

**AVISCO PROPERTIES PLC**  
**FINANCIAL STATEMENTS**  
**FOR**  
**30 SEPTEMBER 2011**



**EDWARDS VEEDER (OLDHAM) LLP**  
Chartered Accountants & Statutory Auditor  
Brunswick Square  
Union Street  
Oldham  
OL1 1DE

**AVISCO PROPERTIES PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

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**AVISCO PROPERTIES PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Mr P T Knill  
Mr P R Kendrick  
Mr R L Dobbs

**Company secretary**

Mr R O Knill

**Registered office**

Brunswick Square  
Union Street  
Oldham  
OL1 1DE

**Auditor**

Edwards Veeder (Oldham) LLP  
Chartered Accountants  
& Statutory Auditor  
Brunswick Square  
Union Street  
Oldham  
OL1 1DE

**Bankers**

National Westminster Bank PLC  
West End  
Builth Wells  
Powys  
LD2 3AH

**AVISCO PROPERTIES PLC**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 30 SEPTEMBER 2011**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2011

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is the development of real estate

The turnover for the year has decreased by 75.95% to £328,583 from the previous year. The gross profit percentage has increased from 24.3% to 37.6%. The net profit before taxation has decreased from a profit of £140,863 to a loss of £29,042.

Due to the present financial climate and the associated stagnant housing market, the directors are of the opinion that the company's results for the year ended 30th September 2012 will result in a break even position.

**RESULTS AND DIVIDENDS**

The loss for the year amounted to £26,070. The directors have not recommended a dividend.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

a) Profitability: To ensure profit margins are maintained or improved and any underperforming enterprises are identified promptly.

b) Liquidity and cash flow risk: The objective of the company is to maintain a positive cash flow to enable the company to take advantage of any commercial opportunities.

**DIRECTORS**

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

Mr P T Knill  
Mr P R Kendrick  
Mr R L Dobbs

**POLICY ON THE PAYMENT OF CREDITORS**

It is the policy of the company to pay creditors in accordance with their agreed terms of trade.

This policy has resulted in the company achieving a credit days ratio of 30 Days (2010: 33 days).

**AVISCO PROPERTIES PLC**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2011**

**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 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 those 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

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.

**AVISCO PROPERTIES PLC**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2011**

**AUDITOR**

Edwards Veeder (Oldham) LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office  
Brunswick Square  
Union Street  
Oldham  
OL1 1DE

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'R O Knill', written over a horizontal line.

MR R O KNILL  
Company Secretary

Approved by the directors on 27 January 2012

**AVISCO PROPERTIES PLC**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**AVISCO PROPERTIES PLC**  
**YEAR ENDED 30 SEPTEMBER 2011**

We have audited the financial statements of Avisco Properties PLC for the year ended 30 September 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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 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.

**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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 30 September 2011 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 requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS 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.

## AVISCO PROPERTIES PLC

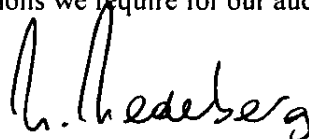
### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AVISCO PROPERTIES PLC *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

#### 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



MR LEE LEDERBERG (Senior  
Statutory Auditor)  
For and on behalf of  
EDWARDS VEEDER (OLDHAM) LLP  
Chartered Accountants  
& Statutory Auditor

Brunswick Square  
Union Street  
Oldham  
OL1 1DE

27 January 2012



**AVISCO PROPERTIES PLC**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	<b>2</b>	<b>328,583</b>	<b>1,366,174</b>
Cost of sales		<u>204,881</u>	<u>1,034,102</u>
<b>GROSS PROFIT</b>		<b>123,702</b>	<b>332,072</b>
Distribution costs		—	3,931
Administrative expenses		<u>152,744</u>	<u>187,278</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(29,042)</b>	<b>140,863</b>
Tax on (loss)/profit on ordinary activities	<b>6</b>	<u>(2,972)</u>	<u>27,965</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(26,070)</b>	<b>112,898</b>
Balance brought forward		<u>1,785,821</u>	<u>1,672,923</u>
Balance carried forward		<u><u>1,759,751</u></u>	<u><u>1,785,821</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

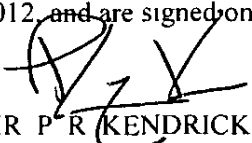
# AVISCO PROPERTIES PLC

## BALANCE SHEET

30 SEPTEMBER 2011

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	7	3,118	4,048
<b>CURRENT ASSETS</b>			
Stocks	8	1,717,825	1,734,519
Debtors	9	11,734	10,099
Cash at bank		279,072	339,012
		<u>2,008,631</u>	<u>2,083,630</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>201,841</u>	<u>251,630</u>
<b>NET CURRENT ASSETS</b>		<u>1,806,790</u>	<u>1,832,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,809,908</u>	<u>1,836,048</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	11	157	227
		<u>1,809,751</u>	<u>1,835,821</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	50,000	50,000
Profit and loss account		1,759,751	1,785,821
<b>SHAREHOLDERS' FUNDS</b>	15	<u>1,809,751</u>	<u>1,835,821</u>

These financial statements were approved by the directors and authorised for issue on 27 January 2012, and are signed on their behalf by

  
MR P R KENDRICK

Company Registration Number 03222421

**AVISCO PROPERTIES PLC**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 30 SEPTEMBER 2011**

	Note	2011 £	£	2010 £	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	16		(29,467)		527,203
TAXATION	16		(28,067)		(114)
			<hr/>		<hr/>
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(57,534)		527,089
FINANCING	16		(2,406)		(5,500)
			<hr/>		<hr/>
(DECREASE)/INCREASE IN CASH	16		<u>(59,940)</u>		<u>521,589</u>

The notes on pages 10 to 17 form part of these financial statements

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery	20% Reducing balance
Office Equipment	33% Reducing balance
Motor Vehicles	25% Reducing Balance

**Stocks**

Land and houses held for development has been valued at the lower of cost or net realisable value

**Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**1. ACCOUNTING POLICIES** *(continued)*

**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,
- 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

**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.

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**2. TURNOVER**

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

	2011 £	2010 £
United Kingdom	<u>328,583</u>	<u>1,366,174</u>

**3. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	930	1,224
Auditor's remuneration	<u>5,100</u>	<u>5,075</u>

	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	<u>5,100</u>	<u>5,075</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of administrative staff	3	3
Number of directors	<u>3</u>	<u>3</u>
	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	118,200	147,750
Social security costs	<u>8,311</u>	<u>11,477</u>
	<u>126,511</u>	<u>159,227</u>

**5. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	<u>69,996</u>	<u>87,495</u>

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**6. TAXATION ON ORDINARY ACTIVITIES**

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

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 27% (2010 - 28%)	(2,902)	28,067
Total current tax	(2,902)	28,067
Deferred tax		
Origination and reversal of timing differences	(70)	(102)
Tax on (loss)/profit on ordinary activities	(2,972)	27,965

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

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 27% (2010 - 28%)

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(29,042)	140,863
(Loss)/profit on ordinary activities by rate of tax	(7,841)	39,442
Deductible expenses	4,018	(2,154)
Marginal relief	1,012	(9,357)
Depreciation in excess of capital allowances	(91)	136
Total current tax (note 6(a))	(2,902)	28,067

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**7. TANGIBLE FIXED ASSETS**

	Plant & Machinery £	Office Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 October 2010 and 30 September 2011	<u>14,352</u>	<u>9,556</u>	<u>5,000</u>	<u>28,908</u>
<b>DEPRECIATION</b>				
At 1 October 2010	11,959	9,088	3,813	24,860
Charge for the year	<u>478</u>	<u>155</u>	<u>297</u>	<u>930</u>
At 30 September 2011	<u>12,437</u>	<u>9,243</u>	<u>4,110</u>	<u>25,790</u>
<b>NET BOOK VALUE</b>				
At 30 September 2011	<u>1,915</u>	<u>313</u>	<u>890</u>	<u>3,118</u>
At 30 September 2010	<u>2,393</u>	<u>468</u>	<u>1,187</u>	<u>4,048</u>

**8. STOCKS**

	2011 £	2010 £
Stock of land	1,354,888	616,191
Work in progress	<u>362,937</u>	<u>1,118,328</u>
	<u>1,717,825</u>	<u>1,734,519</u>

**9. DEBTORS**

	2011 £	2010 £
Trade debtors	5,550	7,079
Corporation tax repayable	2,902	—
Other debtors	<u>3,282</u>	<u>3,020</u>
	<u>11,734</u>	<u>10,099</u>



**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**10. CREDITORS: Amounts falling due within one year**

	2011		2010
	£	£	£
Trade creditors	58,669		102,076
Other creditors including taxation and social security			
Other creditors	2,289		3,382
Corporation tax	—		28,067
PAYE and social security	<u>2,248</u>		<u>7,198</u>
	2,248		35,265
Accruals and deferred income	138,635		110,907
	<u>201,841</u>		<u>251,630</u>

**11. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	2011
	£
Provision brought forward	227
Profit and loss account movement arising during the year	<u>(70)</u>
Provision carried forward	<u>157</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	157	227
	<u>157</u>	<u>227</u>

**12. CONTINGENCIES**

At the year end the company had made guarantees to local authorities totalling £42,588 (2010 £217,942)

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**13. RELATED PARTY TRANSACTIONS**

The company was under the joint control of the directors and Mr R O Knill. They each own 25% of the company's share capital. The company paid £6,000 in respect of management fees (2010 £7,500) to Llink Group Limited, a company in which Mr P T Knill is materially interested as a director and shareholder and Mr R O Knill is materially interested as a shareholder.

At the balance sheet date £2,289 (2010 £3,382) was owed to Llink Group Limited. This balance has been transferred from the purchase ledger and was paid in full in October 2011.

At the balance sheet date £2,406 (2010 £Nil) was owed by Llink Group Limited Small Self Administered Pension Scheme. Mr P T Knill is materially interested in the scheme as a trustee and beneficiary.

**14. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2011		2010	
	No	£	No	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011	2010
	£	£
(Loss)/Profit for the financial year	(26,070)	112,898
Opening shareholders' funds	<u>1,835,821</u>	<u>1,722,923</u>
Closing shareholders' funds	<u>1,809,751</u>	<u>1,835,821</u>

**16. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH  
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2011	2010
	£	£
Operating (loss)/profit	(29,042)	140,863
Depreciation	930	1,224
Decrease in stocks	16,694	376,656
Decrease/(increase) in debtors	3,673	(3,625)
(Decrease)/increase in creditors	<u>(21,722)</u>	<u>12,085</u>
Net cash (outflow)/inflow from operating activities	<u>(29,467)</u>	<u>527,203</u>

**AVISCO PROPERTIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2011**

**16. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**TAXATION**

	2011 £	2010 £
Taxation	<u>(28,067)</u>	<u>(114)</u>

**FINANCING**

	2011 £	2010 £
Net outflow from other short-term creditors	–	(5,500)
Net outflow from other long-term creditors	<u>(2,406)</u>	<u>–</u>
Net cash outflow from financing	<u>(2,406)</u>	<u>(5,500)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2011 £	2010 £
(Decrease)/increase in cash in the period	(59,940)	521,589
Net outflow from other short-term creditors	–	5,500
Net cash outflow from other long-term creditors	<u>2,406</u>	<u>–</u>
	<u>(57,534)</u>	527,089
Change in net funds	<u>(57,534)</u>	527,089
Net funds at 1 October 2010	339,012	(188,077)
Net funds at 30 September 2011	<u>281,478</u>	<u>339,012</u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Oct 2010 £	Cash flows £	At 30 Sep 2011 £
Net cash			
Cash in hand and at bank	339,012	(59,940)	279,072
Debt			
Debt due after 1 year	–	2,406	2,406
Net funds	<u>339,012</u>	<u>(57,534)</u>	<u>281,478</u>