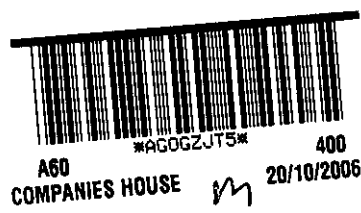


Registration number 26390

**Hastings Cottage Improvement Society Limited**

**Directors' report and financial statements**

**for the year ended 31st March 2006**



## **Hastings Cottage Improvement Society Limited**

### **Company information**

Directors	M. A. Lester J. W. Lester R. Sandford
Secretary	R Sandford FRICS
Company number	26390
Registered office	3 Cambridge Gardens Hastings East Sussex TN34 1EH
Auditors	Manningtons 7/9 Wellington Square Hastings East Sussex TN34 1PD
Business address	3 Cambridge Gardens Hastings East Sussex TN34 1EH
Bankers	National Westminster Bank PLC Havelock Road Hastings East Sussex TN34 1BW
Solicitors	Fitzgrahams Saffron House, 59/60 High Street Battle East Sussex TN33 0EN

# **Hastings Cottage Improvement Society Limited**

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# **Hastings Cottage Improvement Society Limited**

## **Directors' report for the year ended 31st March 2006**

The directors present their report and the financial statements for the year ended 31st March 2006.

### **Principal activity**

The principal activity of the company which remained unchanged during the year under review was that of providing and improving living accommodation for renting.

### **Directors and their interests**

The directors who served during the year and their interests in the company are as stated below:

	<b>Class of share</b>	<b>31/03/06</b>	<b>01/04/05</b>
M. A. Lester	Ordinary shares	24	36
J. W. Lester	Ordinary shares	96	92
R. Sandford	Ordinary shares	169	148

### **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 reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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.

**Hastings Cottage Improvement Society Limited**

**Directors' report  
for the year ended 31st March 2006**

..... continued

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Manningtons 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 and signed on its behalf by

>  \*

**R Sandford FRICS**  
**Secretary**

## **Hastings Cottage Improvement Society Limited**

### **Independent auditors' report to the shareholders of Hastings Cottage Improvement Society Limited**

We have audited the financial statements of Hastings Cottage Improvement Society Limited for the year ended 31st March 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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 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 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 auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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.

**Hastings Cottage Improvement Society Limited**

**Independent auditors' report to the shareholders of Hastings Cottage Improvement Society Limited**

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31st March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

M. J. Gas

**Manningtons  
Chartered Accountants and  
Registered Auditor**

**7/9 Wellington Square  
Hastings  
East Sussex  
TN34 1PD**

18.10.2006

# Hastings Cottage Improvement Society Limited

## Profit and loss account for the year ended 31st March 2006

		2006	2005
	Notes	£	£
<b>Turnover</b>	<b>2</b>	249,105	221,103
Distribution costs		(54,534)	(67,033)
Administrative expenses		(44,538)	(40,688)
Other operating income		250	-
<b>Operating profit</b>	<b>3</b>	150,283	113,382
Other interest receivable and similar income		35	48
Interest payable and similar charges		(22,617)	(16,292)
<b>Profit on ordinary activities before taxation</b>		127,701	97,138
Tax on profit on ordinary activities	<b>6</b>	(19,981)	(17,471)
<b>Profit on ordinary activities after taxation</b>		107,720	79,667
<b>Retained profit for the year</b>	<b>15</b>	107,720	79,667
Retained profit brought forward		405,341	325,674
Dividends		(18,995)	-
<b>Retained profit carried forward</b>		494,066	405,341
<b>Statement of total recognised gains and losses</b>			
<b>Profit on ordinary activities after taxation</b>		107,720	79,667
Unrealised movement on revaluation of property		977,648	-
<b>Total recognised gains relating to the year</b>		1,085,368	79,667

The notes on pages 7 to 13 form an integral part of these financial statements.



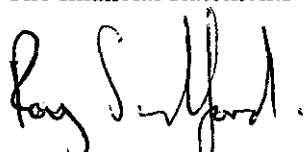
# Hastings Cottage Improvement Society Limited

## Balance sheet as at 31st March 2006

		2006		2005	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		3,119,004		1,642,020
<b>Current assets</b>					
Debtors	9	51,552		17,500	
Cash at bank and in hand		11,775		1,272	
		<u>63,327</u>		<u>18,772</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(26,043)</u>		<u>(48,669)</u>	
<b>Net current assets/(liabilities)</b>			<u>37,284</u>		<u>(29,897)</u>
<b>Total assets less current liabilities</b>			3,156,288		1,612,123
<b>Creditors: amounts falling due after more than one year</b>	11		(327,287)		(342,392)
<b>Provisions for liabilities</b>	12		<u>(492,897)</u>		<u>-</u>
<b>Net assets</b>			<u>2,336,104</u>		<u>1,269,731</u>
<b>Capital and reserves</b>					
Called up share capital	14		15,000		15,000
Revaluation reserve	15		1,827,038		849,390
Profit and loss account	15		<u>494,066</u>		<u>405,341</u>
<b>Shareholders' funds</b>			<u>2,336,104</u>		<u>1,269,731</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 and signed on its behalf by



Roy Sandford  
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

# **Hastings Cottage Improvement Society Limited**

## **Notes to the financial statements for the year ended 31st March 2006**

### **1. Accounting policies**

#### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### **1.2. 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.

#### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over years
Plant and machinery	-	25% reducing balance method

Investment properties were revalued on 18 July 2005.

#### **1.4. Pensions**

A defined contribution scheme is provided for a director. The premiums paid by the company are charged to the profit and loss account during the year in which they are paid.

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

### 1.5. 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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

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 periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. Turnover

The total 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	<u>1</u>	<u>2</u>

### 4. Directors' emoluments

	2006 £	2005 £
Remuneration and other benefits	<u>22,012</u>	<u>21,022</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	1

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

### 5. Pension costs

The company operates a defined contribution pension scheme in respect of a director. The scheme and its assets are held by independent managers. The pension charge represents contributions paid by the company and amounted to £6,262 (2005 - £5,922).

### 6. Tax on profit on ordinary activities

Analysis of charge in period	2006 £	2005 £
<b>Current tax</b>		
UK corporation tax	23,483	17,471
Total current tax charge	<u>23,483</u>	<u>17,471</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(3,502)	-
Total deferred tax	<u>(3,502)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>19,981</u>	<u>17,471</u>

### 7. Dividends

#### Dividends paid and proposed on equity shares

	2006 £	2005 £
Paid during the year:		
Equity dividends on Ordinary shares	18,995	-
	<u>18,995</u>	<u>-</u>

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

8. Tangible fixed assets	Land and buildings freehold	Plant and machinery	Total
	£	£	£
<b>Cost or valuation</b>			
At 1st April 2005	1,642,015	753	1,642,768
Additions	2,938	-	2,938
Revaluation	1,474,047	-	1,474,047
At 31st March 2006	<u>3,119,000</u>	<u>753</u>	<u>3,119,753</u>
<b>Depreciation</b>			
At 1st April 2005	-	748	748
Charge for the year	-	1	1
At 31st March 2006	<u>-</u>	<u>749</u>	<u>749</u>
<b>Net book values</b>			
At 31st March 2006	<u>3,119,000</u>	<u>4</u>	<u>3,119,004</u>
At 31st March 2005	<u>1,642,015</u>	<u>5</u>	<u>1,642,020</u>

The freehold properties were revalued on 18th July 2005 by Mr R Sandford FRICS of Messrs W A Bryan & Co LLP, Chartered Surveyors and Valuers on an open market value for existing use basis. There have been no additions to the properties since that date. Mr Sandford is a director of the Company.

9. Debtors	2006	2005
	£	£
Trade debtors	48,396	15,200
Prepayments and accrued income	3,156	2,300
	<u>51,552</u>	<u>17,500</u>

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

10. Creditors: amounts falling due within one year	2006 £	2005 £
R Sandford Loan to Company	-	28,375
Corporation tax	23,483	17,471
Accruals and deferred income	2,560	2,823
	<u>26,043</u>	<u>48,669</u>

The company's bankers hold a legal charge in their favour over certain of the company's freehold properties.

11. Creditors: amounts falling due after more than one year	2006 £	2005 £
Bank loan	<u>327,287</u>	<u>342,392</u>

### 12. Provisions for liabilities

	Deferred taxation (Note 13) £	Total £
Movements in the year	492,897	492,897
At 31st March 2006	<u>492,897</u>	<u>492,897</u>

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

<b>13. Provision for deferred taxation</b>		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
Accelerated capital allowances		(3,502)	-
Surplus on revaluation of property		496,399	-
Undiscounted provision for deferred tax		<u>492,897</u>	<u>-</u>
Provision at 1st April 2005		-	
Deferred tax charge in the profit and loss account		(3,502)	
Deferred tax charge in the property revaluation reserve		496,399	
Provision at 31st March 2006		<u>492,897</u>	
<b>14. Share capital</b>		<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
<b>Authorised</b>			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
<b>Allotted, called up and fully paid</b>			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
<b>Equity Shares</b>			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
<b>15. Reserves</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1st April 2005</b>	849,390	405,341	1,254,731
Revaluation of property	1,474,047		1,474,047
Deferred tax on revaluation of property	(496,399)		(496,399)
Retained profit for the year		107,720	107,720
Equity Dividends		(18,995)	(18,995)
<b>At 31st March 2006</b>	<u>1,827,038</u>	<u>494,066</u>	<u>2,321,104</u>

# Hastings Cottage Improvement Society Limited

## Notes to the financial statements for the year ended 31st March 2006

### 16. Contingent liabilities

The company has received grants of £36,870 to assist with the refurbishment of 46 Church Road St Leonards on Sea. If the property or any of the individual flats are sold within five years of the final payment payment in May 2002, the grant is repayable in full, together with interest.

### 17. Transactions with directors

During the year the company occupied premises owned by Mr R Sandford, a director and secretary of the company. The rent paid was £1,000 which is considered to be not materially different from the market rent. During the year the company purchased goods and services to the value of £33,845 from Mr R Sandford FRICS practising as W A Bryan & Co.LLP, Chartered Surveyors. These comprise the following:

	2006	2005
	£	£
Management fees (including VAT)	24,732	23,106
Insurance premiums paid gross to cover all the society's freehold investment properties	6,513	5,786
Supervision of major repairs	-	2,021
Office rent	1,000	1,000
Valuation fee for properties	1,600	-
	<u>33,845</u>	<u>31,913</u>

All goods and services were supplied at market value. As stated above, Mr Sandford is a director and secretary of the company.

In addition, Mr R Sandford, director, lent the company £28,050 during the year ending 2005 and this has now been repaid during the year ending 2006. Interest paid for this loan during the year was £968.

### 18. Related party transactions

There were no related party transactions during the year (31st March 2005 - £NIL) other than those recorded in note 18.

### 19. Ultimate parent undertaking

In the directors' opinion no party has overall control of the company.