

**WALLPAPER (ISLINGTON)  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2006



Company no 04754198

# **WALLPAPER (ISLINGTON) LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 30 SEPTEMBER 2006**

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Company registration number	04754198
Registered office	25 Harley Street London W1G 9BR
Directors	S M Berg D M Barnett R D Soning B Porter N M L Hill R R Lawrie
Secretary	S M Berg
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	S J Berwin 10 Queen Street Place London EC4R 1BE
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

**WALLPAPER (ISLINGTON) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 SEPTEMBER 2006

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# **WALLPAPER (ISLINGTON) LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with the audited financial statements for the year ended 30 September 2006

### **Principal activity**

The principal activity of the company is that of property development and trading

### **Business review**

There was a profit for the year after taxation amounting to £92,306 (2005 loss £5,675) The directors do not recommend the payment of a dividend

### **Directors**

The present membership of the Board is set out below All served on the Board throughout the year

D M Barnett  
S M Berg  
N M L Hill  
R R Lawrie  
B Porter  
R D Soning

None of the directors or their families had any interest in the shares of the company as at 1 October 2005 or at 30 September 2006

### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which 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 these 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,
- 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 that 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 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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

# **WALLPAPER (ISLINGTON) LIMITED**

## **REPORT OF THE DIRECTORS**

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In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

### **Auditors**

Grant Thornton UK LLP were appointed as auditors during the year to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting

ON BEHALF OF THE BOARD



S M Berg  
Director  
8 August 2007

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WALLPAPER (ISLINGTON) LIMITED**

We have audited the financial statements of Wallpaper (Islington) Limited for the year ended 30 September 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and 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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF  
WALLPAPER (ISLINGTON) LIMITED**

**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 the company's affairs as at 30 September 2006 and of its 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 for the year ended 30 September 2006

*Grant Thornton UK LLP*

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON  
8 AUGUST 2007**

# **WALLPAPER (ISLINGTON) LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

### **TURNOVER**

Turnover is recognised when, in the opinion of the directors, profits on development properties have been realised and the significant risks and rewards of asset ownership have been transferred

### **STOCK**

Stock represents properties acquired for development together with work in progress on those properties. These assets are valued at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of land and buildings, associated direct costs, costs of development and directly attributable overheads including applicable interest on an accruals basis.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.



**WALLPAPER (ISLINGTON) LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 SEPTEMBER 2006

	Note	2006 £	2005 £
Turnover	1	100,469	-
Cost of sales		-	-
<b>Gross profit</b>		<b>100,469</b>	<b>-</b>
Administrative expenses		(8,731)	(5,717)
<b>Operating profit/(loss)</b>		<b>91,738</b>	<b>(5,717)</b>
Other interest receivable and similar income		568	42
<b>Profit/(loss) on ordinary activities before taxation</b>	1	<b>92,306</b>	<b>(5,675)</b>
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>92,306</b>	<b>(5,675)</b>

All transactions arise from continuing operations


There were no recognised gains or losses other than the profit for the financial year

**WALLPAPER (ISLINGTON) LIMITED****BALANCE SHEET AT 30 SEPTEMBER 2006**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
<b>Current assets</b>			
Stocks	5	10,292,081	7,785,038
Debtors	6	8,417	41,485
Cash at bank and in hand		129,479	49,834
		<u>10,429,977</u>	<u>7,876,357</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(10,428,328)</u>	<u>(3,751,778)</u>
<b>Total assets less current liabilities</b>		<u>1,649</u>	<u>4,124,579</u>
<b>Creditors: amounts falling due after more than one year</b>	8	<u>-</u>	<u>(4,215,236)</u>
		<u>1,649</u>	<u>(90,657)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	1,648	(90,658)
<b>Shareholders' funds</b>	11	<u>1,649</u>	<u>(90,657)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller companies

The financial statements were approved by the Board of Directors on 8 August 2007



S M Berg - Director

# WALLPAPER (ISLINGTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 SEPTEMBER 2006

### 1 TURNOVER

Turnover was generated from the principal activity of the company and was all from sales in the United Kingdom

### 2 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Bank interest	<u>568</u>	<u>42</u>

### 3 DIRECTORS AND EMPLOYEES

There were no employees during the year apart from the directors

### 4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge is based on the profit/(loss) for the year and represents

	2006 £	2005 £
United Kingdom corporation tax at 30% (2005 30%)	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities before tax	<b>92,306</b>	<b>(5,675)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2005 30%)	<b>27,692</b>	<b>(1,703)</b>
Effect of		
Utilisation of tax losses	<b>(27,197)</b>	-
Group relief surrendered	<b>(495)</b>	-
Tax losses carried forward	<u>-</u>	<u>1,703</u>
Current tax charge for period	<u>-</u>	<u>-</u>

### 5 STOCKS

	2006 £	2005 £
Development property	<u>10,292,081</u>	<u>7,785,038</u>

Development stock includes interest capitalised of £1,699,498 (2005 £992,706)

**WALLPAPER (ISLINGTON) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 SEPTEMBER 2006

**6 DEBTORS**

	2006 £	2005 £
Other debtors	<u>8,417</u>	<u>41,485</u>

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Bank loans and overdrafts	5,881,749	101,378
Trade creditors	344,800	60,133
Amounts owed to group undertakings	3,068,862	3,052,330
Accruals and deferred income	<u>1,132,917</u>	<u>537,937</u>
	<u>10,428,328</u>	<u>3,751,778</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the company's assets

**8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Bank loans	<u>-</u>	<u>4,215,236</u>

**Analysis of loan**

	2006 £	2005 £
Wholly repayable within five years	-	4,215,236
Included in current liabilities	<u>5,881,749</u>	<u>-</u>
	<u>5,881,749</u>	<u>4,215,236</u>

**Loans maturity analysis**

	2006 £	2005 £
In more than one year but not more than two years	<u>-</u>	<u>4,215,236</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the company's assets

# WALLPAPER (ISLINGTON) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 SEPTEMBER 2006

### 9 SHARE CAPITAL

	2006 £	2005 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

### 10 RESERVES

	Profit and loss account £
At 1 October 2005	(90,658)
Profit for the year	<u>92,306</u>
At 30 September 2006	<u>1,648</u>

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006 £	2005 £
Profit/(loss) for the financial year	92,306	(5,675)
Shareholders' deficit at 1 October 2005	<u>(90,657)</u>	<u>(84,982)</u>
Shareholders' deficit at 30 September 2006	<u>1,649</u>	<u>(90,657)</u>

### 12 CAPITAL COMMITMENTS

The company had no capital commitments at 30 September 2006 or 30 September 2005

## **WALLPAPER (ISLINGTON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 SEPTEMBER 2006

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#### **13 CONTINGENT ASSETS/LIABILITIES**

During the year the primary contractors on the Islington development property went into liquidation. Their commitments to the project were covered by a performance guarantee bond issued by De Montfort Insurance Company Plc.

Under the terms of the guarantee there may be a recovery of losses incurred by the company. At this time the directors do not believe that a reliable estimate can be made of the potential recovery.

There were no contingent liabilities at 30 September 2006 or 30 September 2005.

#### **14 TRANSACTIONS WITH DIRECTORS /AND OTHER RELATED PARTIES**

Included within creditors due within one year is an amount of £3,052,330 (2005 £3,052,330) due to Harley Property Ventures Limited, the parent undertaking.

During the year payments totalling £84,000 (2005 £114,800) were made for development management fees to Harley Property (Managers) Limited, a company controlled by R Soning, S Berg and D Barnett, directors. These fees have been capitalised within development stock. Included within creditors due within one year is £16,533 owing to this entity.

#### **15 CONTROLLING RELATED PARTY**

The immediate and ultimate parent undertaking is Harley Property Ventures Limited.