

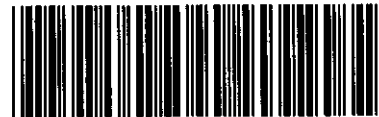
Registration number 05415314

Boulton (Lancaster) Limited

Directors' report and financial statements

for the period ended 30th September 2006

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Geo. Little, Sebire & Co.
Chartered Accountants

Boulton (Lancaster) Limited

Contents

| | Page |
|-----------------------------------|---------------|
| Directors' report | 1 - 2 |
| Auditors' report | 3 - 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the financial statements | 8 - 12 |

Boulton (Lancaster) Limited
Directors' report
for the period ended 30th September 2006

The directors present their report and the financial statements for the period ended 30th September 2006.

Incorporation and change of name

The company was incorporated on 6th April 2005 as Spendright Limited. The name of the company was changed to Boulton (Lancaster) Limited on 8th June 2005. The company commenced activity on 16th May 2005.

Principal activity and review of the business

The principal activity of the company is the purchase and re-sale of property.

The company's balance sheet as detailed on page 6 shows a deficit of shareholders funds amounting to (£560,758).

Results and dividends

The results for the period are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the period and their interests in the company are as stated below:

| Class of share | | 30/09/06 | 06/04/05 or date of appointment |
|---------------------|--|----------|---------------------------------------|
| C.E. Boulton-Brooks | (Appointed 06/04/2005) Ordinary shares | - | - |
| S.J. Boulton-Brooks | (Appointed 06/04/2005) Ordinary shares | - | - |
| M. Conlon | (Appointed 20/04/2006) Ordinary shares | - | - |
| D.E. Revill | (Appointed 21/06/2005) Ordinary shares | - | - |

C.E. Boulton-Brooks and S.J. Boulton-Brooks are interested in 50% of the ordinary share capital by virtue of their interest in Boulton Construction Limited.

Boulton (Lancaster) Limited

**Directors' report
for the period ended 30th September 2006**

..... continued

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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;
- supply the auditors with all the appropriate information.

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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

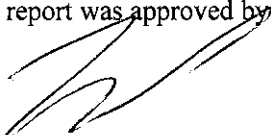
In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Geo. Little, Sebire & Co were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 31st January 2007 and signed on its behalf by



C.E. Boulton-Brooks
Director

Boulton (Lancaster) Limited

**Independent auditors' report to the shareholders of
Boulton (Lancaster) Limited**

We have audited the financial statements of Boulton (Lancaster) Limited for the period ended 30th September 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 misstatements within it.

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 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.

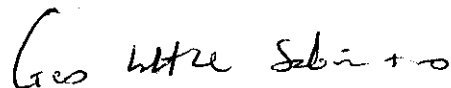
Boulton (Lancaster) Limited

Independent auditors' report to the shareholders of Boulton (Lancaster) Limited continued

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 30th September 2006 and of its profit for the period then ended,
- 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 period ended 30th September 2006.



Geo. Little, Sebire & Co
Chartered Accountants and
Registered Auditors

Victoria House
64 Paul Street
London
EC2A 4TT

Date: 31/1/07

Boulton (Lancaster) Limited

**Profit and loss account
for the period ended 30th September 2006**

| | | Period from 16/05/05 to 30/09/06 |
|--|--------------|---|
| | Notes | £ |
| Turnover | 2 | 2,848,089 |
| Other operating charges | | (1,022,535) |
| Operating profit | 3 | 1,825,554 |
| Other interest receivable and similar income | 4 | 1,139 |
| Interest payable and similar charges | 5 | (2,387,452) |
| Loss on ordinary activities before taxation | | (560,759) |
| Tax on loss on ordinary activities | | - |
| Loss on ordinary activities after taxation | | (560,759) |
| Loss for the period | | (560,759) |

There are no recognised gains or losses other than the profit or loss for the above financial period.

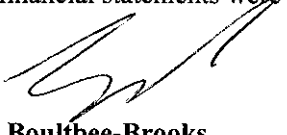
The notes on pages 8 to 12 form an integral part of these financial statements.

Boulton (Lancaster) Limited

**Balance sheet
as at 30th September 2006**

| | Notes | 30/09/06 | |
|---|-------|-------------------|------------------|
| | | £ | £ |
| Current assets | | | |
| Stocks | 6 | 38,863,275 | |
| Debtors | 7 | 149,476 | |
| Cash at bank and in hand | | 756,823 | |
| | | <u>39,769,574</u> | |
| Creditors: amounts falling due within one year | 8 | (40,330,332) | |
| Net current liabilities | | | (560,758) |
| Deficiency of assets | | | <u>(560,758)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | | 1 |
| Profit and loss account | | | (560,759) |
| Equity shareholders' funds | 10 | | <u>(560,758)</u> |

The financial statements were approved by the Board on 31st January 2007 and signed on its behalf by


C.E. Boulton-Brooks
Director

The notes on pages 8 to 12 form an integral part of these financial statements.

Boulton (Lancaster) Limited

**Cash flow statement
for the period ended 30th September 2006**

| | Notes | Period ended 30/09/06 £ |
|---|--------------|--|
| Reconciliation of operating profit to net cash outflow from operating activities | | |
| Operating profit | | 1,825,554 |
| (Increase) in stocks | | (38,863,275) |
| (Increase) in debtors | | (149,476) |
| Increase in creditors | | 3,182,284 |
| Net cash outflow from operating activities | | (34,004,913) |
| Cash flow statement | | |
| Net cash outflow from operating activities | | (34,004,913) |
| Returns on investments and servicing of finance | 13 | (1,931,174) |
| | | (35,936,087) |
| Financing | 13 | 36,692,910 |
| Increase in cash in the period | | 756,823 |
| Reconciliation of net cash flow to movement in net debt (Note 14) | | |
| Increase in cash in the period | | 756,823 |
| Cash inflow from decrease in debts and lease financing | | (36,692,909) |
| Net debt at 30th September 2006 | | (35,936,086) |

Boulton (Lancaster) Limited

**Notes to the financial statements
for the period ended 30th September 2006**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

1.2. Stock of property

Stock is valued at the lower of cost and net realisable value.

1.3. Finance and issue costs

Costs associated with loan finance are written off to the profit and loss account on a basis consistent with the term of the loan and capital balance outstanding.

1.4. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. Turnover

The total turnover of the company for the period has been derived from its principal activity stated net of VAT and wholly undertaken in the UK.

| | Period ended 30/09/06 £ |
|--------------------------|--|
| Class of business | |
| Rent receivable | 1,910,284 |
| Service charge income | 606,929 |
| Other income | 330,876 |
| | <u>2,848,089</u> |

3. Operating profit

Operating profit is stated after charging:

Auditors' remuneration

**Period
ended
30/09/06
£**

7,000

Boulton (Lancaster) Limited

**Notes to the financial statements
for the period ended 30th September 2006**

..... continued

| | Period ended 30/09/06 £ |
|--|--|
| 4. Interest receivable and similar income | |
| Bank interest | <u>1,139</u> |
| 5. Interest payable and similar charges | |
| Other interest payable | 21,747 |
| Interest payable on other loans | <u>2,365,705</u> |
| | <u>2,387,452</u> |
| 6. Stocks | 30/09/06 £ |
| Property held for resale | <u>38,863,275</u> |
| 7. Debtors | 30/09/06 £ |
| Trade debtors | 101,994 |
| Other debtors | 789 |
| Prepayments and accrued income | <u>46,693</u> |
| | <u>149,476</u> |

Boulton (Lancaster) Limited

**Notes to the financial statements
for the period ended 30th September 2006**

..... continued

| | |
|--|-----------------------|
| 8. Creditors: amounts falling due within one year | 30/09/06 £ |
| Other loans | 33,657,392 |
| Loans from participating interests | 3,035,517 |
| Trade creditors | 76,664 |
| Amounts owed to group undertaking | 2,222,653 |
| Other taxes and social security costs | 154,702 |
| Other creditors | 45,331 |
| Accruals and deferred income | 1,138,073 |
| | <u>40,330,332</u> |
| Other loans are secured by a fixed and floating charge over all of the company's assets. | |
| 9. Share capital | 30/09/06 £ |
| Authorised equity | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> |
| Allotted, called up and fully paid equity | |
| 1 Ordinary shares of £1 each | <u>1</u> |
| 10. Reconciliation of movements in shareholders' funds | 30/09/06 £ |
| Loss for the period | (560,759) |
| Net proceeds of equity share issue | <u>1</u> |
| Net addition to shareholders' funds | <u>(560,758)</u> |

Boulton (Lancaster) Limited

Notes to the financial statements
for the period ended 30th September 2006

..... continued

11. Related party transactions

Included within other operating charges are premises expenses totalling £59,919 and management fees totalling £57,309 payable to EFM Asset Management Limited, of which £10,033 was included in creditors at the period end.

Included within other operating charges are premises expenses totalling £117,389 payable to EFM Facilities Limited.

Included within other operating charges are premises expenses totalling £9,803 payable to EFM Construction Limited.

Included within creditors is £1,599,944 due to Boulton Construction Limited, included within the profit and loss account is an interest charge of £21,747 in respect of this loan.

C.E. Boulton-Brooks and S.J. Boulton-Brooks have an interest in all of the above companies.

Included within creditors is £1,457,320 due to Eldon Street (Boulton) Limited, a shareholder of the holding company.

12. Ultimate parent undertaking

The parent company is Rockstart Limited, a company incorporated in England and Wales.

There is no ultimate parent company and no party has ultimate control of the company.

13. Gross cash flows

| | 30/09/06 £ |
|--|--------------------|
| Returns on investments and servicing of finance | |
| Interest received | 1,139 |
| Interest paid | (1,932,313) |
| | <u>(1,931,174)</u> |
| Financing | |
| Issue of ordinary share capital | 1 |
| New short term other loans | 33,657,392 |
| Other new short term shareholder loans | 3,035,517 |
| | <u>36,692,910</u> |

Boulton (Lancaster) Limited

**Notes to the financial statements
for the period ended 30th September 2006**

..... continued

14. Analysis of changes in net funds

| | Cash flows | Closing balance |
|--------------------------|-----------------------|----------------------------|
| | £ | £ |
| Cash at bank and in hand | 756,823 | 756,823 |
| Debt due within one year | (36,692,909) | (36,692,909) |
| Net funds | <u>(35,936,086)</u> | <u>(35,936,086)</u> |

15. Going concern

The company's property asset is on the market to be sold after the period end, after which point the assets of the company will be distributed to the shareholders. The company will then be dissolved.