2005 £1,151).

Eshott Homes Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

5 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2005	10,855	2,939	60,651	74,445
Additions	4,590	31,725	-	36,315
Disposals	-	-	(26,806)	(26,806)
At 31 March 2006	15,445	34,664	33,845	83,954
Depreciation				
At 1 April 2005	4,857	1,084	32,756	38,697
On disposals	-	-	(14,737)	(14,737)
Charge for the year	1,059	3,358	3,957	8,374
At 31 March 2006	5,916	4,442	21,976	32,334
Net book values				
At 31 March 2006	9,529	30,222	11,869	51,620
At 31 March 2005	5,998	1,855	27,895	35,748

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	2006		2005	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	9,335	3,112	22,801	7,600

6 DEBTORS

	2006 £	2005 £
Trade debtors	92,945	1,335,261
Other debtors	139,815	653,921
Prepayments and accrued income	-	286
Amounts due from group undertakings	2,548,190	-
Directors loan account	445,003	-
s419 tax recoverable	111,251	-
	3,337,204	1,989,468

Eshott Homes Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank overdraft	47,706	-
Bank loan	1,598,959	-
Net obligations under finance leases and hire purchase contracts	9,614	7,704
Trade creditors	1,110,444	1,202,077
Amounts owed to group undertakings	500,387	970,557
Other taxes and social security costs	180,468	36,513
Other creditors (including s419 tax)	187,848	25,789
Accruals and deferred income	23,141	15,085
	<u>3,658,567</u>	<u>2,257,725</u>

Bank borrowings and the net obligations under finance leases and hire purchase are secured

8 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	<u>18,110</u>	<u>15,611</u>

9 SHARE CAPITAL

	2006 £	2005 £
Authorised equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
Equity shares		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Eshott Homes Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss) / profit for the year	(37,749)	14,022
	<u>(37,749)</u>	<u>14,022</u>
Opening deficit in shareholders' funds	(186,783)	(200,805)
	<u>(186,783)</u>	<u>(200,805)</u>
Closing deficit in shareholders' funds	<u>(224,532)</u>	<u>(186,783)</u>

11 CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of Eshott Hall Estate Limited through unlimited cross guarantees between the two companies. The total bank borrowings of Eshott Hall Estate Limited amounted to £2,081,408 at 31 March 2006 (2005 £1,786,727)

12 TRANSACTIONS WITH DIRECTORS

At the year end the company had a balance of £445,003 due from M A Sanderson, a director of the company

13 RELATED PARTY TRANSACTIONS

Disclosure of the following transactions, which were all on normal commercial terms, is required in line with the provisions of FRSSE 2005 (effective January 2005)

At the year end the company had a balance of £500,387 owed to its parent company Eshott Hall Estate Limited and £76,597 owed to Eshott Home Farm, a further entity under common control

Further, as at the year end the company had a balance of £2,548,190 due from Hartford Hall Estate Limited, a company under common control

14 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Eshott Hall Estate Limited, a company incorporated in England

15 CONTROLLING INTEREST

The company is a wholly owned subsidiary of Eshott Hall Estate Limited. The ultimate controlling interest is therefore T N H Sanderson by virtue of his ownership of the entire share capital of the ultimate parent company, Eshott Hall Estate Limited