

Company Number: 3902049

# **REDHOUSE HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 MARCH 2007 TO 30 JUNE 2008**

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COMPANIES HOUSE

# Redhouse Holdings Limited

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Registered No: 3902049

## Company information

### Directors

R M Culliford  
S McBride  
D M Wells  
S F Martin  
M H Bales (Alternate)

### Secretary

Valad Secretarial Services Limited

### Auditors

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### Bankers

Bank of Scotland  
2nd Floor  
21-23 Hill Street  
Mayfair  
London  
W1J 5JW

### Registered Office

Europa House  
20 Esplanade  
Scarborough  
YO11 2AQ

# Redhouse Holdings Limited

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Registered No: 3902049

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## Directors' Report for the Period Ended 30 June 2008

The directors present their report and the audited financial statements for the period ended 30 June 2008.

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 and the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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.

### **Statement of disclosure of information to auditors**

In accordance with section 234 of the Companies Act, the directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

### **Principal activity and business review**

The principal activity of the group is the development of land and property.

Both the level of activity for the year and the financial position at the end of the year were as anticipated and the directors expect that the current level of activity will be sustained for the foreseeable future.

### **Post balance sheet events**

No events have occurred since the year end which require reporting or disclosing in the financial statements.

## Directors' Report for the Period Ended 30 June 2008

### Results and dividends

The results for the company are set out in the financial statements.

An interim ordinary dividend of £Nil was paid during the year (2007 – £6,000,000). The directors do not recommend the payment of a final dividend (2007 – £Nil).

### Principal risks and uncertainties

The principal risks and uncertainties mainly relate to volatility of interest rates and the state of the UK property market. These risks and uncertainties are managed by the joint venture partners and are discussed in more detail in the annual reports of each of the joint venture partners, Valad Development Group (UK) Limited and Clugston Estates Limited.

### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Directors

The directors who held office during the year and up to the date of this report were as follows:

- S McBride
- D M Wells (Resigned 19 March 2009)
- R M Culliford
- D M Tandy (Appointed 19 March 2009)
- R Butcher (Resigned 30 March 2007)
- S F Martin
- M H Bales (Alternate) (Appointed 15 June 2007)

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Approved by the Board and signed on its behalf by:

  
.....

Valad Secretarial Services Limited

10137

Secretary

Authorised signatory for Valad Secretarial Services Limited

Date 29 APRIL 2009 .....

## **Independent Auditors' Report to the Members of Redhouse Holdings Limited**

We have audited the Financial Statements of Redhouse Holdings Limited for the period ended 30 June 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose, or to any other person to whom this report is shown, or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the group 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 Directors' Report 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 Group's circumstances, consistently applied and adequately disclosed.

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.

## Independent Auditors' Report to the Members of Redhouse Holdings Limited

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### 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 affairs of the Company and the Group as at 30 June 2008, and of the Group's 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 Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

Date: 29 APRIL 2009

## Consolidated Profit and loss account

for the period ended 30 June 2008

	<i>Notes</i>	<i>Period Ended 30 June 2008 £</i>	<i>Year Ended 28 February 2007 £</i>
<b>TURNOVER</b>	1	18,386,141	47,661,448
Cost of Sales		(15,931,562)	(37,816,038)
<b>GROSS PROFIT/(LOSS)</b>		<b>2,454,579</b>	<b>9,845,410</b>
Administrative expenses		(37,833)	(535,859)
<b>OPERATING PROFIT/(LOSS)</b>	2	<b>2,416,746</b>	<b>9,309,551</b>
Interest receivable and similar income	4	17,211	59,603
Interest payable and similar charges	4	(11,253)	(51,357)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,422,704</b>	<b>9,317,797</b>
Taxation	5	(676,503)	(3,150,398)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	13	<b>1,746,201</b>	<b>6,167,399</b>

Other than the profit for the year, there have been no recognised gains or losses.

The above results derive from continuing operations throughout the year.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.



## Consolidated Balance Sheet

As at 30 June 2008

	Notes	30 June 2008 £	28 February 2007 £
<b>FIXED ASSETS</b>			
Intangible assets	7	204,340	204,340
		<u>204,340</u>	<u>204,340</u>
<b>CURRENT ASSETS</b>			
Stock and work in progress	9	3,058,842	1,443,385
Debtors	10	2,642,434	20,712,255
Cash at bank		42,196	425,409
		<u>5,743,472</u>	<u>22,581,049</u>
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(4,047,140)	(22,630,918)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,696,332</u>	<u>(49,869)</u>
<b>NET ASSETS</b>		<u><u>1,900,672</u></u>	<u><u>154,471</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	1,000	1,000
Profit and loss account	13	1,899,672	153,471
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u><u>1,900,672</u></u>	<u><u>154,471</u></u>

The Financial Statements on pages 7 to 17 were approved by the Board on and signed on its behalf by:

  
Valad Secretarial Services Limited  
Secretary

10133

  
R M Culliford  
Director

29 APRIL 2009

Authorised signatory for Valad Secretarial Services Limited

## Company Balance Sheet

As at 30 June 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	8	204,073	204,073
		<u>204,073</u>	<u>204,073</u>
<b>CURRENT ASSETS</b>			
Debtors	10	2,432,500	6,812,500
		<u>2,432,500</u>	<u>6,812,500</u>
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(2,587,543)	(6,967,543)
		<u>(155,043)</u>	<u>(155,403)</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>(155,043)</u>	<u>(155,403)</u>
<b>NET ASSETS</b>		<u><u>49,030</u></u>	<u><u>49,030</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	1,000	1,000
Profit and loss account	13	48,030	48,030
		<u>49,030</u>	<u>48,030</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u><u>49,030</u></u>	<u><u>49,030</u></u>

The Financial Statements on pages 7 to 17 were approved by the Board on and signed on its behalf by:

  
Valad Secretarial Services Limited  
Secretary

  
R M Culliford  
Director

29 APRIL 2009

10133

Authorised signatory for Valad Secretarial Services Limited

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 1. ACCOUNTING POLICIES

(a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

(b) **Going concern**

The Financial Statements are prepared on a going concern basis.

(c) **Stock and work in progress**

Unless presold, development properties are held at the lower of cost, including finance costs and market value. Cost is based on the cost of the land and all other direct costs incurred to date, including demolition costs and interest paid in respect of borrowings to finance the relevant development. Presold development properties are stated at cost plus attributable profits less losses, where the outcome can be assessed with reasonable certainty, less progress payments receivable. Attributable profit consists of the relevant proportion of the total estimated profit appropriate to the progress made in construction and letting. Losses are recognised as soon as they are foreseen. Net realisable value is based on estimated selling price after taking into account all further costs expected to be incurred on disposal.

(d) **Interest cost**

Interest which can fairly be attributed to properties held for, or in the course of, development is considered to be part of the cost. Interest is calculated by reference to specific borrowings where relevant and otherwise by reference to the average rate paid on funding the assets employed by the company. Interest is attributed to the development for the period until substantially all activities necessary to bring the development into use have been completed.

(e) **Turnover**

Turnover which arose wholly within the United Kingdom from the continuing principal activity represents amounts invoiced, net of value added tax, in respect of amounts receivable from sales of developed land and property during the period and rental income.

(f) **Revenue recognition**

Proceeds received on the sale of development projects are recognised on unconditional exchange of contract. Rental income accrues on a daily basis.

(g) **Basis of consolidation**

The Group accounts consolidate the financial statements of the Company and its subsidiary undertakings made up to 30 June 2008. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss is presented for Redhouse Holdings Limited as permitted by Section 230 of the Companies Act 1985.

(h) **Taxation**

Current tax only includes UK corporation tax and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(i) **Deferred taxation**

Deferred taxation is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 1. Accounting Policies (continued)

(j) **Cash flow statement**

The group qualifies as a small group under the terms of Section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirements to publish a cash flow statement.

(k) **Goodwill**

Goodwill arising on the acquisition of subsidiaries is capitalised on the balance sheet and amortised as parts of the relevant developments, to which it relates, within the subsidiary are sold. Goodwill is reviewed on an annual basis for changes in the circumstances relating to the particular acquisitions or underlying development.

(l) **Investments**

Investments are held at cost less provision for amounts that are not expected to be recoverable.

### 2. OPERATING PROFIT

	<i>Period Ended 30 June 2008</i>	<i>Year End 28 February 2007</i>
	£	£
Operating profit is stated after charging:-		
<b>Group</b>		
Auditors' remuneration – audit fees	15,990	7,375
Auditors' remuneration – taxation fees	6,550	5,050
Amortisation of goodwill	-	1,183,531
	<u>          </u>	<u>          </u>

The company's audit and taxation fees are £nil because they are borne by a subsidiary undertaking (2007: £Nil). The group had no employees during the year (2007: None). None of the directors received any remuneration in the year (2007: £Nil).

### 3. PROFIT AND LOSS ACCOUNT

Redhouse Holdings Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The attributable profit for the year dealt with in the accounts of the Company is £Nil (2007: £44,941).

### 4. INTEREST

	<i>Period Ended 30 June 2008</i>	<i>Year Ended 28 February 2007</i>
	£	£
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank Interest payable	-	37,937
Interest on joint venture partner loans	-	13,420
Other interest payable	17,211	-
	<u>          </u>	<u>          </u>
	17,211	51,357
	<u>          </u>	<u>          </u>

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### INTEREST (CONTINUED)

#### INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable	11,253	59,603
	<u>11,253</u>	<u>59,603</u>

### 5. TAXATION

	<i>Period Ended 30 June 2008 £</i>	<i>Year Ended 28 February 2007 £</i>
UK Corporation tax charge on loss	725,264	3,150,398
Adjustment in respect of previous year	(48,761)	-
	<u>676,503</u>	<u>3,150,398</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 29.625% (2007: 30%). The differences are explained below:

Profit on ordinary activities before taxation	2,422,704	9,317,797
Profit on ordinary activities multiplied by the rate of corporation tax in the UK at 29.625% (2007: 30%)	<u>717,726</u>	<u>2,795,339</u>
Effects of:		
Adjustments to tax in respect of previous years	(48,761)	-
Tax rate difference	7,538	-
Expenses not deductible for tax purposes	-	355,059
Current tax charge for the period	<u>676,503</u>	<u>3,150,398</u>

### 6. DIVIDENDS

	<i>Period Ended 30 June 2008 £</i>	<i>Year Ended 28 February 2007 £</i>
Interim Equity Dividend Paid	-	6,000,000

An interim dividend of £6,000,000 was paid during the year ended 28 February 2007 which amounted to £6,000 per share.

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 7. INTANGIBLE ASSETS

	£
<b>Group</b>	
<u>Cost</u>	
Balance at 1 March 2007 and 30 June 2008	2,679,617
<u>Amortisation</u>	
Balance at 1 March 2007	2,475,277
Amortised during the year	-
Balance at 30 June 2008	2,475,277
<u>Net Book Value</u>	
<b>At 28 February 2008</b>	<b>204,340</b>
At 28 February 2007	204,340

The asset represents goodwill arising on the acquisition of Redhouse Projects Limited.

### 8. INVESTMENTS

<b>Company</b>	<b>Subsidiary Undertaking</b>
	£
<u>Cost</u>	
Balance at 1 March 2007 and 30 June 2008	2,679,330
<u>Provision</u>	
Balance at 1 March 2007	2,475,257
Provided during the year	-
Balance at 30 June 2008	2,475,257
<u>Net book value</u>	
<b>At 30 June 2008</b>	<b>204,073</b>
At 28 February 2007	204,073

The investment represents the entire shareholding of Redhouse Projects Limited, a company registered in England and Wales, and whose principal activity is the development and refurbishment of commercial and industrial properties.

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 9. STOCK AND WORK IN PROGRESS

	<b>2008 Group £</b>	<b>2007 Group £</b>
Development work in progress	3,058,842	1,443,385

Development work in progress includes attributable interest of £Nil (2007: £Nil). The company has no development work in progress.

### 10. DEBTORS

	<b>2008 Group £</b>	<b>2007 Group £</b>
Trade debtors	206,866	4,825,950
Amounts due from joint venture partners	2,432,500	6,812,500
Other debtors	3,068	9,073,805
	<u>2,642,434</u>	<u>20,712,255</u>

	<b>2008 Company £</b>	<b>2007 Company £</b>
Amounts due from joint venture partners	2,432,500	6,812,500
	<u>2,432,500</u>	<u>6,812,500</u>

### 11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2008 Group £</b>	<b>2007 Group £</b>
Amounts owed to related parties (note 15)	-	200,774
Trade creditors	224,527	4,847,502
Corporation tax	706,923	3,149,990
Other taxation and social security	7,669	40,100
Accruals	3,108,021	14,392,552
	<u>4,047,140</u>	<u>22,630,918</u>

## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

	<i>2008</i> <i>Company</i> £	<i>2007</i> <i>Company</i> £
Bank overdraft	-	1,779,910
Amounts owed to subsidiary companies	2,587,543	4,712,999
Corporation tax	-	355,059
Other taxation and social security	-	119,575
	<u>2,587,543</u>	<u>6,967,543</u>

The joint venture partners have provided a guarantee on bank interest payments should the company fail to meet its obligations.

The amounts owed to joint venture partners and amounts owed to subsidiary companies are unsecured, repayable on demand and bear interest at 2% above UK base rate.

### 12. CALLED UP SHARE CAPITAL

	<i>2008</i> £	<i>2007</i> £
Authorised:		
500 'A' Ordinary Shares of £1 each	500	500
500 'B' Ordinary Shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and partially paid:		
500 'A' Ordinary Shares of £1 each	500	500
500 'B' Ordinary Shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The 'A' and 'B' Ordinary Shares rank pari passu in all respects.



## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 13. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>Share Capital £</i>	<i>Profit and Loss Account £</i>	<i>Total £</i>
<b>Group</b>			
Balance at 1 March 2006	1,000	(13,928)	(12,928)
Profit for the year	-	6,167,399	6,167,399
Dividends	-	(6,000,000)	(6,000,000)
Balance at 28 February 2008	1,000	153,471	154,471
Profit for the year	-	1,746,201	1,746,201
Balance at 30 June 2008	1,000	1,899,672	1,900,672

	<i>Share Capital £</i>	<i>Profit and Loss Account £</i>	<i>Total £</i>
<b>Company</b>			
Balance at 1 March 2006	1,000	3,089	4,089
Profit for the year	-	44,941	44,941
Balance at 28 February 2007	1,000	48,030	49,030
Profit for the year	-	-	-
Balance at 30 June 2008	1,000	48,030	49,030

### 14. CONTROLLING PARTIES

The share capital of Redhouse Holdings Limited is jointly owned by Valad Development Group (UK) Limited (50%) and Clugston Estates Limited (50%).

### 15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in FRS 8 and consequently has not disclosed details of transactions with companies within the Redhouse Holdings Limited Group.

During the year the Group purchased construction services from Clugston Limited, a member of the same group as Clugston Estates Limited, amounting to £2,577,677 (2007: £4,970,937) of which £Nil (2007: £200,774) is outstanding at the year end.



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## Notes to the Financial Statements (continued)

For the period ended 30 June 2008

### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year the Group purchased accounting services from Valad Management UK Limited, a subsidiary company of Valad Development Group (UK) Limited, amounting to £8,750 (2007: £7,000). At 30 June 2008 £Nil was outstanding (2007: £Nil).

The amounts owed by joint venture partners consists of a loan of £1,216,250 (2007: £3,406,250) to Valad Development Group (UK) Limited with accrued interest of £Nil (2007: £Nil) and a loan of £1,216,250 (2007: £3,406,250) to Clugston Estates Limited with accrued interest of £Nil (2007: £Nil).