

AVISCO PROPERTIES PLC
FINANCIAL STATEMENTS
FOR
30 SEPTEMBER 2013



EDWARDS VEEDER (UK) LIMITED
Chartered Accountants & Statutory Auditor
Brunswick Square
Union Street
Oldham
OL1 1DE

AVISCO PROPERTIES PLC
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the shareholders	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10
The following pages do not form part of the financial statements	
Detailed profit and loss account	19
Notes to the detailed profit and loss account	20

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 (UK) Limited
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
DIRECTORS' REPORT
YEAR ENDED 30 SEPTEMBER 2013

The directors present their report and the financial statements of the company for the year ended 30 September 2013

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 10.2% to £566,510 from the previous year. The gross profit percentage has increased from 23.7% to 28.4%. The net profit before taxation has changed from a loss of £450 to a profit of £11,850.

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 2014 will result in a break even position.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,731. 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 51 Days (2012: 35 days).

AVISCO PROPERTIES PLC

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2013

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 year.

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,
- 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.

AUDITOR

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

Each of the persons who is a director at the date of approval of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AVISCO PROPERTIES PLC
DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 SEPTEMBER 2013

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 15 March 2014

AVISCO PROPERTIES PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AVISCO PROPERTIES PLC
YEAR ENDED 30 SEPTEMBER 2013

We have audited the financial statements of Avisco Properties PLC for the year ended 30 September 2013 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 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 the 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 2013 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 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 2013

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 (UK) LIMITED
Chartered Accountants
& Statutory Auditor

Brunswick Square
Union Street
Oldham
OL1 1DE

15 March 2014

AVISCO PROPERTIES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 £	2012 £
TURNOVER	2	566,510	631,022
Cost of sales		<u>405,871</u>	<u>481,349</u>
GROSS PROFIT		160,639	149,673
Distribution costs		158	378
Administrative expenses		<u>148,651</u>	<u>149,745</u>
OPERATING PROFIT/(LOSS)	3	11,830	(450)
Interest receivable		20	—
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		11,850	(450)
Tax on profit/(loss) on ordinary activities	6	3,119	662
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		8,731	(1,112)
Balance brought forward		<u>1,758,639</u>	<u>1,759,751</u>
Balance carried forward		<u>1,767,370</u>	<u>1,758,639</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 notes on pages 10 to 17 form part of these financial statements

AVISCO PROPERTIES PLC

BALANCE SHEET

30 SEPTEMBER 2013

	Note	2013 £	£	2012 £	£
FIXED ASSETS					
Tangible assets	7		4,736		2,409
CURRENT ASSETS					
Stocks	8	1,481,828		1,577,079	
Debtors	9	171,030		17,472	
Cash at bank		310,584		432,494	
		<u>1,963,442</u>		<u>2,027,045</u>	
CREDITORS: Amounts falling due within one year	10	<u>150,175</u>		<u>220,718</u>	
NET CURRENT ASSETS			<u>1,813,267</u>		<u>1,806,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,818,003</u>		<u>1,808,736</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	11		633		97
			<u>1,817,370</u>		<u>1,808,639</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		50,000		50,000
Profit and loss account			<u>1,767,370</u>		<u>1,758,639</u>
SHAREHOLDERS' FUNDS	15		<u>1,817,370</u>		<u>1,808,639</u>

These accounts were approved by the shareholders and authorised for issue on 15 March 2014, and are signed on their behalf by

MR P T KNILL



Company Registration Number 03222421

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

AVISCO PROPERTIES PLC
CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2013

	Note	2013	2012
		£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	16	(119,616)	151,017
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	20	—
TAXATION	16	2,181	(1)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16	(4,495)	—
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(121,910)	151,016
FINANCING	16	—	2,406
(DECREASE)/INCREASE IN CASH	16	<u>(121,910)</u>	<u>153,422</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 2013

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 houses sold 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 have 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.

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.

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

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.

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.

	2013 £	2012 £
United Kingdom	<u>566,510</u>	<u>631,022</u>

3. OPERATING PROFIT/(LOSS)

Operating profit/ (loss) is stated after charging

	2013 £	2012 £
Depreciation of owned fixed assets	1,501	709
Loss on disposal of fixed assets	667	—
Auditor's remuneration	<u>5,500</u>	<u>5,400</u>
	2013 £	2012 £
Auditor's remuneration - audit of the financial statements	<u>5,500</u>	<u>5,400</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

4. PARTICULARS OF EMPLOYEES

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

	2013	2012
	No	No
Number of administrative staff	3	3
Number of directors	3	3
	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were

	2013	2012
	£	£
Wages and salaries	73,205	73,197
Social security costs	4,097	4,176
	<u>77,302</u>	<u>77,373</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012
	£	£
Remuneration receivable	<u>34,998</u>	<u>34,998</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013	2012
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 23.50% (2012 - 25%)	2,583	714
Over provision in prior year	-	8
Total current tax	<u>2,583</u>	<u>722</u>
Deferred tax		
Origination and reversal of timing differences	536	(60)
Tax on profit/(loss) on ordinary activities	<u>3,119</u>	<u>662</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/ (loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2012 - 20%)

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	<u>11,850</u>	<u>(450)</u>
Profit/(loss) on ordinary activities by rate of tax	2,370	(90)
Deductible expenses	748	753
Loss on sale of fixed assets	133	-
Under provision re prior years	-	8
Depreciation in excess of capital allowances	<u>(668)</u>	<u>51</u>
Total current tax (note 6(a))	<u>2,583</u>	<u>722</u>

7. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Office Equipment £	Motor Vehicles £	Total £
COST				
At 1 October 2012	14,352	9,556	5,000	28,908
Additions	-	-	4,495	4,495
Disposals	-	-	(5,000)	(5,000)
At 30 September 2013	<u>14,352</u>	<u>9,556</u>	<u>4,495</u>	<u>28,403</u>
DEPRECIATION				
At 1 October 2012	12,820	9,346	4,333	26,499
Charge for the year	307	70	1,124	1,501
On disposals	-	-	(4,333)	(4,333)
At 30 September 2013	<u>13,127</u>	<u>9,416</u>	<u>1,124</u>	<u>23,667</u>
NET BOOK VALUE				
At 30 September 2013	<u>1,225</u>	<u>140</u>	<u>3,371</u>	<u>4,736</u>
At 30 September 2012	<u>1,532</u>	<u>210</u>	<u>667</u>	<u>2,409</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

8. STOCKS

	2013	2012
	£	£
Stock of land	605,325	920,302
Work in progress	876,503	656,777
	<u>1,481,828</u>	<u>1,577,079</u>

9. DEBTORS

	2013	2012
	£	£
Trade debtors	16,479	9,658
Corporation tax repayable	–	2,181
Other debtors	152,551	2,135
Prepayments and accrued income	2,000	3,498
	<u>171,030</u>	<u>17,472</u>

10. CREDITORS: Amounts falling due within one year

	2013		2012
	£	£	£
Llink Group Limited SSAS	9,625		–
Fordale Executive Pension Fund	9,625		–
Trade creditors	29,056		87,293
Other creditors including taxation and social security			
Corporation tax	2,583	–	
PAYE and social security	864	911	
Other creditors	<u>2,259</u>	<u>580</u>	
	5,706		1,491
Accruals and deferred income	96,163		131,934
	<u>150,175</u>		<u>220,718</u>

11. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2013
	£
Provision brought forward	97
Profit and loss account movement arising during the year	536
Provision carried forward	<u>633</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

11. DEFERRED TAXATION *(continued)*

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

	2013	2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	633	97
	<u>633</u>	<u>97</u>

12. CONTINGENCIES

At the year end the company had made guarantees to local authorities totalling £NIL (2012 £42,588)

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 (2012 £6,000) to Link 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.

The company paid £45,000 in respect of management fees (2012 £45,608) to Kendrick Enterprise UK Ltd (previously Kendrick Imports Limited) a company in which Mr P R Kendrick is materially interested as a director and shareholder.

At the balance sheet date £2,259 (2012 £580) was owed to Link Group Limited. This balance has been transferred from the purchase ledger and was paid in full in October 2013.

At the balance sheet date £9,625 (2012 £NIL) was owed to Link Group Limited Small Self Administered Pension Scheme. Mr P T Knill is materially interested in the scheme as a trustee and beneficiary.

At the balance sheet date £9,625 (2012 £NIL) was owed to Fordale Executive Pension Fund. Mr P R Kendrick & Mr R L Dodds are materially interested in the scheme as trustees and beneficiaries.

14. SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit/(Loss) for the financial year	8,731	(1,112)
Opening shareholders' funds	1,808,639	1,809,751
Closing shareholders' funds	<u>1,817,370</u>	<u>1,808,639</u>

16. NOTES TO THE CASH FLOW STATEMENT

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

	2013	2012
	£	£
Operating profit/(loss)	11,830	(450)
Depreciation	1,501	709
Loss on disposal of fixed assets	667	—
Decrease in stocks	95,251	140,746
Increase in debtors	(155,739)	(8,865)
(Decrease)/increase in creditors	(73,126)	18,877
Net cash (outflow)/inflow from operating activities	<u>(119,616)</u>	<u>151,017</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013	2012
	£	£
Interest received	20	—
Net cash inflow from returns on investments and servicing of finance	<u>20</u>	<u>—</u>

TAXATION

	2013	2012
	£	£
Taxation	<u>2,181</u>	<u>(1)</u>

CAPITAL EXPENDITURE

	2013	2012
	£	£
Payments to acquire tangible fixed assets	(4,495)	—
Net cash outflow from capital expenditure	<u>(4,495)</u>	<u>—</u>

AVISCO PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2013

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

FINANCING

	2013	2012
	£	£
Net inflow from other long-term creditors	—	2,406
Net cash inflow from financing	<u>—</u>	<u>2,406</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013	2012
	£	£
(Decrease)/increase in cash in the period	(121,910)	153,422
Net cash (inflow) from other long-term creditors	<u>—</u>	<u>(2,406)</u>
	(121,910)	151,016
Change in net funds	(121,910)	151,016
Net funds at 1 October 2012	432,494	281,478
Net funds at 30 September 2013	<u>310,584</u>	<u>432,494</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 2012	Cash flows	At 30 Sep 2013
	£	£	£
Net cash			
Cash in hand and at bank	432,494	(121,910)	310,584
Debt	<u>—</u>	<u>—</u>	<u>—</u>
Net funds	<u>432,494</u>	<u>(121,910)</u>	<u>310,584</u>