

**REGISTRAR OF
COMPANIES**

5425190

Mardan (Bexhill) Limited

Report and Financial Statements

Year Ended

30 June 2007

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BDO Stoy Hayward
Chartered Accountants

Mardan (Bexhill) Limited

**Annual report and financial statements
for the year ended 30 June 2007**

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Directors

D Tannen
M I Tannen
D A Tannen

Secretary and registered office

J M Miller, Sutherland House, 70-78 West Hendon Broadway, London, NW9 7BT

Company number

5425190

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Mardan (Bexhill) Limited

Report of the directors for the year ended 30 June 2007

The directors present their annual report together with audited financial statements for the year ended 30 June 2007

Results

The profit and loss account is set out on page 5 and shows the loss for the year

Principal activities

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

There have been no events since the balance sheet date which materially affect the position of the company

Directors

The directors of the company during the year were D Tannen, M I Tannen and D A Tannen

Directors' responsibilities

The directors are responsible for preparing the report and 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 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 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

Mardan (Bexhill) Limited

Report of the directors for the year ended 30 June 2007 (*Continued*)

Disclosure of information to auditors

So far as each director at the date of approval of this report is aware,

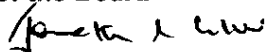
- There is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

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

By order of the Board



J M Miller

Secretary

Date 29 APRIL 2008

Mardan (Bexhill) Limited

Report of the independent auditors

To the shareholders of Mardan (Bexhill) Limited

We have audited the financial statements of Mardan (Bexhill) Limited for the year ended 30 June 2007 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 preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 misstatements 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.

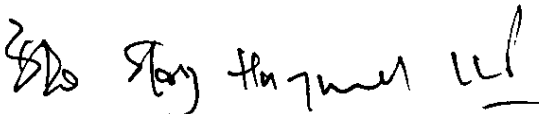
Mardan (Bexhill) Limited

Report of the independent auditors (*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 30 June 2007 and of its loss 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 director's report is consistent with the financial statements



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

29 April 2008

Mardan (Bexhill) Limited

Profit and loss account for the year ended 30 June 2007

	Note	Year ended 30 June 2007 £	Period ended 30 June 2006 £
Administrative expenses		50,000	-
Operating loss	2	(50,000)	-
Loss on ordinary activities before and after taxation		(50,000)	-

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

There have been no movements in shareholders' deficit other than the loss for the year

The notes on pages 7 to 9 form part of these financial statements

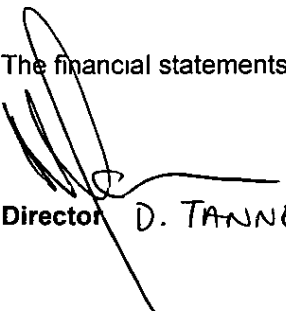
Mardan (Bexhill) Limited

Balance sheet at 30 June 2007

	Note	2007 £	2007 £	2006 £	2006 £
Current assets					
Stocks	4	4,970,843		2,584,439	
Debtors	5	16,648		30,785	
		<u>4,987,491</u>		<u>2,615,224</u>	
Creditors: amounts falling due within one year	6	<u>5,037,490</u>		<u>845,223</u>	
Net current (liabilities)/assets			<u>(49,999)</u>		<u>1,770,001</u>
Total assets less current liabilities			<u>(49,999)</u>		<u>1,770,001</u>
Creditors: amounts falling due after more than one year	7		<u>-</u>		<u>1,770,000</u>
Net (liabilities)/assets			<u>(49,999)</u>		<u>1</u>
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account			<u>(50,000)</u>		<u>-</u>
Shareholders' (deficit)/funds	9		<u>(49,999)</u>		<u>1</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 21.4.08


Director D. TANNEN

The notes on pages 7 to 9 form part of these financial statements

Mardan (Bexhill) Limited

Notes forming part of the financial statements for the year ended 30 June 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Stock

Stock includes land and work in progress and has been valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Turnover

Turnover represents sales of properties to outside customers. Sales of properties are recognised on completion of contracts.

Going concern

The financial statements have been prepared on a going concern basis which is dependent on the continued support of the ultimate parent company, The Tannen Group Limited. The directors of The Tannen Group Limited have confirmed that the company will continue to provide such support for the foreseeable future.

2 Operating loss

None of the directors received any emoluments from the company. Their emoluments are paid by another group company and disclosed in the financial statements of that company.

Directors' emoluments and auditors' remuneration are borne by the ultimate parent company.

3 Taxation

There is no tax arising in these financial statements as no profit was made in this year or in the prior year.

4 Stocks

	2007 £	2006 £
Land and work in progress	<u>4,970,843</u>	<u>2,584,439</u>

Mardan (Bexhill) Limited

Notes forming part of the financial statements
for the year ended 30 June 2007 (Continued)

5 Debtors

	2007 £	2006 £
Other debtors	16,648	30,785

All amounts shown under debtors fall due for payment within one year

6 Creditors: amounts falling due within one year

	2007 £	2006 £
Amount owed to parent undertaking	1,336,051	845,223
Other creditors	4,000	-
Bank loans (secured - see below)	3,697,439	-
	<u>5,037,490</u>	<u>845,223</u>

The bank loans are secured by way of a fixed charge on the stock property of the company, and in respect of the United Kingdom properties, a floating charge over all other assets of the company. Interest is fixed at a rate of 6.69% per annum until expiry of the loan in April 2008.

7 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans (secured - see note 6)	-	1,770,000
Analysis of maturity of debt		
Between one and two years	-	1,770,000

8 Share capital

	2007 Number	Authorised 2006 Number	2007 £	2006 £
Ordinary shares of £1 each	100	100	100	100
Allotted, called up and fully paid				
	2007 Number	2006 Number	2007 £	2006 £
Ordinary shares of £1 each	1	1	1	1

Mardan (Bexhill) Limited

Notes forming part of the financial statements
for the year ended 30 June 2007 (*Continued*)

9 Reconciliation of movement in shareholders' (deficit)/funds

	Year ended 30 June 2007 £	Period ended 30 June 2006 £
At 1 July 2006	1	-
Loss for the year	(50,000)	-
Issue of shares	-	1
	<hr/>	<hr/>
At 30 June 2007	(49,999)	1
	<hr/>	<hr/>

10 Ultimate parent company and controlling party

The company's ultimate parent company is The Tannen Group Limited which is controlled by the Tannen family. Group accounts can be obtained from the Registrar of Companies.

11 Cash flow statement

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 "Cash Flow Statements" not to produce a cash flow statement, as it is a wholly owned subsidiary of The Tannen Group Limited. A group cash flow statement is included in the financial statements of that company.

12 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of The Tannen Group Limited.