

Registration number 26390

Hastings Cottage Improvement Society Limited

Directors' report and financial statements

for the year ended 31st March 2007



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

Hastings Cottage Improvement Society Limited

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Hastings Cottage Improvement Society Limited

Directors' report for the year ended 31st March 2007

The directors present their report and the financial statements for the year ended 31st March 2007

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

	Class of share	31/03/07	01/04/06
M A Lester	Ordinary shares	22	24
J W Lester	Ordinary shares	98	96
R Sandford	Ordinary shares	171	171

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

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Hastings Cottage Improvement Society Limited

**Directors' report
for the year ended 31st March 2007**

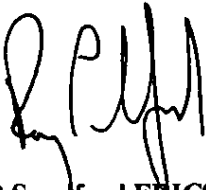
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Auditors

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 30.08.2007 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R Sandford', is written over the printed name.

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 2007 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 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985

M. J. T. S.

**Manningtons
Chartered Accountants and
Registered Auditor**

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

31 08.2007

Hastings Cottage Improvement Society Limited

Profit and loss account for the year ended 31st March 2007

		2007	2006
	Notes	£	£
Turnover	2	252,836	249,105
Distribution costs		(67,908)	(54,534)
Administrative expenses		(48,350)	(44,538)
Other operating income		250	250
Operating profit	3	136,828	150,283
Other interest receivable and similar income		15	35
Interest payable and similar charges		(17,464)	(22,617)
Profit on ordinary activities before taxation		119,379	127,701
Tax on profit on ordinary activities	6	(22,957)	(19,981)
Profit on ordinary activities after taxation		96,422	107,720
Retained profit for the year	15	96,422	107,720
Statement of total recognised gains and losses			
Profit on ordinary activities after taxation		96,422	107,720
Unrealised movement on revaluation of property		22,998	977,648
Total recognised gains relating to the year		119,420	1,085,368

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

Hastings Cottage Improvement Society Limited

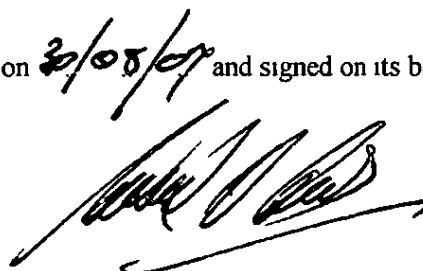
Balance sheet as at 31st March 2007

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		3,119,001		3,119,004
Current assets					
Debtors	9	40,831		51,552	
Cash at bank and in hand		3,533		11,775	
		<u>44,364</u>		<u>63,327</u>	
Creditors: amounts falling due within one year	10	<u>(64,178)</u>		<u>(26,043)</u>	
Net current (liabilities)/assets			<u>(19,814)</u>		<u>37,284</u>
Total assets less current liabilities			3,099,187		3,156,288
Creditors: amounts falling due after more than one year	11		(195,595)		(327,287)
Provisions for liabilities	12		<u>(470,773)</u>		<u>(492,897)</u>
Net assets			<u>2,432,819</u>		<u>2,336,104</u>
Capital and reserves					
Called up share capital	14		15,000		15,000
Revaluation reserve	15		1,850,037		1,827,038
Profit and loss account	15		<u>567,782</u>		<u>494,066</u>
Shareholders' funds			<u>2,432,819</u>		<u>2,336,104</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 30/05/07 and signed on its behalf by

M A Lester
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 2007

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

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 2007

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

	2007 £	2006 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	3	1

4. Directors' emoluments

	2007 £	2006 £
Remuneration and other benefits	23,291	22,012
	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 2007

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 £6,955 (2006 - £6,262)

6. Tax on profit on ordinary activities

Analysis of charge in period	2007 £	2006 £
Current tax		
UK corporation tax	22,083	23,483
Total current tax charge	22,083	23,483
Deferred tax		
Timing differences, origination and reversal	874	(3,502)
Total deferred tax	874	(3,502)
Tax on profit on ordinary activities	22,957	19,981

7. Dividends

Dividends paid and proposed on equity shares	2007 £	2006 £
Paid during the year		
Equity dividends on Ordinary shares	22,706	18,995
	22,706	18,995

Hastings Cottage Improvement Society Limited

Notes to the financial statements for the year ended 31st March 2007

8. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Total £
Cost/revaluation			
At 1st April 2006	3,119,000	753	3,119,753
At 31st March 2007	3,119,000	753	3,119,753
Depreciation			
At 1st April 2006	-	749	749
Charge for the year	-	3	3
At 31st March 2007	-	752	752
Net book values			
At 31st March 2007	3,119,000	1	3,119,001
At 31st March 2006	3,119,000	4	3,119,004

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	2007 £	2006 £
Trade debtors	37,513	48,396
Prepayments and accrued income	3,318	3,156
	<u>40,831</u>	<u>51,552</u>

Hastings Cottage Improvement Society Limited

Notes to the financial statements for the year ended 31st March 2007

10. Creditors: amounts falling due within one year	2007 £	2006 £
Bank loan	37,078	-
Dividends still to be paid out	2,366	-
Corporation tax	22,083	23,483
Accruals and deferred income	2,651	2,560
	<u>64,178</u>	<u>26,043</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	2007 £	2006 £
Bank loan	<u>195,595</u>	<u>327,287</u>

12. Provisions for liabilities

	Deferred taxation (Note 13) £	Total £
At 1st April 2006	492,897	492,897
Movements in the year	<u>22,124</u>	<u>22,124</u>
At 31st March 2007	<u>470,773</u>	<u>470,773</u>

Hastings Cottage Improvement Society Limited

Notes to the financial statements for the year ended 31st March 2007

13. Provision for deferred taxation		2007	2006
		£	£
Movement for year on deferred tax capital items		874	(3,502)
Deferred taxation provision movement on property		(22,998)	
Brought forward deferred tax provision as at 31 3 06		492,897	496,399
Provision for deferred tax as at 31 03 07		<u>470,773</u>	<u>492,897</u>
Deferred tax charge in profit and loss account		874	
Deferred tax charge in the property revaluation reserve		(22,998)	
Provision at 31st March 2007		<u>(22,124)</u>	
14. Share capital		2007	2006
		£	£
Authorised			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
Equity Shares			
600 Ordinary shares of 25 each		<u>15,000</u>	<u>15,000</u>
15. Reserves	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1st April 2006	1,827,039	494,066	2,321,105
Deferred tax on revaluation of property	22,998		22,998
Retained profit for the year		96,422	96,422
Equity Dividends		(22,706)	(22,706)
At 31st March 2007	<u>1,850,037</u>	<u>567,782</u>	<u>2,417,819</u>

Hastings Cottage Improvement Society Limited

Notes to the financial statements for the year ended 31st March 2007

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 £32,551 from Mr R Sandford FRICS practising as W A Bryan & Co LLP, Chartered Surveyors. These comprise the following:

	<u>2007</u>	<u>2006</u>
	£	£
Management fees (including VAT)	24,915	24,732
Insurance Premiums paid gross to cover all		
- the society's freehold investment properties	6,636	6,513
Office rent	1,000	1,000
Valuation fee for properties		1,600
	<u>32,551</u>	<u>33,845</u>

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

18. Related party transactions

There were no related party transactions during the year (31st March 2006 - £NIL) other than those recorded in note 17.

19. Ultimate parent undertaking

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