David McLean Nikal Limited

Directors' report and financial statements

year ended 30th June 2006

Registered Number: 4892737

MONDAY

ARQKUP5Z

A47 30/04/2007 383

COMPANIES HOUSE

David McLean Nikal Limited

Directors' report and financial statements

Contents *Page*

Directors' report	2-3
Independent Auditors' report	4
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Note on historical cost profits and losses	7
Notes	8-12

David McLean Nikal Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2006

Principal activities

The company is involved in property development

Business Review

The company's loss for the year after taxation amounted to £ 9,885 (2005 profit £14,950)

Performance of the business

The business continues to be a developer principally involved in the Masshouse site in Birmingham

Principal risks

The principal risk is to deliver the site on budget

Key performance indicators

At the moment the emphasis is on cost control

Dividend and transfer to reserves

The directors do not recommend the payment of a dividend (2005 £nil)

Retained loss transferred to reserves amounted to £9,885 (2005 profit £14,950)

Directors and directors' interests

The directors who held office during the period were as follows

S Robinson
J E Kendrick
N S Payne
F P Reil
R N Dean
A D Middleton (resigned 12 September 2005)

None of the directors held any of the ordinary shares of the company

According to the register of directors interests, no rights to subscribe for shares in or debentures of the company or its subsidiaries were granted to any of the directors or their immediate families, or exercised by them during the financial year

The directors do not benefit from qualifyingthird party indemnity provisions during the financial year and at the date of this report

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to 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 judgments 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensurethat its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware,and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

SP Garnett
Secretary

Enterprise House
28 Parkway
Deeside,
Flintshire, CH5 2NS

KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditor to the members of David McLean Nikal Limited

We have audited the financial statements of David McLean Nikal Limited for the year ended 30 June 2006, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 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 withsection 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 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we 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 other transactions 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 judgments 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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally AcceptedAccounting Practice, of the state of the company's affairs as at 30 June 2006 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 Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Manchester
27 April 2007

David McLean Nikal Limited

Profit and loss account

for the year ended 30 06 06

	Note	30 June 2006 £	30 June 2005 £
Turnover	2	300,000	300,000
Cost of sales		(283,442)	(280,313)
Gross profit		16,558	19,687
Administrative expenses		(19,517)	(1,000)
Operating (loss) / profit		(2,959)	18,687
Interest payable		(336)	-
(Loss) / profit on ordinary activities before taxation		(3,295)	18,687
Tax on profit on ordinary activities	5	(6,590)	(3,737)
Retained (loss) / Profit		(9,885)	14,950

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

All above results relate to continuing operations

David McLean Nikal Limited

Balance sheet

at 30 06 06

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Investments	6		2		2
Current assets					
Debtors	7	6,079,875		4,347,696	
Bank		14,372		176,839	
Creditors amounts falling due within one year	8	(259,037)		(179,440)	
Net current assets			5,835,210		4,345,095
Creditors: amounts falling due after more than one year	9		(5,527,970)		(4,027,970)
Net assets			307,242		317,127
Capital and reserves					
Called up share capital	10		20		20
Share premium account	11		252,788		252,788
Profit and loss account	11		54,434		64,319
Equity shareholders funds	12		307,242		317,127

These financial statements were approved by the board of directors on 15/4/0 and were signed on its behalf by

John Kendrick
Director

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

David McLean Nikal Limited

Statement of total recognised gains and losses
for the year ended 30 06 06

	2006 £	2005 £
(Loss)/profit for the financial year	(9,885)	14,950
Total recognised gains and losses relating to the year	(9,885)	14,950

Note of historical cost profits and losses
for the year ended 30 06 06

	2006 £	2005 £
(Loss) / profit on ordinary activities before taxation	(3,295)	18,687
Historical cost (loss) / profit on ordinary activities before taxation	(3,295)	18,687
Historical cost (loss) / profit on ordinary activities after taxation	(9,885)	14,950

David McLean Nikal Limited

Notes

forming part of the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

Basis of preparation

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

Under FRS1 (revised 1996) the company is exempt from the requirement to prepare a cashflow statement on the grounds of its size

Turnover

Turnover represents the total invoice value from development activities, excluding value added tax

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date

Stocks

Stocks are stated at the lower of cost and net realisable value which includes capitalised interest

2 Analysis of turnover and profit on ordinary activities before interest and taxation.

	2006 Turnover £	2006 (loss) before interest and tax £	2005 Turnover £	2005 Profit before interest and tax £
Management charge	300,000	(2,959)	300,000	18,687

All the activity is in the UK

3 Profit on ordinary activities before taxation

Profit on ordinary activity before taxation is stated after charging

	2006 £	2005 £
Audit	1,000	1,000

Notes

4 Remuneration of directors

None of the directors received any remuneration during the period from the company (2005 £nil)
The company does not employ any staff (2005 None)

5 Taxation

Taxation has been charged as follows

	2006 £	2005 £
Analysis of (credit) / charge in period		
Current tax		
UK Corporation tax at 20% on (loss) / profits in the period	6,590	3,737
Factors affecting the tax charge for the year		
The current tax charge for the period is higher than (2005 same as) the standard rate of corporation tax in the UK (20%), (2005 20%) The differences are explained below		
(Loss)/profit on ordinary activities before tax	(3,295)	18,687
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2005 20%)	(659)	3,737
Effects of		
Expenses not deductible for tax purposes	3,014	-
Adjustment in respect of prior years	4,235	-
Current tax charge for the year	6,590	3,737

6 Investments

	2006 £	2005 £
Investment in joint venture	2	2

Principal joint venture:

	Holding	Country of incorporation	Principal activity
Masshouse Developments Limited	50%	Great Britain	Developer of Birmingham site

Notes

7 Debtors

	2006 £	2005 £
Other debtors	5,347	37,543
Amounts owed by Joint Venture	293,750	29,375
Loan stock	5,780,778	4,280,778
	6,079,875	4,347,696

Loan stock of £750,000 on 14 November 2005 and loan stock of £750,000 on 26 April 2006 were issued to Masshouse Developments Limited

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	82,534	-
Accruals and deferred income	67,134	47,791
Other creditors including taxation and social security		
Corporation tax	9,203	16,079
Other taxation and social security	-	22,783
Other creditors	100,166	92,787
	259,037	179,440

Other creditors include amounts due to joint venture partners and group undertakings as follows -

	2006 £	2005 £
David McLean Developments Limited	4,230	65,203
Nikal Group	80,101	11,750
	84,331	76,953

9 Creditors: amounts falling due in greater than one year

	2006 £	2005 £
Loan from joint venture parties	5,527,970	4,027,970

The company has received loans from the joint venture parties, £2,763,980 (2005 £2,013,980) from David McLean (Holdings) Ltd and £2,763,990 (2005 £2,013,990) from Nikal Investments Ltd

Notes

10 Called up share capital

	2006 £	2005 £
Authorised		
500 A Ordinary shares of £1 each	500	500
500 B Ordinary shares of £1 each	500	500
	1,000	1,000
	10	
	10	10
Allotted and called up		10
2 A Ordinary shares of £1 each	20	
2 B Ordinary shares of £1 each		20

Every member has one vote for every share of which he is the holder, except that neither class of share can vote for the removal of a director, without prior consultation with the other class The members of each type of share can appoint four directors of each The A and B shares in all other respects are identical and rank pari passu

11 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	252,788	64,319
Retained profit for the year	-	(9,885)
At end of year	252,788	54,434

12 Reconciliation of movements in Shareholders' funds

	2006 £	2005 £
Opening shareholders funds	317,127	302,177
Result for the financial year	(9,885)	14,950
Closing shareholders' funds	307,242	317,127

13 Related party transactions

Management charges of £15,407 (2005 £132,304) were incurred from David McLean Developments Limited, a subsidiary of David McLean (Holdings) Limited one of the parent companies, during the year with a balance outstanding at the year end of £4,230 (2005 £65,203) which is included within creditors amounts falling due within one year

Notes

14 Parent Companies

The company is 50% owned by David McLean (Holdings) Limited (incorporated in Great Britain and registered in England and Wales) and 50% by Nikal Investments Limited (incorporated in Great Britain and registered in England & Wales)