

Registered number: SC275299

**Business Homes – CALA Limited**  
**Annual report and financial statements**  
**For the year ended 30 June 2009**

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# **Business Homes – CALA Limited**

## **Annual report and financial statements for the year ended 30 June 2009**

	Pages
Directors and advisers	1
Directors' report	2 – 4
Independent auditors' report	5 – 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 – 14

# **Business Homes – CALA Limited**

## **Directors and advisors**

### **Directors**

A M MacConnell

S Houlston

J Houlston

J F Brophy (resigned 15 August 2008)

PJ Devine (appointed 15 August 2008, resigned 27 January 2009)

G C More (appointed 27 January 2009)

### **Company secretary**

Ledge Services Limited

Johnstone House

52–54 Rose Street

Aberdeen

AB10 1HA

### **Registered office**

Johnstone House

52–54 Rose Street

Aberdeen

AB10 1HA

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Erskine House

PO Box 90

68-73 Queen Street

Edinburgh

EH2 4NH

## **Business Homes – CALA Limited**

**Registered number SC275299**

### **Directors' report for the year ended 30 June 2009**

The directors present their report and audited financial statements of the company for the year ended 30 June 2009.

#### **Review of the business**

The company is jointly owned by CALA Management Limited and Simon Lister Limited (formerly Houlston Holdings Limited). The principal activity of the company is property development. As a result of trading conditions and recovery prospects for the commercial property market no further capital will be invested for new developments.

#### **Results**

The results of the company show a loss before tax of £nil (2008: £3,903,712) and sales of £3,589,892 (2008: £6,667,652). The directors do not recommend the payment of a dividend (2008: £nil).

#### **Future outlook**

The directors have reluctantly agreed that this business will cease once all existing assets have been sold.

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are considered to relate to going concern (discussed further below) and the strength of the commercial property market.

#### **Key performance indicators**

The directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company.

#### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will be able to realise its assets and discharge its liabilities in the normal course of business.

The company has continued to operate within its existing bank borrowing limits throughout the difficult market conditions, current cash flow projections indicate that repayment of the bank borrowings will be possible by the current repayment date of 30 June 2010.

The company is also dependent upon the continued financial support of CALA Group Limited (which CALA Group Limited has agreed will continue for the foreseeable future) for its day to day working capital requirements to enable it to meet its liabilities as they fall due.

CALA Group Limited completed a financial restructure of its balance sheet and banking facilities with Bank of Scotland, now part of Lloyds Banking Group on 21<sup>st</sup> December 2009. This will enable CALA Group Limited to continue to provide financial support to the company.

## **Business Homes – CALA Limited**

### **Directors' report for the year ended 30 June 2009 (continued)**

The directors are of the opinion that the company will continue to meet its debts as they fall due for the foreseeable future.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Business Homes – CALA Limited**

### **Directors' report for the year ended 30 June 2009 (continued)**

#### **Independent auditors and disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In accordance with section 366A(1) of the Companies Act 2006, an elective resolution has been passed by shareholders in order to dispense with the need to hold Annual General Meetings and to appoint auditors annually.

PricewaterhouseCoopers LLP shall therefore continue as auditors to the company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

On behalf of the board



f Ledge Services Ltd  
Company secretary

3, March 2010

## **Business Homes – CALA Limited**

### **Independent auditors' report to the members of Business Homes - CALA Limited**

We have audited the financial statements of Business Homes - CALA Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies 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).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss 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.

## **Business Homes – CALA Limited**

### **Independent auditors' report to the members of Business Homes – CALA Limited (continued)**

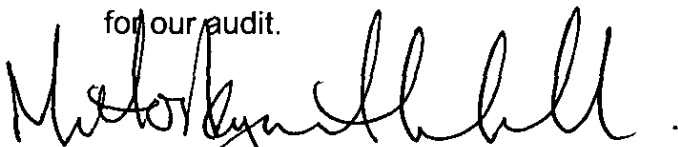
#### **Opinion on other matter prescribed by the Companies Act 2006**

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.

#### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
1 April 2010



## Business Homes – CALA Limited

### Profit and loss account for the year ended 30 June 2009

	Notes	2009 £	2008 £
<b>Turnover</b>	1	<b>3,589,892</b>	6,667,652
Cost of sales		<u>(3,530,976)</u>	<u>(7,212,895)</u>
<b>Gross profit/(loss) before exceptional items</b>		<b>58,916</b>	(545,243)
Exceptional items – cost of sales	3	<u>-</u>	<u>(3,295,735)</u>
<b>Gross profit/(loss) after exceptional items</b>		<b>58,916</b>	(3,840,978)
Administrative expenses		<u>(72,559)</u>	<u>(73,353)</u>
<b>Operating loss</b>		<b>(13,643)</b>	(3,914,331)
Interest	5	<u>13,643</u>	<u>10,619</u>
<b>Loss on ordinary activities before taxation</b>	2	-	(3,903,712)
Taxation	6	<u>-</u>	<u>138,979</u>
<b>Loss on ordinary activities after taxation</b>		-	(3,764,733)
Dividends	7	<u>-</u>	<u>-</u>
<b>Loss retained for the financial year</b>	14	<u>-</u>	<u>(3,764,733)</u>

All activities are continuing.

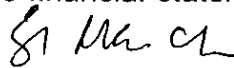
The company has no recognised gains and losses other than those included in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year above, and their historical cost equivalents.

# Business Homes – CALA Limited

## Balance sheet as at 30 June 2009

	Notes	2009 £	2008 £
<b>Current assets</b>			
Stocks	8	5,457,223	6,352,897
Debtors	9	394,453	379,847
Cash at bank and in hand		47,646	2,840,323
		<u>5,899,322</u>	<u>9,573,067</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(5,183,921)</u>	<u>(9,147,957)</u>
<b>Net current liabilities</b>		715,401	425,110
<b>Creditors: amount falling due after more than one year</b>	11	(4,450,510)	(4,160,219)
<b>Net liabilities</b>		<u>(3,735,109)</u>	<u>(3,735,109)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account	14	(3,736,109)	(3,736,109)
<b>Total shareholders' deficit</b>	15	<u>(3,735,109)</u>	<u>(3,735,109)</u>

The financial statements on pages 8 to 15 were approved by the board of directors on  2010 and signed on its behalf by:



A M MacConnell  
Director

## **Business Homes – CALA Limited**

### **Notes to the accounts for the year ended 30 June 2009**

#### **1. Accounting policies**

##### **Basis of accounting**

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

##### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will be able to realise its assets and discharge its liabilities in the normal course of business.

The company has continued to operate within its existing bank borrowing limits throughout the difficult market conditions, current cash flow projections indicate that repayment of the bank borrowings will be possible by the current repayment date of 30 June 2010.

The company is also dependent upon the continued financial support of CALA Group Limited (which CALA Group Limited has agreed will continue for the foreseeable future) for its day to day working capital requirements to enable it to meet its liabilities as they fall due.

CALA Group Limited completed a financial restructure of its balance sheet and banking facilities with Bank of Scotland, now part of Lloyds Banking Group on 21<sup>st</sup> December 2009. This will enable CALA Group Limited to continue to provide financial support to the company.

The directors are of the opinion that the company will continue to meet its debts as they fall due for the foreseeable future.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

These financial statements do not include any adjustments to the balance sheet if assets were to be realised at significantly less than book value or provision for further liabilities that may be required if the going concern basis of preparation is inappropriate.

##### **Stocks and work in progress**

Stocks and work in progress, including land, are valued at the lower of cost and net realisable value. Cost comprises acquisition and build costs plus related fees. Net realisable value is the estimated selling price less all costs to be incurred.

##### **Turnover**

Turnover includes sale of development sites and rental income and is based on the invoiced value of sales, excluding value added tax. Turnover is recognised on sales legally completed in the financial year.

## **Business Homes – CALA Limited**

### **Notes to the accounts for the year ended 30 June 2009 (continued)**

#### **Interest**

Interest is charged to work in progress and released to profit and loss account as the development sites are sold.

#### **Cash flow statements**

As a small company, the exemption from presenting a cash flow statement has been taken under FRS1 'Cash flow statements' (revised 1996).

#### **Deferred tax**

Deferred tax is provided in respect of all timing differences that have originated, but not reversed by the balance sheet date, where there is an obligation to pay more or less tax in the future as a result of the reversal of those timing differences.

## Business Homes – CALA Limited

### Notes to the accounts for the year ended 30 June 2009 (continued)

	2009 £	2008 £
<b>2. Loss on ordinary activities before taxation</b>		
Stated after charging:		
Auditors' remuneration		
- Audit services	2,340	2,340
- Non audit services – taxation services	1,590	900
<b>3. Exceptional items – cost of sales</b>		
Land and work in progress write downs	-	3,295,735
The carrying value of the asset has been written down as a result of the significant deterioration in market conditions. The review of land and work in progress has been carried out by external valuation.		
<b>4. Directors' emoluments</b>		
No directors' emoluments were paid during the year (2008: nil). The average monthly number of employees including directors during the year was 4 (2008: 4).		
<b>5. Interest</b>		
Interest receivable	13,643	10,619
<b>6. Taxation</b>		
<b>(a) Analysis of charge for the year:</b>		
UK corporation tax on the loss of the financial year	-	(138,979)
Total current tax credit	-	(138,979)
<b>(b) Factors affecting tax charge for the year:</b>		
The difference between the current tax (credit)/charge ordinary activities for the year, reported in the profit and loss account, and the current year tax (credit)/charge that would result from applying the relevant standard rate of tax to the (loss)/profit on ordinary activities before tax is explained as follows:		
Loss on ordinary activities before tax	-	(3,903,712)

## Business Homes – CALA Limited

### Notes to the accounts for the year ended 30 June 2009 (continued)

#### 6. Taxation (continued)

	2009 £	2008 £
Loss on ordinary activities multiplied by the standard rate of tax at 28% (2008: 29.5%)	-	(1,151,595)
Effects of :		
Tax at marginal rates	-	25,574
Use of losses carried forward	-	-
Unrecognised deferred tax	-	989,785
Other timing differences	-	(2,743)
Current tax (credit)/charge for the year	<u>-</u>	<u>(138,979)</u>

(c) The standard rate of corporation tax in the UK changed to 28% on 1 April 2008.

#### 7. Dividend

There was no interim dividend paid in 2009 (2008: £nil).

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#### 8. Stocks

Land	1,376,612	1,376,612
Work in progress	4,080,611	4,976,285
	<u>5,457,223</u>	<u>6,352,897</u>

#### 9. Debtors

Corporation tax	138,979	138,979
Other debtors	255,474	240,868
	<u>394,453</u>	<u>379,847</u>

#### 10. Creditors: amounts falling due within one year

Trade creditors	80,335	267,991
Accruals	378,224	353,095
Value added tax	-	377,099
Term loans	3,215,250	7,219,955
Amounts due to CALA Management Limited	1,510,112	886,609
Amounts due to Simon Lister Limited	-	43,208
	<u>5,183,921</u>	<u>9,147,957</u>

## Business Homes – CALA Limited

### Notes to the accounts for the year ended 30 June 2009 (continued)

#### 10. Creditors: amounts falling due within one year (continued)

Interest is charged on the term loans at a rate of base rate plus 1.75%.

Simon Lister Limited Loan notes are repayable on the sale of properties. Interest is charged at LIBOR plus 8%.

The CALA Management Limited loan notes are repayable on the sale of properties. Interest is charged at LIBOR plus 8% up to cash advances of £3m and thereafter at LIBOR plus 12%.

#### 11. Creditors: amounts falling due after more than one year

	2009 £	2008 £
Simon Lister Limited loan	166,250	166,250
CALA Management Limited loan	4,284,260	3,993,969
	<u>4,450,510</u>	<u>4,160,219</u>

#### 12. Unrecognised deferred tax asset

Tax losses carried forward	<u>939,457</u>	<u>989,785</u>
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Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, the deferred tax asset has not been recognised. The deferred tax asset not recognised will be recoverable should there be appropriate future taxable profits.

#### 13. Called up share capital

Authorised

500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

Allotted and fully paid

500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The shareholders of A and B ordinary shares have equal voting rights.

#### 14. Profit and loss account

At 1 July 2008	(3,736,109)	28,624
Loss for the financial year	-	(3,764,733)
At 30 June 2009	<u>(3,736,109)</u>	<u>(3,736,109)</u>

## Business Homes – CALA Limited

### Notes to the accounts for the year ended 30 June 2009 (continued)

	2009 £	2008 £
<b>15. Reconciliation of movements in shareholders' deficit</b>		
Opening shareholders' deficit	(3,735,109)	29,624
Loss retained for the financial year	-	(3,764,733)
Closing shareholders' deficit	<u>(3,735,109)</u>	<u>(3,735,109)</u>

### 16. Related party transactions

As at 30 June 2009 amounts due to shareholders were as follows:

- Loan amounts due to CALA Management Limited - £4,284,260 (2008: £3,993,969).
- Amounts due to CALA Management Limited in less than one year £1,510,112 (2008: £886,609).
- Loan amounts due to Simon Lister Limited - £166,250 (2008: £166,250).
- Amounts due to Simon Lister Limited in less than one year £nil (2008: £43,208).

During the year the following purchases were made from shareholders:-

- CALA Management Limited - £55,000 (2008: £60,000).
- Business Homes Limited - £nil (2008: £103,114).

### 17. Post balance sheet event

On 21 December 2009 CALA Group Limited finalised a debt and equity restructuring arrangement with its principal shareholder and lender, Bank of Scotland, putting in place agreed borrowing facilities for the group until 30 June 2012.

### 18. Ultimate controlling parties

The directors consider the ultimate controlling parties to be CALA Group Limited (formerly New CALA Limited) and Simon Lister Limited.

Copies of the CALA Group Limited financial statements can be obtained from CALA Group Limited, Adam House, 5 Mid New Cultins, Edinburgh, Midlothian, EH11 4DU.

Copies of the Simon Lister Limited financial statements can be obtained from Simon Lister Limited, 4240 Park Approach, Thorpe Park, Leeds, West Yorkshire, LS15 8GB.