

Elan Homes Residential Limited

Directors' report and financial statements

For the year ended 31 October 2010

Registered Number: 3017085

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Elan Homes Residential Limited
Registered Number 3017085
Directors' report and financial statements
For the year ended 31 October 2010

Contents	Pages
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report to the members of Elan Homes Residential Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 13

Directors' report

The directors present their report and the audited financial statements for the year ended 31 October 2010

Principal activities and business review

The principal activity during the year was that of house building

The company's loss for the year after taxation amounted to £604,000 (2009 profit of £287,000)

Enhanced Business Review

The company has met the requirements in the Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review. An enhanced business review for Elan Homes Limited, a Group within which the company is consolidated, can be found in that company's consolidated financial statements.

Directors

The directors who held office during the period were as follows

A Bravington
R Flood
J Kendrick
F P Reil

The directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

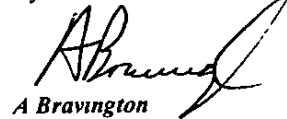
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and therefore KPMG LLP will remain in office.

By order of the board



A Bravington
Secretary
17 January 2011

Oak House
Lloyd Drive
Cheshire Oaks Business Park
Ellesmere Port
Cheshire
CH65 9HQ

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

*St James' Square
Manchester
M2 6DS
United Kingdom*

Independent auditors' report to the members of Elan Homes Residential Limited

We have audited the financial statements of Elan Homes Residential Limited for the year ended 31 October 2010 set out on pages 6 to 13. 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 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 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 directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view. Our responsibility is to audit 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 October 2010 and of its loss 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 requirement of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Elan Homes Residential Limited
(continued)

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

M Newsholme

M Newsholme (Senior Statutory Auditor)
for and on behalf of
KPMG LLP
Statutory Auditors, Manchester, UK

19 January 2011

Profit and loss account
for the year ended 31 October 2010

	Note	2010 £000	2009 £000
Turnover	2	2,272	12,363
Cost of sales (see exceptional items in note 3)	3	(2,476)	(9,372)
Gross (loss) / profit		(204)	2,991
Sales overheads		(77)	(337)
Administration expenses		(281)	(2,055)
Operating (loss) / profit		(562)	599
Interest payable and similar charges	6	(42)	(312)
(Loss) / profit on ordinary activities before taxation	2-6	(604)	287
Tax on (loss) / profit on ordinary activities	7	-	-
Retained (loss) / profit for the financial year	12	(604)	287

There are no other recognised gains or losses other than those reported above and therefore no statement of total recognised gains and losses has been presented

All activities in the current year and preceding year are classified as continuing

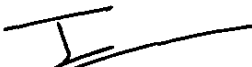
The notes on pages 8 to 13 form part of these financial statements


Elan Homes Residential Limited
Registered Number 3017085
Directors' report and financial statements
For the year ended 31 October 2010

Balance sheet
at 31 October 2010

	Note	2010 £000	2009 £000
Current assets			
Stocks	8	5,565	6,173
Debtors amounts falling due within one year	9	-	20
Debtors amounts falling due after one year	9	143	124
Cash		3	1
		<u>5,711</u>	<u>6,318</u>
Creditors' amounts falling due within one year	10	(6,032)	(6,035)
		<u>(321)</u>	<u>283</u>
Net liabilities			
		<u>(321)</u>	<u>283</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(321)	283
		<u>(321)</u>	<u>283</u>
Shareholder's funds	13	(321)	283
		<u>(321)</u>	<u>283</u>

These financial statements were approved by the board of directors on 17 January 2011 and were signed on its behalf by


J. Kendrick
Director


A Bravington
Director

The notes on pages 8 to 13 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention and on a going concern basis

The directors have prepared the financial statements on a going concern basis notwithstanding the net liabilities of £321,000, on the basis that the parent company, Elan Homes Limited, has agreed that it will not call upon amounts owing to it if it prevents the company from meeting its obligations as they fall due

Under FRS 1 (revised), no cashflow statement is required as the company is a wholly owned subsidiary of a parent undertaking which is established under the law of a member State of the European Community whose consolidated financial statements include a consolidated cashflow statement dealing with the cash flows of the Group

The company is exempt under FRS8 from the requirement to disclose related party transactions with other group companies on the grounds that over 90% over the voting rights are controlled within the group headed by Elan Homes Limited

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value

For development work in progress, cost is taken as direct cost plus an appropriate proportion of production and other site overheads. Cost excludes interest payable, which is charged to the profit and loss account when incurred

The cost of options are be written off as and when incurred

Pension costs

The company is a member of a Group which operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date

Notes (continued)

1 Accounting policies (continued)

Turnover

House building turnover represents amounts (excluding value added tax) derived from the sale of houses, recognised on legal completion of the sale. Profit is recognised on legal completion while losses are provided for as they are identified.

Turnover excludes amounts derived from the sale of part exchange properties and part exchange profits and losses are included within cost of sales.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Segmental analysis

The company operates in one business segment (housebuilding) and one geographical segment (the UK).

3 (Loss) / profit on ordinary activities before taxation

	2010 £000	2009 £000
<i>(Loss) / profit on ordinary activities before taxation is stated after charging:</i>		
<i>Auditors' remuneration</i>		
Audit of these financial statements	2	11
Tax advisory and compliance	2	4
	<hr/>	<hr/>
<i>Exceptional items within cost of sales</i>		
Land provisions	985	-
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

No directors receive any remuneration for services to this company (2009 £nil)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Administration	4	4
Sales	2	8
Construction	2	8
	<u>8</u>	<u>20</u>

The aggregate payroll costs of these persons were as follows

	2010	2009
	£000	£000
Wages and salaries	120	340
Social security costs	15	44
	<u>135</u>	<u>384</u>

6 Interest payable and similar charges

	2010	2009
	£000	£000
On bank loans, overdrafts and other loans	42	312

Notes (continued)

7 Taxation

	2010	2009
	£000	£000
Analysis of (charge) / credit in the year		
<i>Current tax</i>		
UK Corporation tax at 28 % (2009 28%) on (loss) / profit in the year	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>
Factors affecting the tax (charge) / credit for the year		
The current tax charge for the year is higher than (2009 lower than) the standard rate of corporation tax in the UK of (2009 28%) The differences are explained below		
(Loss) / profit on ordinary activities before tax	(604)	287
(Loss) / profit on ordinary activities, tax charged at 28% (2009 28%)	<u>169</u>	<u>(80)</u>
<i>Effects of</i>		
Group relief (surrendered) / received	(169)	80
Current tax (charge) / credit for the year	<u>-</u>	<u>-</u>

8 Stocks

	2010	2009
	£000	£000
Work in progress	5,565	5,983
Part exchange properties	-	190
	<u>5,565</u>	<u>6,173</u>

9 Debtors

	2010	2009
	£000	£000
Amounts falling due within one year		
Other debtors	-	20
Amounts falling due after one year		
Other debtors	<u>143</u>	<u>124</u>

Notes (continued)

10 Creditors amounts falling due within one year

	2010 £000	2009 £000
Payments on account	136	5
Trade Creditors	313	45
Amounts owed to group undertakings	5,275	5,902
Accruals and deferred income	308	83
	<u>6,032</u>	<u>6,035</u>

11 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
4,500 A Ordinary shares of 1p each	45	45
4,500 B Ordinary shares of 1p each	45	45
10 Preference shares of £1 each	10	10
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
10 A Ordinary shares of 1p each	-	-
90 B Ordinary shares of 1p each	1	1
10 Preference shares of £1 each	10	10
	<u>11</u>	<u>11</u>

12 Profit and loss account reserve

	£000
At beginning of year	283
Retained loss for the year	(604)
At end of year	<u>(321)</u>

13 Reconciliation of movements in shareholder's funds

	2010 £000	2009 £000
(Loss) / profit for the financial year	(604)	287
Net (reduction in) / addition to shareholder's funds	<u>(604)</u>	<u>287</u>
Opening shareholder's funds	283	(4)
Closing shareholder's funds	<u>(321)</u>	<u>283</u>

Notes *(continued)*

14 Guarantees in favour of group undertakings

The company has entered into a cross guarantee and debenture covering the bank borrowings of other companies in the Elan Homes Limited group. Bank borrowings in respect of these companies at 31 October 2010 amounted to £27.1m (2009: £34.6m).

15 Ultimate parent company

The ultimate parent undertaking is Elan Homes Limited, a company incorporated in Great Britain, and registered in England and Wales. A copy of the consolidated financial statements of Elan Homes Limited can be obtained from Oak House, Lloyd Drive, Cheshire Oaks Business Park, Ellesmere Port, Cheshire, CH65 9HQ.