Company Number 3902049

REDHOUSE HOLDINGS LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Registered Number 3902049

CONTENTS

Registered Number 3902049

Directors

R M Culliford	(resigned 31 January 2011)
AP Richardson	(appointed 20 July 2011)
RPG Howe	(appointed 20 July 2011)
S F Martin	
M H Bales	(appointed 31 January 2011)
F J Kennedy	(resigned 20 July 2011)
A Slipper	(resigned 20 July 2011)

Company Secretary

Valad Secretarial Services Limited

Independent Auditors

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

Bankers

Bank of Scotland
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Registered Office

Europa House
20 Esplanade
Scarborough
North Yorkshire
YO11 2AQ

Directors' Report for the Year Ended 30 June 2011

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 30 June 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Report of 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 group and parent company 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 group and the company and of the profit or loss of the group 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 accounting 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement as to disclosure of information to auditors

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors, PricewaterhouseCoopers LLP are unaware and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Principal activity and business review

The principal activity of the group is the development of land and property The principal activity of the company is that of a holding company

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

Directors' Report for the Year Ended 30 June 2011

continued

Results and dividends

The results for the group are set out in the financial statements

A dividend was paid during the year of £1,659,317 (2010 – £Nil) The directors do not recommend the payment of a final dividend (2010 - £Nil)

Principal risks and uncertainties

The principal risks and uncertainties mainly relate to the volatility of interest rates and the state of the UK property market These risks and uncertainties are managed by the joint venture partners

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

- R M Culliford (resigned 31 January 2011)
- S F Martin
- M H Bales (appointed 31 January 2011)
- F J Kennedy (resigned 20 July 2011)
- A Slipper (resigned 20 July 2011)
- A P Richardson (appointed 20 July 2011)
- R P G Howe (appointed 20 July 2011)

Approved by the Board and signed on its behalf by

Robert Howe

R P G Howe
Director

Company number 3902049

Date 28/03/12

Independent Auditors' Report to the Members of Redhouse Holdings Limited

We have audited the group and parent company financial statements of Redhouse Holdings Limited for the year ended 30 June 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet 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)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 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 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

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 group's and parent 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 financial statements 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 group and the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Redhouse Holdings Limited

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Ian Marsden

Ian Marsden (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

Date 28/03/12

Consolidated Profit and Loss account

for the year ended 30 June 2011

	Notes	*Year Ended 30 June 2011* £	*Year Ended 30 June 2010* £
TURNOVER	1	125,002	2
Cost of Sales		(162,160)	(10,006)
GROSS LOSS		**(37,158)**	**(10,004)**
Administrative expenses		(7,863)	(14,421)
OPERATING LOSS	2	**(45,021)**	**(24,425)**
Interest receivable and similar income	4	226	7,080
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(44,795)**	**(17,345)**
Tax on loss on ordinary activities	5	(98,862)	105,476
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	**(143,657)**	**88,131**

Other than the profit/(loss) for the financial 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 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 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	6	204,340	204,340
		204,340	204,340
CURRENT ASSETS			
Stocks	8	2,933,842	3,058,842
Debtors	9	46,838	1,837,986
Cash at bank and in hand		60,808	3,924
		3,041,488	4,900,752
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(3,090,053)	(3,146,343)
NET CURRENT (LIABILITIES)/ ASSETS		(48,565)	1,754,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**155,775**	**1,958,749**
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12	154,775	1,957,749
TOTAL SHAREHOLDERS' FUNDS	12	**155,775**	**1,958,749**

The Financial Statements on pages 6 to 15 were approved by the Board on 28/03/12 and signed on its behalf by

R P G Howe
Director

S F Martin
Director

Company Balance Sheet

As at 30 June 2011

	Notes	*2011* £	*2010* £
FIXED ASSETS			
Investments	7	204,073	204,073
		204,073	204,073
CURRENT ASSETS			
Debtors	9	-	1,781,004
		-	1,781,004
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(48,638)	(1,816,026)
NET CURRENT LIABILITIES		(48,638)	(35,022)
TOTAL ASSETS LESS CURRENT LIABILITIES		**155,435**	**169,051**
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12	154,435	168,051
TOTAL SHAREHOLDERS' FUNDS	12	**155,435**	**169,051**

The Financial Statements on pages 6 to 15 were approved by the Board on 28/03/12 and signed on its behalf by

Robert Howe

R P G Howe
Director

S F Martin
Director

Notes to the Financial Statements for the Year Ended 30 June 2011

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 2006 and applicable accounting standards in the United Kingdom These accounting policies have been applied consistently throughout the year

(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) **Income 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 all its subsidiary undertakings made up to 30 June 2011 Intra-group sales and profits are eliminated fully on consolidation No profit and loss is presented for Redhouse Holdings Limited as permitted by Section 408 of the Companies Act 2006

(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

Notes to the Financial Statements for the Year Ended 30 June 2011

1. Accounting Policies (continued)

(i) **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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

(j) **Cash flow statement**
The group qualifies as a small group under the terms of Section 382 of the Companies Act 2006 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 property development, to which it relates as and when those developments 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 Impairment reviews are performed by the directors when there has been an indication of potential impairment

2. Operating Loss

	Year Ended 30 June 2011	*Year Ended 30 June 2010*
	£	**£**
Operating loss is stated after charging -		
Group		
Auditors' remuneration – audit fees	-	7,000

The group had no employees during the year (2010 None) None of the directors received any remuneration in the year (2010 £Nil)

3. Profit and Loss Account

Redhouse Holdings Limited has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006 The attributable loss for the financial year dealt with in the financial statements of the Company is £13,616 (2010 Profit £120,021)

Notes to the Financial Statements for the Year Ended 30 June 2011

4. INTEREST

INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable	226	7,080
	226	7,080

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year Ended 30 June 2011 £	*Year Ended 30 June 2010* £
Adjustment in respect of previous year	98,862	(105,476)
	98,862	(105,476)

The tax assessed for the year is higher (2010 lower) than the standard rate of corporation tax in the UK The differences are explained below

Loss on ordinary activities before taxation	(44,795)	(17,345)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 27 5% (2010 28%)	(12,318)	(4,857)
Effects of		
Adjustments to tax in respect of previous years	98,862	(105,476)
Tax losses not recognised for deferred tax	12,318	4,857
Current tax charge /(credit)	98,862	(105,476)

Notes to the Financial Statements for the Year Ended 30 June 2011

6. INTANGIBLE ASSETS

Group

	GOODWILL £
Cost	
Balance at 1 July 2010 and 30 June 2011	2,679,617
Accumulated amortisation	
Balance at 1 July 2010	2,475,277
Amortised during the year	-
Balance at 30 June 2011	2,475,277
Net Book Value	
At 30 June 2011	**204,340**
At 30 June 2010	204,340

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

7. FIXED ASSET INVESTMENTS

Company

	Shares in group undertaking £
Cost	
Balance at 1 July 2010 and 30 June 2011	2,679,330
Provision	
Balance at 1 July 2010	2,475,257
Provided during the year	-
Balance at 30 June 2011	2,475,257
Net book value	
At 30 June 2011	**204,073**
At 30 June 2010	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 for the Year Ended 30 June 2011

8. STOCKS

	2011 Group £	2010 Group £
Development work in progress	2,933,842	3,058,842

Development work in progress includes attributable interest of £Nil (2010 £Nil) The company has no development work in progress

9. DEBTORS

	2011 Group £	2010 Group £
Trade debtors	8,186	11,429
Corporation tax	5,281	-
Amounts owed by joint venture partners	-	1,781,004
Other debtors	33,371	45,553
	46,838	1,837,986

The amounts owed by joint venture partners are repayable on demand, are unsecured and incur no interest

	2011 Company £	2010 Company £
Amounts owed by joint venture partners	-	1,781,004
	-	1,781,004

10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 Group £	2010 Group £
Trade creditors	17,542	2,919
Corporation tax	-	79,535
Amounts owed to joint venture partners	30,000	-
Other taxation and social security	4,642	24,897
Accruals	3,037,869	3,038,992
	3,090,053	3,146,343

The amounts owed to joint venture partners are repayable on demand, are unsecured and incur no interest

Notes to the Financial Statements for the Year Ended 30 June 2011

10. Creditors – Amounts falling due within one year (continued)

	2011 Company £	2010 Company £
Amounts owed to joint venture partners	30,000	-
	30,000	-

	2011 Company £	2010 Company £
Amounts owed to subsidiary companies	18,638	1,811,146
Other taxation and social security	-	4,880
	18,638	1,816,026

The amounts owed to subsidiary companies are unsecured, incur no interest and are repayable on demand

11. Called up Share Capital

	Group and Company 2011 £	Group and Company 2010 £
Allotted, issued and fully paid		
500 'A' Ordinary Shares of £1 each	500	500
500 'B' Ordinary Shares of £1 each	500	500
	1,000	1,000

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

Notes to the Financial Statements for the Year Ended 30 June 2011

12. Reconciliation of Movements in Equity Shareholders' Funds

	Share Capital £	*Profit and Loss Account* £	*Total* £
Group			
Balance at 1 July 2009	1,000	1,869,618	1,870,618
Profit for the financial year	-	88,131	88,131
Balance at 30 June 2010	1,000	1,957,749	1,958,749
Loss for the financial year	-	(143,657)	(143,657)
Dividends	-	(1,659,317)	(1,659,317)
Balance at 30 June 2011	1,000	154,775	154,775

	Share Capital £	*Profit and Loss Account* £	*Total* £
Company			
Balance at 1 July 2009	1,000	48,030	49,030
Profit for the financial year	-	120,021	120,021
Balance at 30 June 2010	1,000	168,051	169,051
Loss for the financial year	-	(13,616)	(13,616)
Balance at 30 June 2011	1,000	154,435	155,435

13. Controlling Parties

The share capital of Redhouse Holdings Limited is jointly owned by Valad Development Group (UK) Limited (50%) and Clugston Estates Limited (50%) There is no overall controlling party

14. 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

The amounts owed to joint venture partners consists of a loan of £15,000 from Valad Development Group (UK) Limited (2010 loan of £890,502 to Valad Development Group (UK) Limited) with accrued interest of £Nil (2010 £Nil) and a loan of £15,000 from Clugston Estates Limited (2010 loan of £890,502 to Clugston Estates Limited) with accrued interest of £Nil (2010 £Nil)