David McLean Nikal Limited

Directors' report and financial statements

year ended 30th June 2007

Registered Number: 4892737

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David McLean Nikal Limited
Directors' report and financial statements
Year Ended 30 June 2007

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Directors' report

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

Principal activities

The company is involved in property development

Business Review

The company's profit for the year after taxation amounted to £150,281 (2006 loss £9,885)

Directors

The directors who held office during the year were as follows

S Robinson
J E Kendrick
N S Payne
F P Reil
R N Dean

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

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

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 and applicable law (UK Generally Accepted Accounting Practice)

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

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report 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 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

This report is made solely to the company's members, 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 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

Independent auditors' report to the members of David McLean Nikal Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit 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

23 April 2008

Profit and loss account

for the year ended 30 June 2007

	Note	2007 £	2006 £
Turnover	2	300,000	300,000
Cost of sales		(92,869)	(283,442)
Gross profit		207,131	16,558
Administrative expenses		(22,613)	(19,517)
Operating profit /(loss)	3	184,518	(2,959)
Interest payable		(247)	(336)
Profit /(loss) on ordinary activities before taxation		184,271	(3,295)
Tax on profit on ordinary activities	5	(33,990)	(6,590)
Retained profit / (loss)		150,281	(9,885)

The notes on pages 9 to 14 form part of these financial statements

All above results relate to continuing operations

Balance sheet

at 30 June 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Investments	*6*		2		2
Current assets					
Debtors	*7*	3,785,912		6,079,875	
Bank		100,839		14,372	
Creditors amounts falling due within one year	*8*	(151,260)		(259,037)	
Net current assets			3,735,491		5,835,210
Creditors: amounts falling due after more than one year	*9*		(3,277,970)		(5,527,970)
Net assets			457,523		307,242
Capital and reserves					
Called up share capital	*10*		20		20
Share premium account	*11*		252,788		252,788
Profit and loss account	*11*		204,715		54,434
Equity shareholders' funds	*12*		457,523		307,242

These financial statements were approved by the board of directors on 14/4/08 and were signed on its behalf by

John Kendrick
Director

The notes on pages 9 to 14 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 30 June 2007

	2007 £	2006 £
Profit/ (loss) for the financial year	150,281	(9,885)
Total recognised gains and losses relating to the year	150,281	(9,885)

Note of historical cost profits and losses

for the year ended 30 June 2007

	2007 £	2006 £
Profit/ (loss) on ordinary activities before taxation	184,271	(3,295)
Historical cost profit/ (loss) on ordinary activities before taxation	184,271	(3,295)
Historical cost profit/ (loss) on ordinary activities after taxation	150,281	(9,885)

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

FRS20 "Share based payments" has been adopted for the first time The adoption of this standard has not resulted in any adjustments to the current year or proceeding period

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

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to produce group accounts These financial statements present information about the company as an individual undertaking and not about its group

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

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Notes (continued)

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

	2007 Turnover £	2007 Profit before interest and tax £	2006 Turnover £	2006 (Loss) before interest and tax £
Management charge	300,000	184,271	300,000	(2,959)

All the activity is in the UK

3 Profit on ordinary activities before taxation

Profit on ordinary activity before taxation is stated after charging

	2007 £	2006 £
Auditors remuneration		
Audit of these financial statements	1,000	1,000

4 Remuneration of directors

None of the directors received any remuneration during the period from the company (2006 £nil)
The company does not employ any staff (2006 None)

5 Taxation

Taxation has been charged as follows

	2007 £	2006 £
Analysis of charge in period		
Current tax		
UK Corporation tax at 20% on profit/(loss) in the period	33,990	6,590

Factors affecting the tax charge for the year

The current tax charge for the period is lower than (2006 higher) as the standard rate of corporation tax in the UK (20%), (2006 20%) The differences are explained below

Notes (continued)

5 Taxation (continued)

	2007 £	2006 £
Profit/(loss) on ordinary activities before tax	184,271	(3,295)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2006 20%)	36,854	(659)
Effects of		
Expenses not deductible for tax purposes	-	3,014
Adjustment in respect of prior years	(2864)	4,235
Current tax charge for the year	33,990	6,590

6 Investments

	2007 £	2006 £
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

7 Debtors

	2007 £	2006 £
Other debtors	167,009	5,347
Amounts owed by Joint Venture	88,125	293,750
Loan stock	3,530,778	5,780,778
	3,785,912	6,079,875

Loan stock of £2,250,000 on 14 February 2007 was repaid by Masshouse Developments Limited

Notes (continued)

8 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	73,256	82,534
Accruals and deferred income	5,006	67,134
Other creditors including taxation and social security		
Corporation tax	36,345	9,203
Other taxation and social security	18,653	-
Other creditors	18,000	100,166
	151,260	259,037

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

	2007	2006
	£	£
David McLean Developments Limited	-	4,230
Nikal Group	-	80,101
	-	84,331

9 Creditors: amounts falling due in greater than one year

	2007	2006
	£	£
Loan from joint venture parties	3,277,970	5,527,970

The company has received loans from the joint venture parties, £1,638,980 (2006 £2,763,980) from David McLean (Holdings) Ltd and £1,638,990 (2006 £2,763,990) from Nikal Investments Ltd There is no interest being charged on the joint venture party loans.

Notes (continued)

10 Called up share capital

	2007 £	2006 £
Authorised		
500 A Ordinary shares of £1 each	500	500
500 B Ordinary shares of £1 each	500	500
	1,000	1,000
Allotted and called up		
10 A Ordinary shares of £1 each	10	10
10 B Ordinary shares of £1 each	10	10
	20	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	54,434
Retained profit for the year	-	150,281
At end of year	252,788	204,715

12 Reconciliation of movements in Shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	307,242	317,127
Result for the financial year	150,281	(9,885)
Closing shareholders' funds	457,523	307,242

Notes (continued)

13 Related party transactions

Management charges of £64,400 (2006 £15,407) 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 £58,750 (2006 £4,230) which is included within creditors amounts falling due within one year

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) Registered address is Enterprise House, 28 Parkway, Deeside Industrial Estate, Flintshire, CH5 2NS & Barnett House, 53 Fountain Street, Manchester, M2 2AN