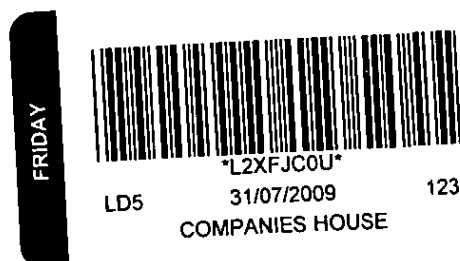




# Financial Statements Nicholas King Special Projects Limited

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**For the Year Ended 31 December 2008**



**Company No. 01629783**

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

### Principal activities and business review

The principal activity of the company during the year under review was property development and housebuilding. It is not intended to alter this activity in the foreseeable future.

### Results and dividends

The profit for the year after taxation amounted to £2,215,000 (2007: £7,000). The directors have not recommended a dividend.

### Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the company with particular reference to price, credit, liquidity and cashflow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

### Directors

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

N G King  
N J P Bilsland  
K Speller  
S Jacquest  
P J Lobatto  
D J Potter

### 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 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 that 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

A large, stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

N G KING  
Chairman

31 JUL 2009



## Report of the independent auditor to the member of Nicholas King Special Projects Limited

We have audited the financial statements of Nicholas King Special Projects Limited for the year ended 31 December 2008 which comprise the profit and loss account, balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and 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 Report of the directors 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 Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of 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.

## Report of the independent auditor to the member of Nicholas King Special Projects Limited (continued)

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.

### Opinion

#### In our opinion:

- 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 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the directors is consistent with the financial statements.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LONDON THAMES VALLEY OFFICE  
SLOUGH

31st July 2009  
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## Profit and loss account

	Note	2008 £000	2007 £000
Turnover	2	8,668	—
Cost of sales		(6,173)	9
Gross profit		<u>2,495</u>	<u>9</u>
<b>Profit on ordinary activities before taxation</b>		<u>2,495</u>	<u>9</u>
Tax on profit on ordinary activities	6	(280)	(2)
<b>Profit for the financial year</b>	12	<u><u>2,215</u></u>	<u><u>7</u></u>

All of the activities of the company are classed as continuing.

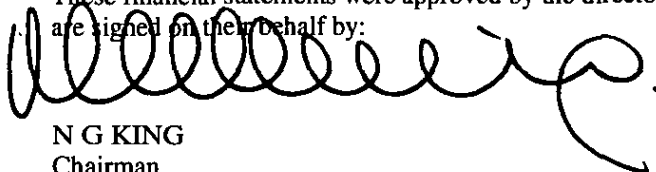
The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

	Note	2008 £000	2007 £000
<b>Current assets</b>			
Stocks	7	250	174
Debtors	8	8,661	13
		<u>8,911</u>	<u>187</u>
<b>Creditors: amounts falling due within one year</b>	9	(6,684)	(175)
<b>Net current assets</b>		<u>2,227</u>	<u>12</u>
<b>Total assets less current liabilities</b>		<u>2,227</u>	<u>12</u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	1	1
Profit and loss account	12	2,226	11
<b>Shareholder's funds</b>	13	<u>2,227</u>	<u>12</u>

These financial statements were approved by the directors and authorised for issue on 31 July 2009, and are signed on their behalf by:



N G KING  
Chairman



## Notes to the financial statements

### 1 Principal accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and with applicable United Kingdom Accounting Standards and on the historical cost and going concern basis.

The directors have reviewed the principal accounting policies below and consider them to remain appropriate.

#### Cash flow statement

The company has utilised the exemption provided by the FRS 1 'Cashflow statements' to omit a cashflow statement from the accounts. The company's cashflows are included within the consolidated cashflow statement provided in the accounts of Nicholas King Homes Holdings Plc, copies of which are available from 1 Regius Court, Church Road, Penn, Bucks, HP10 8RL.

#### Related parties transactions

The company has adopted the provision of FRS 8 'Related Party Disclosures'. The company has utilised the exemption available under FRS 8 allowing non-disclosure of transactions within group companies eliminated upon consolidation where the subsidiaries are over 90% owned.

#### Turnover

Turnover consists of property sales, net of discounts, excluding value added tax and sale of freehold and leasehold assets. Properties are treated as sales and included in turnover only when legal completion takes place within the financial year.

#### Interest payable

Interest payable on bank and other borrowings is written off to the profit and loss account as incurred.

#### Work in progress

Work in progress is valued at direct cost less foreseeable losses and payments received on account.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences where the transactions or events that give group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### 2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008 £000	2007 £000
United Kingdom	<u>8,668</u>	<u>-</u>

### 3 Other operating charges

	2008 £000	2007 £000
Administrative expenses	<u>-</u>	<u>-</u>

### 4 Operating profit

Operating profit is stated after crediting:

	2008 £000	2007 £000
Auditor's remuneration:		
Audit fees	<u>-</u>	<u>-</u>

The audit fee expense is borne by the parent company.

## Notes to the financial statements

### 5 Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year.

### 6 Taxation on profit on ordinary activities

#### (a) Analysis of charge in the year

	2008 £000	2007 £000
Current tax:		
UK Corporation tax based on the results for the year at 28.5% (2007 - 30%)	280	2
Total current tax	<u>280</u>	<u>2</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28.5% (2007 - 30%).

	2008 £000	2007 £000
Profit on ordinary activities before taxation	2,495	9
Profit on ordinary activities by rate of tax	711	2
Group relief received	(431)	-
Total current tax (note 6(a))	<u>280</u>	<u>2</u>

### 7 Stocks

	2008 £000	2007 £000
Work in progress	<u>250</u>	<u>174</u>

### 8 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	<u>8,661</u>	<u>13</u>

## Notes to the financial statements

### 9 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	5,620	162
Corporation tax	282	2
Accruals and deferred income	782	11
	<u>6,684</u>	<u>175</u>

### 10 Contingencies

There is a bank composite accounting arrangement in favour of Barclays Bank Plc between Nicholas King Homes Holdings Plc, Nicholas King Special Projects Limited and Nicholas King Homes Plc. At 31 December 2008, the potential liability on this guarantee amounted to £Nil (2007: £Nil).

The company is also party to an unlimited cross guarantee in favour of Hertitable Bank Ltd in respect of the indebtedness of Nicholas King Homes Holdings Plc and Nicholas King Homes Plc. At 31 December 2008, the potential liability on this guarantee amounted to £Nil (2007: £Nil).

### 11 Share capital

Authorised share capital:

	2008 £000	2007 £000
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2008 No	£000	2007 No	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

### 12 Profit and loss account

	2008 £000	2007 £000
Balance brought forward	11	4
Profit for the financial year	2,215	7
Balance carried forward	<u>2,226</u>	<u>11</u>

## Notes to the financial statements

### 13 Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
Profit for the financial year	2,215	7
Opening shareholder's funds	12	5
Closing shareholder's funds	<u>2,227</u>	<u>12</u>

### 14 Ultimate parent company

The directors consider the ultimate parent company to be Nicholas King Holdings Plc which is incorporated in England and Wales. Nicholas King Holdings Plc is controlled by N G King and F A King. N G King is a director of Nicholas King Special Projects Limited.

The ultimate controlling related party of the company is Nicholas King Holdings Plc as a result of its relationship as parent company. The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Nicholas King Homes Holdings Plc, incorporated in England and Wales. Copies of the group accounts can be obtained at No.1 Regius Court, Church Road, Penn, Bucks, HP10 8RL.