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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
DARCLIFFE HOMES LIMITED**

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DARCLIFFE HOMES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2010**

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DARCLIFFE HOMES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTORS:

Mr G J Denton
Mr W F Phelps
Mr G P Smith

SECRETARY:

Mrs D Denton

REGISTERED OFFICE:

Kingfisher House, Albury Close,
Loverock Road
Reading
Berkshire
RG30 1BD

REGISTERED NUMBER:

763468 (England and Wales)

DARCLIFFE HOMES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report with the financial statements of the company for the year ended 31 December 2010

CHANGE OF NAME

The company passed a special resolution on 8 July 2010 changing its name from Darcliffe Investments Limited to Darcliffe Homes Limited

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of residential property development

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

Mr G J Denton
Mr W F Phelps
Mr G P Smith

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Vale & West, will be proposed for re-appointment at the forthcoming Annual General Meeting.

DARCLIFFE HOMES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mr G J Denton - Director

Date ...14/01/11... ..

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF DARCLIFFE HOMES LIMITED

We have audited the financial statements of Darcliffe Homes Limited for the year ended 31 December 2010 on pages six to fourteen. 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 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 company's members those matters we are required to state to them in a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are 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 (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note sixteen to the financial statements.

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
DARCLIFFE HOMES LIMITED**

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors.



Mr L P Gardner (Senior Statutory Auditor)
for and on behalf of Vale & West
Chartered Accountants
Statutory Auditors
Victoria House
26 Queen Victoria Street
Reading
Berkshire
RG1 1TG

Date .. 1/8/11

DARCLIFFE HOMES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	31.12.10 £	31 12 09 £
TURNOVER		-	-
Cost of sales		<u>4,146</u>	<u>-</u>
GROSS LOSS		(4,146)	-
Administrative expenses		<u>6,047</u>	<u>3</u>
		(10,193)	(3)
Other operating income		<u>221,932</u>	<u>210,239</u>
OPERATING PROFIT	3	211,739	210,236
Interest receivable and similar income		<u>181</u>	<u>-</u>
		211,920	210,236
Joint venture activity	4	<u>5,793</u>	<u>75,840</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		206,127	134,396
Tax on profit on ordinary activities	5	<u>(13,637)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>219,764</u>	<u>134,396</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

DARCLIFFE HOMES LIMITED

**BALANCE SHEET
31 DECEMBER 2010**

	Notes	31.12.10 £	£	31 12 09 £	£
FIXED ASSETS					
Interest in joint venture	6		124,234		-
CURRENT ASSETS					
Stocks	7	830,674		-	
Debtors	8	5,350		700	
Cash at bank		75,672		340	
		<u>911,696</u>		<u>1,040</u>	
CREDITORS					
Amounts falling due within one year	9	<u>1,113,584</u>		<u>48,447</u>	
NET CURRENT LIABILITIES			<u>(201,888)</u>		<u>(47,407)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(77,654)</u>		<u>(47,407)</u>
CREDITORS					
Amounts falling due after more than one year	10		-		(221,632)
PROVISIONS FOR LIABILITIES	11		-		(28,379)
NET LIABILITIES			<u>(77,654)</u>		<u>(297,418)</u>
CAPITAL AND RESERVES					
Called up share capital	12		50,000		50,000
Profit and loss account	13		<u>(127,654)</u>		<u>(347,418)</u>
SHAREHOLDERS' FUNDS	18		<u>(77,654)</u>		<u>(297,418)</u>

The financial statements were approved by the Board of Directors on 14 July 2011 and were signed on its behalf by



Mr G J Denton - Director

The notes form part of these financial statements

DARCLIFFE HOMES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	31.12.10 £	31 12.09 £
Net cash inflow from operating activities	1	219,920	47
Returns on investments and servicing of finance	2	181	-
Taxation		13,637	-
Capital expenditure and financial investment	2	(158,406)	-
Increase in cash in the period		75,332	47
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		75,332	47
Change in net funds resulting from cash flows		75,332	47
Movement in net funds in the period		75,332	47
Net funds at 1 January		340	293
Net funds at 31 December		75,672	340

The notes form part of these financial statements

DARCLIFFE HOMES LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.10 £	31 12 09 £
Operating profit	211,739	210,236
Increase in stocks	(830,674)	-
(Increase)/Decrease in debtors	(4,650)	50
Increase/(Decrease) in creditors	843,505	(210,239)
Net cash inflow from operating activities	<u>219,920</u>	<u>47</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.10 £	31 12 09 £
Returns on investments and servicing of finance		
Interest received	181	-
Net cash inflow for returns on investments and servicing of finance	<u>181</u>	<u>-</u>
 Capital expenditure and financial investment		
Purchase of fixed asset investments	(164,199)	-
Sale of fixed asset investments	5,793	-
Net cash outflow for capital expenditure and financial investment	<u>(158,406)</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.10 £	Cash flow £	At 31.12.10 £
Net cash:			
Cash at bank	340	75,332	75,672
	<u>340</u>	<u>75,332</u>	<u>75,672</u>
 Total	 <u>340</u>	 <u>75,332</u>	 <u>75,672</u>

The notes form part of these financial statements

DARCLIFFE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared on the going concern basis, the validity of this assumption is dependent on the continuing support of the shareholders.

Accounting convention

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

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Joint venture

The company has entered into a joint venture with J Mould Property Limited for the purchase and development of the land and properties known as Little Orchard, Reids Cottage, and Bakery Cottages

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2010 nor for the year ended 31 December 2009

3 OPERATING PROFIT

The operating profit is stated after charging:

	31.12.10	31.12.09
	£	£
Auditors' remuneration	4,814	-
	<u> </u>	<u> </u>
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4. JOINT VENTURE ACTIVITY

	31.12.10	31.12.09
	£	£
Share of joint venture loss	5,793	75,840
	<u> </u>	<u> </u>

DARCLIFFE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

5. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	31.12.10	31 12 09
	£	£
Current tax		
UK corporation tax	(13,637)	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	(13,637)	-
	<u> </u>	<u> </u>

6 FIXED ASSET

	Interest in joint venture £
COST	
Additions	130,027
Disposals	(5,793)
	<u> </u>
At 31 December 2010	124,234
	<u> </u>
NET BOOK VALUE	
At 31 December 2010	124,234
	<u> </u>

7 STOCKS

	31.12.10	31.12.09
	£	£
Stocks	734,472	-
Work-in-progress	96,202	-
	<u> </u>	<u> </u>
	830,674	-
	<u> </u>	<u> </u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.10	31.12 09
	£	£
Trade debtors	350	700
Other debtors	677	-
VAT	4,323	-
	<u> </u>	<u> </u>
	5,350	700
	<u> </u>	<u> </u>

DARCLIFFE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.10	31.12 09
	£	£
Trade creditors	8,750	-
Amounts owed to group undertakings	1,099,857	47,461
Accruals and deferred income	4,977	986
	<u>1,113,584</u>	<u>48,447</u>

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

	31.12.10	31.12 09
	£	£
Shareholder loans	-	221,632
	<u>-</u>	<u>221,632</u>

11 PROVISIONS FOR LIABILITIES

At 31 December 2010, the company held a 50% share in a joint venture with J Mould Property Limited. The joint venture carries on the trade of commercial and residential property development

The company's investment in joint venture is made up as follows

	2010	2009
	£	£
Share of net liabilities b/f	(28,379)	-
Share of deficit	-	(75,840)
Capital introduced	158,406	47,461
Reallocated to Fixed asset investment additions	(130,027)	-
	<u>-</u>	<u>-</u>
Share of net liabilities c/f	-	(28,379)
	<u>-</u>	<u>(28,379)</u>

The company's share of the results are as follows

	2010	2009
	£	£
Trading profit	11,559	-
Rent receivable	1,548	-
Interest receivable	-	70
Overheads	(2,378)	(2,336)
Finance costs	(16,522)	(73,574)
	<u>(5,793)</u>	<u>(75,840)</u>

DARCLIFFE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2010

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal value	31.12.10	31 12 09
Number:	Class		£	£
25,000	Ordinary A	£1	25,000	25,000
25,000	Ordinary B	£1	25,000	25,000
			<u>50,000</u>	<u>50,000</u>

13. RESERVES

	Profit and loss account £
At 1 January 2010	(347,418)
Profit for the year	<u>219,764</u>
At 31 December 2010	<u>(127,654)</u>

14. ULTIMATE PARENT COMPANY

Parent Company

The immediate parent company is Denton and Gibson Limited, a company incorporated in England and Wales

Ultimate Parent Company

The ultimate parent company is Country Estates Holdings plc, a company incorporated in the UK

15. RELATED PARTY DISCLOSURES

Denton & Gibson Limited

Guarantees have been provided by Denton & Gibson Limited, a group company, to the aggregate value of £507,750. These guarantees are in respect of bank loans to facilitate a joint venture for the purchase and development of the land and properties known as Little Orchard and Reids Cottage.

16. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

17. ULTIMATE CONTROLLING PARTY

The company is controlled by the directors by virtue of their shareholding in the ultimate parent company Country Estates Holdings Plc.

DARCLIFFE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.10	31 12 09
	£	£
Profit for the financial year	219,764	134,396
Net addition to shareholders' funds	219,764	134,396
Opening shareholders' funds	(297,418)	(431,814)
Closing shareholders' funds	(77,654)	(297,418)

19. GOING CONCERN

The Balance Sheet shows a deficiency in shareholders funds as at 31 December 2010. The company is dependent on the support of its parent company and creditors who have confirmed that they will not seek repayment of the loans due to them for at least the next 12 months. It is on this basis that the directors consider it appropriate to prepare the accounts on a going concern basis.

DARCLIFFE HOMES LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	31.12.10		31 12 09
	£	£	£
Income		-	-
Cost of sales			
Purchases of land	734,471		-
Build costs	71,484		-
Professional costs	10,718		-
Light and heat	185		-
	<u>816,858</u>		-
Closing stock	(734,471)		-
Closing work in progress	(78,241)		-
		<u>4,146</u>	-
GROSS LOSS		(4,146)	-
Other income			
Rents received	300		-
Group loan write off	-		210,239
Shareholder loan write off	221,632		-
Deposit account interest	181		-
		<u>222,113</u>	<u>210,239</u>
		217,967	210,239
Expenditure			
Insurance	540		-
Sundry expenses	544		-
Auditors' remuneration	4,814		-
		<u>5,898</u>	-
		212,069	210,239
Finance costs			
Bank charges		<u>149</u>	<u>3</u>
		211,920	210,236
Joint venture activity			
Share of joint venture loss		<u>5,793</u>	<u>75,840</u>
NET PROFIT		<u>206,127</u>	<u>134,396</u>

This page does not form part of the statutory financial statements