

Financial Statements

Nicholas King Developments Plc

For the year ended 31 December 2012

Parent Accounts -

Nk Home Services Limited

07945216

Registered number: 06561603

FRIDAY



L2HS7B01

L15

27/09/2013

#67

COMPANIES HOUSE

Contents

| | Page |
|---|--------|
| Directors' report | 1 - 2 |
| Independent auditor's report | 3 - 4 |
| Consolidated profit and loss account | 5 |
| Consolidated balance sheet | 6 |
| Company balance sheet | 7 |
| Consolidated cash flow statement | 8 |
| Notes to the financial statements | 9 - 19 |

Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities and business review

The principal activity of the Group during the period under review was property development and housebuilding. It is not intended to alter this activity in the foreseeable future.

The Directors are pleased to report a turnover of £14m from the completion of 14 plots and a gross margin on this turnover of £2.4m (16.8%).

The Directors are satisfied with the performance of the Group to date.

The Directors have prepared profit and cash forecasts which, if achieved, show the Group to have sufficient financial facilities to continue trading for the foreseeable future. The achievements of the forecasts is inherently uncertain but the Directors are confident that any additional working capital requirements can be managed from current facilities.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £230,000 (2011 - £1,105,000).

Financial risk management objectives and policies

The directors constantly monitor the risks and uncertainties facing the Group with particular reference to price, credit, liquidity and cash flow risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

Directors

The directors who served during the year were:

N G King
N J P Bilsland
S E Jacquest
K J Speller
D J Potter (resigned 14 December 2012)
P J Lobatto

Policy on the payment of creditors

As a general policy, suppliers are paid 30 days after the end of the month in which the invoice is received. The suppliers are made aware of this and the Group's policy is to abide by this stated practice. During the year the Group's average payment period was 48 days (2011: 34 days).

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Directors' Report

For the year ended 31 December 2012

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 Company and the Group 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 Group 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.

Provision of information to auditor

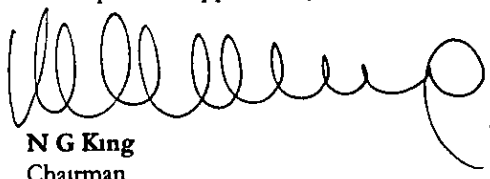
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company and the Group's auditor in connection with preparing its report and to establish that the Company and the Group's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf



N G King
Chairman

Date 24.6.2013

Independent Auditor's Report to the Members of Nicholas King Developments Plc

We have audited the financial statements of Nicholas King Developments Plc for the year ended 31 December 2012, which comprise the Consolidated Profit and loss account, the Consolidated and Company Balance sheets, the Consolidated Cash flow statement 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 auditor

As explained more fully in the Directors' responsibilities statement, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Nicholas King Developments Plc

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

A handwritten signature in black ink, appearing to read "Robert F Napper UK LLP".

Robert F Napper (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Reading

Date 27 June 2013

Consolidated Profit and Loss Account

For the year ended 31 December 2012

| | Note | 2012 £000 | 2011 £000 |
|--|------|--------------|--------------|
| Turnover | 1,2 | 14,035 | 16,617 |
| Cost of sales | | (11,664) | (13,266) |
| Gross profit | | 2,371 | 3,351 |
| Administrative expenses | | (1,356) | (1,164) |
| Operating profit | 3 | 1,015 | 2,187 |
| Interest payable and similar charges | 5 | (789) | (677) |
| Profit on ordinary activities before taxation | | 226 | 1,510 |
| Tax on profit on ordinary activities | 6 | (69) | (405) |
| Profit on ordinary activities after taxation | | 157 | 1,105 |
| Minority interests | | 73 | - |
| Profit for the financial year | 15 | 230 | 1,105 |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 19 form part of these financial statements

Consolidated Balance Sheet

As at 31 December 2012

| | Note | £000 | 2012 £000 | £000 | 2011 £000 |
|---|------|-----------------|--------------|-----------------|--------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 8 | | 7 |
| Investments | 8 | | - | | - |
| | | | <u>8</u> | | <u>7</u> |
| Current assets | | | | | |
| Stocks | 9 | 17,078 | | 12,277 | |
| Debtors | 10 | 1,913 | | 510 | |
| Cash at bank | | 674 | | 2,140 | |
| | | <u>19,665</u> | | <u>14,927</u> | |
| Creditors, amounts falling due within one year | 11 | <u>(19,637)</u> | | <u>(15,055)</u> | |
| Net current assets/(liabilities) | | | <u>28</u> | | <u>(128)</u> |
| Net assets/(liabilities) | | | <u>36</u> | | <u>(121)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 50 | | 50 |
| Profit and loss account | 15 | | 59 | | (171) |
| Shareholders' funds/(deficit) | 16 | | <u>109</u> | | <u>(121)</u> |
| Minority interests | 17 | | <u>(73)</u> | | <u>-</u> |
| | | | <u>36</u> | | <u>(121)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



N G King
Chairman

Date 24 6 2013

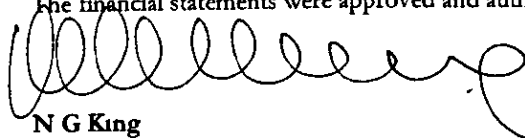
The notes on pages 9 to 19 form part of these financial statements

Company Balance Sheet

As at 31 December 2012

| | Note | £000 | 2012 £000 | 2011 £000 |
|--|------|--------------|--------------|--------------|
| Fixed assets | | | | |
| Tangible assets | 7 | | 8 | 7 |
| Investments | 8 | | 1 | 1 |
| | | | <u>9</u> | <u>8</u> |
| Current assets | | | | |
| Stocks | 9 | - | 33 | |
| Debtors | 10 | 5,454 | 4,098 | |
| Cash at bank | | 96 | 1,439 | |
| | | <u>5,550</u> | <u>5,570</u> | |
| Creditors amounts falling due within one year | 11 | (4,918) | (5,337) | |
| Net current assets | | | <u>632</u> | <u>233</u> |
| Net assets | | | <u>641</u> | <u>241</u> |
| Capital and Reserves | | | | |
| Called up share capital | 14 | | 50 | 50 |
| Profit and loss account | 15 | | 664 | 191 |
| Shareholders' funds | 16 | | <u>714</u> | <u>241</u> |
| Minority interests | 17 | | (73) | - |
| | | | <u>641</u> | <u>241</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24/6/2013


N G King
Chairman

The notes on pages 9 to 19 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 December 2012

| | Note | 2012 £000 | 2011 £000 |
|---|------|-----------------|--------------|
| Net cash flow from operating activities | 18 | (11,174) | 4,843 |
| Returns on investments and servicing of finance | 19 | (789) | (677) |
| Capital expenditure and financial investment | 19 | (3) | - |
| Cash (outflow)/inflow before financing | | (11,966) | 4,166 |
| Financing | 19 | 10,500 | (2,198) |
| (Decrease)/Increase in cash in the year | | (1,466) | 1,968 |

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2012

| | 2012 £000 | 2011 £000 |
|--|-----------------|--------------|
| (Decrease)/Increase in cash in the year | (1,466) | 1,968 |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | (10,499) | 2,198 |
| Change in net debt resulting from cash flows | (11,965) | 4,166 |
| Other non-cash changes | 2 | - |
| Movement in net debt in the year | (11,963) | 4,166 |
| Net debt at 1 January 2012 | (909) | (5,075) |
| Net debt at 31 December 2012 | (12,872) | (909) |

The notes on pages 9 to 19 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

The Directors have reviewed the principal accounting policies below and consider them to remain appropriate

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate

The Directors have considered the recent trading results of the Group in conjunction with profit and cash flow forecasts which, if achieved, show the Group to have sufficient financial facilities to continue trading for the foreseeable future. The achievement of the forecasts is inherently uncertain but the Directors are confident that any additional working capital requirements can be managed from current facilities

1.2 Basis of consolidation

The financial statements consolidate the accounts of Nicholas King Developments Plc and all of its subsidiary undertakings ('subsidiaries'). Acquisitions are accounted for under the acquisition method of accounting. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively

1.3 Turnover

Turnover consists of property sales, net of discounts, excluding value added tax and sale of freehold and leasehold assets. Properties are treated as sales and included in turnover only when legal completion takes place within the financial year

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

| | | |
|----------------|---|-----|
| Motor vehicles | - | 25% |
|----------------|---|-----|

1.5 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

17 Work in progress and finished goods

Work in progress and finished goods are valued at direct cost less foreseeable losses and payments received on account

18 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

19 Interest payable

Interest payable on bank and other borrowings is written off to the profit and loss account as incurred

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

All turnover arose within the United Kingdom

Notes to the Financial Statements

For the year ended 31 December 2012

3. Operating profit

The operating profit is stated after charging

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets | | |
| - owned by the group | 2 | 2 |
| Auditor's remuneration | 15 | 15 |
| Auditor's remuneration - non-audit | 3 | 3 |
| Operating lease rentals | | |
| - plant and machinery | 4 | - |
| Management charges from related party undertakings | 1,184 | 1,128 |
| | <u>1,184</u> | <u>1,128</u> |

4. Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2011 - £Nil)

5. Interest payable and similar charges

| | 2012 £000 | 2011 £000 |
|-------------------------------------|--------------|--------------|
| Interest payable on bank borrowings | 788 | 559 |
| Other interest payable | 1 | 118 |
| | <u>789</u> | <u>677</u> |

6. Taxation

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 32 | 104 |
| Deferred tax (see note 12) | | |
| Origination and reversal of timing differences | 37 | 301 |
| Tax on profit on ordinary activities | <u>69</u> | <u>405</u> |

Notes to the Financial Statements

For the year ended 31 December 2012

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%). The differences are explained below:

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 226 | 1,510 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%) | 55 | 400 |
| Effects of: | | |
| Utilisation of tax losses | (37) | (301) |
| Unrelieved tax losses carried forward | 14 | 5 |
| Current tax charge for the year (see note above) | 32 | 104 |

7. Tangible fixed assets

| | Motor vehicles £000 |
|--------------------------|---------------------------|
| Group and Company | |
| Cost | |
| At 1 January 2012 | 9 |
| Additions | 3 |
| At 31 December 2012 | 12 |
| Depreciation | |
| At 1 January 2012 | 2 |
| Charge for the year | 2 |
| At 31 December 2012 | 4 |
| Net book value | |
| At 31 December 2012 | 8 |
| At 31 December 2011 | 7 |

Notes to the Financial Statements

For the year ended 31 December 2012

8. Investments

The company owns share capital in the following subsidiaries

| Name | Class of shares | Percentage Shareholding |
|---|-----------------|-------------------------|
| Nicholas King Developments (No 1) Limited | Ordinary | 100% |
| Nicholas King Developments (No 2) Limited | Ordinary | 100% |
| Nicholas King Developments (No 3) Limited | Ordinary | 100% |
| Nicholas King Developments (No 4) Limited * | Ordinary | 100% |
| Nicholas King Developments (No 5) Limited * | Ordinary | 100% |
| Nicholas King Developments (No 6) Limited | Ordinary | 100% |
| Hertfordshire Properties Limited | Ordinary | 100% |
| Nicholas King Groundworks Limited | Ordinary | 100% |
| Nicholas King Racing Limited | Ordinary | 100% |
| NK Developments (Roehampton) Limited * | Ordinary | 50% |
| NK Homes Services Limited | Ordinary | 100% |
| 2 Roedean Crescent (No 2) Limited * | Ordinary | 100% |
| Nicholas King Construction Limited | Ordinary | 100% |

* These subsidiaries are held indirectly through the intermediary parent Nicholas King Developments (No 1) Limited

2 Roedean Crescent (No 2) Limited was dormant during the year

Nicholas King Developments (No 1) Limited owns 50% of the ordinary share capital of NK Developments (Roehampton) Limited. However, the entity has been treated as a subsidiary and fully consolidated on the basis that there are common directors. It is considered that the directors have the ability to direct the financial and operating policies of NK Developments (Roehampton) Limited with a view to gaining economic benefits from its activities, and thus exercise dominant influence.

The aggregate of the share capital and reserves as at 31 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

| Name | Aggregate of share capital and reserves | Profit/(loss) |
|---|---|---------------|
| | £000 | £000 |
| Nicholas King Developments (No 1) Limited | 310 | 549 |
| Nicholas King Developments (No 2) Limited | 483 | (53) |
| Nicholas King Developments (No 3) Limited | 464 | 471 |
| Nicholas King Developments (No 4) Limited * | (505) | (505) |
| Nicholas King Developments (No 5) Limited * | (446) | (264) |
| Nicholas King Developments (No 6) Limited | (63) | (63) |
| Hertfordshire Properties Limited | (119) | - |
| Nicholas King Groundworks Limited | 66 | 76 |
| Nicholas King Racing Limited | (31) | (34) |
| NK Developments (Roehampton) Limited * | (146) | (146) |
| NK Homes Services Limited | (16) | (16) |
| 2 Roedean Crescent (No 2) Limited * | - | - |
| Nicholas King Construction Limited | (565) | (224) |

Notes to the Financial Statements

For the year ended 31 December 2012

8. Investments (continued)

For the year ended 31 December 2012 the following subsidiaries have taken the available exemption from audit under section 479A of the Companies Act 2006

Nicholas King Developments (No 2) Limited
 Nicholas King Developments (No 3) Limited
 Nicholas King Construction Limited
 NK Home Services Limited
 Nicholas King Racing Limited
 Hertfordshire Properties Limited
 NK Developments (Roehampton) Limited

| Company | Investments in subsidiary companies £000 |
|--|---|
| Cost or valuation | |
| At 1 January 2012 and 31 December 2012 | 1 |
| Net book value | |
| At 31 December 2012 | 1 |
| At 31 December 2011 | 1 |

9. Stocks

| | Group | | Company | |
|---------------------|--------------|--------------|--------------|--------------|
| | 2012 £000 | 2011 £000 | 2012 £000 | 2011 £000 |
| Payments on account | - | (38) | - | (38) |
| Work in progress | 16,624 | 12,315 | - | 71 |
| Finished stock | 454 | - | - | - |
| | 17,078 | 12,277 | - | 33 |

Notes to the Financial Statements

For the year ended 31 December 2012

10. Debtors

| | Group | | Company | |
|--|--------------|-------------|----------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 539 | 99 | 265 | - |
| Amounts owed by group undertakings | - | 1 | 4,779 | 3,946 |
| Amounts owed by related party undertakings | 880 | 145 | - | - |
| Other debtors | - | 1 | - | - |
| Called up share capital not paid | 50 | 50 | 50 | 50 |
| Prepayments and accrued income | 16 | 7 | - | - |
| Other tax recoverable | 360 | 102 | 360 | 102 |
| Deferred tax asset (see note 12) | 68 | 105 | - | - |
| | 1,913 | 510 | 5,454 | 4,098 |

11. Creditors:**Amounts falling due within one year**

| | Group | | Company | |
|------------------------------|---------------|---------------|----------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £000 | £000 | £000 | £000 |
| Bank loans and overdrafts | 13,548 | 3,049 | 250 | - |
| Trade creditors | 5,694 | 6,242 | 4,646 | 1,404 |
| Corporation tax | 135 | 102 | 14 | 6 |
| Other creditors | 11 | 9 | 8 | 9 |
| Accruals and deferred income | 249 | 5,653 | - | 3,918 |
| | 19,637 | 15,055 | 4,918 | 5,337 |

Bank loans and overdrafts are secured by fixed and floating charges over the assets and undertakings of the Group

12. Deferred taxation

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £000 | £000 | £000 | £000 |
| At beginning of year | 105 | 406 | - | - |
| Profit and loss account movement in the year | (37) | (301) | - | - |
| At end of year | 68 | 105 | - | - |

Notes to the Financial Statements

For the year ended 31 December 2012

12. Deferred taxation (continued)

The deferred taxation balance is made up as follows

| | Group | | Company | |
|----------------------------|-------|------|---------|------|
| | 2012 | 2011 | 2012 | 2011 |
| | £000 | £000 | £000 | £000 |
| Tax losses brought forward | 68 | 105 | - | - |

13. Related party transactions

The Group has received management services from the Nicholas King Holdings Plc group of companies, a group controlled by Mr N G King, and paid funds to that group. Mr N G King is a director of the company. The maximum loan to the related party undertaking was £880,000 (2011 Amount due to related party undertaking £6,620,000). The amount due from the related party undertaking at 31 December 2012 was £880,000 (2011 £145,000). Interest is payable on the loan on an arm's length basis.

The Group also owed £654,000 (2011 £Nil) to Nicholas King Homes Plc Retirement Benefit Scheme. Of this, £250,000 represents a capital appropriation by the ultimate owner. The remaining £454,000 relates to the purchase of a property from the Retirement Benefit Scheme.

The Company and Group has adopted the provision of Financial Reporting Standard (FRS) 8 'Related Party Disclosures'. The Company has utilised the exemption available under FRS 8 allowing non disclosure of transactions within Group companies eliminated on consolidation where subsidiaries are 100% owned.

14. Share capital

| | 2012 | 2011 |
|---|-------|-------|
| | £000 | £000 |
| Authorised | | |
| 1,000,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 50,000 Ordinary shares of £1 each | 50 | 50 |

15. Reserves

| | Profit and loss account £000 |
|---------------------|------------------------------------|
| Group | |
| At 1 January 2012 | (171) |
| Profit for the year | 230 |
| | <hr/> |
| At 31 December 2012 | 59 |

Notes to the Financial Statements

For the year ended 31 December 2012

15. Reserves (continued)

| | Profit and loss account £000 |
|---------------------|------------------------------------|
| Company | |
| At 1 January 2012 | 191 |
| Profit for the year | 473 |
| | <hr/> |
| At 31 December 2012 | 664 |
| | <hr/> |

16. Reconciliation of movement in shareholders' funds

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Group | | |
| Opening shareholders' deficit | (121) | (1,006) |
| Profit for the year | 230 | 1,105 |
| Other movements in profit and loss reserve | - | (220) |
| | <hr/> | <hr/> |
| Closing shareholders' funds/(deficit) | 109 | (121) |
| | <hr/> | <hr/> |

| | 2012 £000 | 2011 £000 |
|-----------------------------|--------------|--------------|
| Company | | |
| Opening shareholders' funds | 241 | 50 |
| Profit for the year | 473 | 191 |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 714 | 241 |
| | <hr/> | <hr/> |

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the Company was £400,000 (2011 - £191,000)

17. Minority interests

During the year the group entered into an agreement with RC Partners Limited for the purpose of acquiring and developing the site at 2 Roedean Crescent. A subsidiary, NK Developments (Rochampton) Limited, was established for the purpose of acquiring the site. 50% of the shares are owned by RC Partners Limited while the other 50% is owned by NK Developments plc, which has resulted in a minority interest.

Notes to the Financial Statements

For the year ended 31 December 2012

18. Net cash flow from operating activities

| | 2012 £000 | 2011 £000 |
|--|-----------------|--------------|
| Operating profit | 1,015 | 2,187 |
| Depreciation of tangible fixed assets | 2 | 2 |
| (Increase)/decrease in stocks | (4,801) | 152 |
| Increase in debtors | (668) | (208) |
| Increase in amounts due from participating interests | (735) | (3,529) |
| (Decrease)/increase in creditors | (5,987) | 6,239 |
| Net cash (outflow)/inflow from operating activities | (11,174) | 4,843 |

19. Analysis of cash flows for headings netted in cash flow statement

| | 2012 £000 | 2011 £000 |
|--|----------------------|----------------------|
| Returns on investments and servicing of finance | | |
| Interest paid | (789) | (677) |
| | 2012 £000 | 2011 £000 |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (3) | - |
| | 2012 £000 | 2011 £000 |
| Financing | | |
| New secured loans | 11,806 | 6,025 |
| Repayment of loans | (1,306) | (8,223) |
| Net cash inflow/(outflow) from financing | 10,500 | (2,198) |

20. Analysis of changes in net debt

| | 1 January 2012 £000 | Cash flow £000 | Other non-cash changes £000 | 31 December 2012 £000 |
|---------------------------|---------------------------|-------------------|--------------------------------------|-----------------------------|
| Cash at bank and in hand | 2,140 | (1,466) | - | 674 |
| Debt: | | | | |
| Debts due within one year | (3,049) | (10,499) | 2 | (13,546) |
| Net debt | (909) | (11,965) | 2 | (12,872) |

Notes to the Financial Statements

For the year ended 31 December 2012

21. Post balance sheet events

After the year end, an agreement was reached between Mr N G King and Mrs F A King which resulted in her 50% shareholding in the Nicholas King Holdings Plc group of companies being transferred to Nicholas King Developments Plc

22. Ultimate controlling party

Nicholas King Developments Plc is controlled by Mr N G King, who is a Director of the Company