

Thornfield Developments (Leeds) Limited

Directors' report and financial statements
for the year ended 31 October 2008

B M HOWARTH
Chartered Accountants

Registered number: 4360637

THURSDAY



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COMPANIES HOUSE

Directors and advisors

Directors

A Marcus

Secretary

S L Temporal

Registered office

5 St David's Court
David Street
Leeds
LS11 5QA

Auditors

B M Howarth
Chartered Accountants and Registered Auditors
64 Wellington Street
Leeds LS1 2EE

Directors' report

For the year ended 31 October 2008

Accounts

The directors present their report and financial statements for the year ended 31 October 2008.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company at the end of the period 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities and review of the business

The company's principal activity is the provision of management services to Thornfield Properties Plc ('Properties'), a company which is involved in the development of land and buildings. Following detailed discussions between Properties and its bankers the company will cease to provide management services to Properties from the end of January 2010.

Results and dividends

The loss for the year after tax amounted to £9,518 (2007 £24,707). The directors do not recommend payment of a dividend for the year.

Directors

The directors during the period were as follows:

A Marcus

J R Marcus (resigned 2 December 2009)

Directors' report (continued)

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that B M Howarth Limited be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 5 January 2010 and signed on its behalf by:

A Marcus
Director



Independent auditors' report

Independent auditors' report to the shareholders of Thornfield Developments (Leeds) Limited

We have audited the financial statements of Thornfield Developments (Leeds) Limited for the year ended 31 October 2008 which comprise the profit and loss account, the 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 the preparation of 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).

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 and whether the information given in the Directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company 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 transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit 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 company'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

Adverse opinion on the financial statements

The company's principal activity during the year ended 31 October 2008 was the provision of management services to Thornfield Properties Plc ('Properties'), a company which is involved in the development of land and buildings. As explained in note 1, Properties has had detailed discussions with its bankers and as a result the company will cease to provide management services to Properties from the end of January 2010. In addition the company's principal asset is a loan of £1,489,000 due from Thornfield Holdings Plc ('Holdings'). The principal assets of Holdings are unsecured loan notes issued by Thornfield Capital Limited ('Capital'), which is the holding company of Properties. As a result of the discussions referred to above, the loan notes will not now be redeemed and the loan to Holdings will not be recovered and should be written off in the financial statements.

In view of the above, the financial statements should not be prepared on a going concern basis and in our opinion the financial statements do not give a true and fair view, in accordance with United Kingdom Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its loss for the year then ended.

In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

Notwithstanding our adverse opinion on the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements.



B M Howarth Limited
Chartered Accountants and Registered Auditors
64 Wellington Street
Leeds LS1 2EE
5 January 2010

Profit and loss account

For the year ended 31 October 2008

	Notes	2008	2007
		£	£
Turnover		6,535,583	6,151,070
Cost of sales		<u>(140,000)</u>	<u>(1,748,104)</u>
Gross profit		6,395,583	4,402,966
Administrative expenses		<u>(6,516,050)</u>	<u>(4,496,554)</u>
Operating loss	2	(120,467)	(93,588)
Interest receivable and similar income	5	137,219	117,000
Interest payable and similar charges	6	<u>(26,270)</u>	<u>(48,119)</u>
Loss on ordinary activities before taxation		(9,518)	(24,707)
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the year	13	<u><u>(9,518)</u></u>	<u><u>(24,707)</u></u>

There were no recognised gains or losses other than the profit for the year. All of the above results derive from continuing activities.

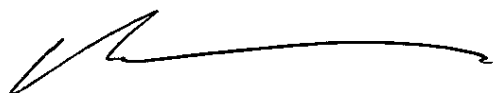
Balance sheet

As at 31 October 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	8	112,290	95,008
Current assets			
Debtors	9	1,800,464	1,917,066
Cash at bank and in hand		297	255
		<u>1,800,761</u>	<u>1,917,321</u>
Creditors: Amounts falling due within one year	10	<u>(1,778,594)</u>	<u>(1,868,354)</u>
Net current assets		<u>22,167</u>	<u>48,967</u>
Total assets less current liabilities		<u>134,457</u>	<u>143,975</u>
Net assets		<u>134,457</u>	<u>143,975</u>
Capital and reserves			
Called-up share capital	11	100	100
Profit and loss account	12	<u>134,357</u>	<u>143,875</u>
Shareholders' funds (all equity)	13	<u>134,457</u>	<u>143,975</u>

The accounts on pages 6 to 12 were approved by the Board on 5 January 2010 and signed on its behalf by:

A Marcus
Director



Notes to accounts

1 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The company's principal activity is the provision of management services to Thornfield Properties Plc ('Properties'), a company which is involved in the development of land and buildings. Following detailed discussions between Properties and its bankers the company will cease to provide management services to Properties from the end of January 2010.

The company's principal asset is a loan of £1,489,000 due from Thornfield Holdings Plc ('Holdings'). The principal assets of Holdings are unsecured loan notes issued by Thornfield Capital Limited ('Capital'), which is the holding company of Properties. As a result of the discussions referred to above, the loan notes will not now be redeemed and the loan to Holdings will not be recovered.

The company has taken advantage of the exemption available to it under Financial Reporting Standard 1 (FRS 1) not to prepare a cash flow statement, on the grounds that its ultimate parent company prepares consolidated financial statements which include a group cash flow.

Turnover

Turnover represents net invoiced sales, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Fixtures and fittings	4 - 5 years
Computer equipment	3 - 4 years
Motor Vehicles	3 - 4 years

Finance and operating leases

Assets acquired under finance leases or hire purchase contracts are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding. Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date where transactions and 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. Timing differences are differences between the company's taxable profit and its financial profit that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

2 Operating profit is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	2,500	2,500
Depreciation of tangible fixed assets		
- owned assets	52,529	38,774
Profit on disposal of tangible fixed assets	(6,241)	-
Operating lease rentals - other	-	103,661

Notes to accounts (continued)

3 Directors' emoluments and benefits

	2008	2007
	£	£
Directors' emoluments	-	-

No directors were members of company pension schemes.

The highest paid director received emoluments and benefits as follows:

	£	£
Emoluments and benefits	-	-

4 Staff costs

Staff costs, including directors' emoluments, were as follows:

	2008	2007
	£	£
Wages and salaries	3,094,534	2,248,585
Social security costs	376,096	271,089
Pension, insurance and health costs	10,206	15,484
	<u>3,480,836</u>	<u>2,535,158</u>

The average monthly number of employees, including executive directors, during the period was:

	Number	Number
Administration	<u>30</u>	<u>28</u>

5 Interest receivable and similar income

	2008	2007
	£	£
Bank interest receivable	6,679	-
Interest on loans to group undertakings	130,133	117,000
Other interest	407	-
	<u>137,219</u>	<u>117,000</u>

6 Interest payable and similar charges

	2008	2007
	£	£
Bank loans and overdrafts	26,270	46,264
Other interest	-	1,855
	<u>26,270</u>	<u>48,119</u>

Notes to accounts (continued)

7 Taxation

	2008	2007
	£	£
<i>UK current period taxation</i>		
UK corporation tax at a rate of 30% (2007: 30%)	-	-
Tax relating to prior years	-	-
	<u>-</u>	<u>-</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£	£
Tax on loss on ordinary activities at the UK corporate tax rate of 30%	(2,855)	(7,412)
Effects of:		
Permanent differences	26,986	35,891
Group relief	(27,258)	(27,681)
Capital allowances	3,127	(798)
	<u>-</u>	<u>-</u>

8 Tangible fixed assets

	Motor vehicles	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 November 2007	46,977	74,054	209,390	330,421
Additions	-	31,509	59,466	90,975
Disposals	-	-	(102,439)	(102,439)
At 31 October 2008	<u>46,977</u>	<u>105,563</u>	<u>166,417</u>	<u>318,957</u>
Depreciation				
At 1 November 2007	34,254	63,102	138,057	235,413
Charge for the period	11,744	15,728	25,057	52,529
Disposals	-	-	(81,275)	(81,275)
At 31 October 2008	<u>45,998</u>	<u>78,830</u>	<u>81,839</u>	<u>206,667</u>
Net book value				
At 31 October 2008	<u>979</u>	<u>26,733</u>	<u>84,578</u>	<u>112,290</u>
At 31 October 2007	<u>12,723</u>	<u>10,952</u>	<u>71,333</u>	<u>95,008</u>

Notes to accounts (continued)

9 Debtors

	2008	2007
	£	£
Amounts owed by other group undertakings	1,627,498	1,703,000
Other debtors	11,057	6,117
Prepayments and accrued income	161,909	207,949
	<u>1,800,464</u>	<u>1,917,066</u>

Of the amount owed by group undertakings £1,489,411 (2007 £1,359,278) is receivable in 2023.

10 Creditors: Amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	127,946	641,749
Trade creditors	15,456	89,178
Amounts owed to other group undertakings	470,911	479,196
Amounts owed to related undertakings	332,051	28,705
Corporation tax	-	-
Other tax and social security	272,907	256,165
Accruals and deferred income	559,323	373,361
	<u>1,778,594</u>	<u>1,868,354</u>

The bank overdraft is secured by a charge over the company's assets.

11 Called up share capital

	Number	£
<i>Authorised</i>		
£1 Ordinary shares		
1 November 2007 and 31 October 2008	<u>1,000</u>	<u>1,000</u>
<i>Allotted</i>		
£1 Ordinary shares		
1 November 2007 and 31 October 2008	<u>100</u>	<u>100</u>

12 Profit and loss account

	£
1 November 2007	143,875
Loss for the year	<u>(9,518)</u>
31 October 2008	<u>134,357</u>

Notes to accounts (continued)

13 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Loss for the period	(9,518)	(24,707)
Dividends	-	-
Net reduction to shareholders funds	(9,518)	(24,707)
Opening shareholders' funds	143,975	168,682
Closing shareholders' funds	134,457	143,975

14 Transactions with related parties

During the period under review, the company provided management services totalling £6,365,583 (2007 £4,285,026) to Thornfield Properties Plc.

The company paid consultancy fees during the year of £50,000 to N D M Interiors Limited, a company controlled by Mrs N Cohen, who is a daughter of Mr A Marcus.

The company has taken advantage of the exemption available to 90% subsidiaries not to disclose transactions with other group companies.

15 Post balance sheet events

The company's principal activity is the provision of management services to Thornfield Properties Plc ('Properties'), a company which is involved in the development of land and buildings. Following detailed discussions between Properties and its bankers the company will cease to provide management services to Properties from the end of January 2010.

16 Ultimate parent undertaking and controlling parties

The parent undertaking of the largest group for which consolidated financial statements are prepared is Thornfield Group Plc. Consolidated financial statements are available from Companies House, Cardiff CF4 3UZ.

The directors regard Thornfield Group Plc, a company registered in England and Wales, as being the company's ultimate parent undertaking. The ultimate controlling party is Mr A Marcus.