

NEWCHASE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2005**



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NEWCHASE LIMITED

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NEWCHASE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with *generally accepted accounting principles or practice*.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company continued to be that of property development.

The directors are satisfied with the result for the year and the year end financial position and expect that the level of activity will continue in the forthcoming year.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £27,946 (2004 - £4,914) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares shares of £1 each	
	<u>31/3/05</u>	<u>1/4/04</u>
W W Rhodes	82,068	82,068
B Money	-	-

NEWCHASE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2005

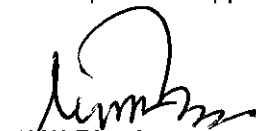
AUDITORS

The auditors, Smith Cooper, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 13 December 1991.

ELECTIVE RESOLUTION

Elective resolutions were passed by the members on 13 December 1991 whereby the company has dispensed with the laying of accounts and reports before the company in general meeting: has dispensed with the holding of annual general meetings and has dispensed with the obligation to appoint auditors annually.

This report was approved by the board on 29 July 2005 and signed on its behalf.


W.W. Rhodes
Secretary

NEWCHASE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWCHASE LIMITED

We have audited the financial statements of Newchase Limited for the year ended 31 March 2005 set out on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

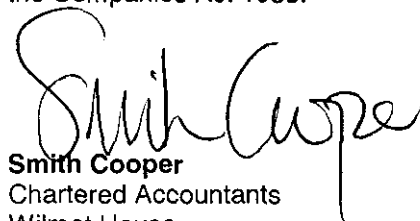
BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Smith Cooper
Chartered Accountants
Wilmot House
St James Court
Derby
DE1 1BT

Date: 29 July 2005

NEWCHASE LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2005

	Note	2005 £	2004 £
Administrative expenses		(40,447)	(54,458)
Other operating income		76,500	66,689
OPERATING PROFIT	6	36,053	12,231
Interest receivable		13,677	6,053
Interest payable	5	(15,984)	(13,468)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,746	4,816
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(5,800)	98
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		27,946	4,914

All amounts relate to continuing operations.

There were no recognised gains and losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

NEWCHASE LIMITED

BALANCE SHEET
As at 31 March 2005

	Note	£	2005 £	£	2004 £
CURRENT ASSETS					
Stocks	8	1,053,796		1,053,796	
Debtors	9	7,326		3,000	
Cash at bank		300,000		300,000	
			<u>1,361,122</u>	<u>1,356,796</u>	
CREDITORS: amounts falling due within one year	10	(378,276)		(365,962)	
			<u>982,846</u>	<u>990,834</u>	
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>982,846</u>	<u>990,834</u>	
CREDITORS: amounts falling due after more than one year	11		(191,009)	(226,943)	
			<u>791,837</u>	<u>763,891</u>	
NET ASSETS					
CAPITAL AND RESERVES					
Called up share capital	12		126,668	126,668	
Profit and loss account	13		665,169	637,223	
SHAREHOLDERS' FUNDS - All Equity	14		<u>791,837</u>	<u>763,891</u>	

The financial statements were approved by the board on 29 July 2005 and signed on its behalf.


W W Rhodes
Director

The notes on pages 6 to 10 form part of these financial statements.

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

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.

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

2. NET OPERATING EXPENSES

	2005	2004
	£	£
Administrative expenses	<u>40,447</u>	<u>54,458</u>

3. DIRECTORS EMOLUMENTS

The directors received no remuneration in respect of their services to the company (2004: £Nil)

4. EMPLOYEE INFORMATION

The company had no employees during the year (2004 - none).

5. INTEREST PAYABLE

	2005	2004
	£	£
On bank loans and overdrafts	<u>15,984</u>	<u>13,468</u>

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Auditors' remuneration	1,200	850

During the year, no director received any emoluments (2004 - £nil).

7. TAXATION

	2005	2004
	£	£
Analysis of tax charge/(credit) in year		
UK corporation tax charge on profits of the year	5,800	-
Adjustments in respect of prior periods	-	(98)
Total current tax	5,800	(98)
Tax on profit/(loss) on ordinary activities	5,800	(98)

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (16.8%). The differences are explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	33,746	4,816
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 16.8% (2004 - 0)	5,669	-
Effects of:		
Expenses not deductible for tax purposes	131	-
Adjustments to tax charge in respect of prior periods	-	(98)
Current tax charge/(credit) for year (see note above)	5,800	(98)

There were no factors that may affect future tax charges.

8. STOCKS

	2005	2004
	£	£
Work in progress	1,053,796	1,053,796

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

9. DEBTORS

	2005	2004
	£	£
Other debtors	1,421	-
Prepayments and accrued income	2,905	-
Deferred tax asset (see note 15)	3,000	3,000
	<u>7,326</u>	<u>3,000</u>

10. CREDITORS:
Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts (note 11)	50,601	43,887
Corporation tax	5,800	-
Other creditors	300,000	300,000
Accruals and deferred income	21,875	22,075
	<u>378,276</u>	<u>365,962</u>

11. CREDITORS:
Amounts falling due after more than one year

	2005	2004
	£	£
Bank loans	<u>191,009</u>	<u>226,943</u>

Included within the above are amounts falling due as follows:

	2005	2004
	£	£
Between one and two years		
Bank loans	<u>38,355</u>	<u>36,380</u>
Between two and five years		
Bank loans	<u>152,654</u>	<u>190,563</u>

The loan is repayable over 90 months by equal monthly instalments of £4,072 and carries interest at a rate of 1.5% above base rate.

The bank loan and overdraft are secured by a legal charge over property held in work in progress.

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

12. SHARE CAPITAL

	2005 £	2004 £
Authorised		
250,000 Ordinary shares shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
126,668 Ordinary shares shares of £1 each	<u>126,668</u>	<u>126,668</u>

13. RESERVES

Profit and loss account	£
At 1 April 2004	637,223
Profit retained for the year	27,946
	<u> </u>
At 31 March 2005	<u>665,169</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the year	27,946	4,914
	<u>27,946</u>	<u>4,914</u>
Opening shareholders' funds	763,891	758,977
Closing shareholders' funds	<u>791,837</u>	<u>763,891</u>

15. DEFERRED TAXATION

	2005 £	2004 £
At 1 April 2004 and 31 March 2005	<u>3,000</u>	<u>3,000</u>
The deferred tax asset is made up as follows:		
	2005 £	2004 £
Short term timing differences	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

16. RELATED PARTY TRANSACTIONS

Work in progress consists of development properties purchased from a company in which B Money, a director of Newchase Limited, has a material interest.

The accounts include consultancy fees of £12,000 (2004: £19,000) paid to Vitalforce (FM) Limited, a company in which B Money has a material interest as a shareholder. There was £Nil outstanding at 31 March 2005 (2004: £nil).

At 31 March 2005 there was an amount of £300,000 due from the company to W W Rhodes, a director and shareholder. The loan is unsecured, interest free and has no fixed repayment date. The balance outstanding at the year end was £300,000.

17. CONTROLLING PARTY

W W Rhodes is the ultimate controlling party by virtue of his controlling interest in the company's equity capital.

NEWCHASE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2005

	£	2005 £	£	2004 £
Income				
Net rents receivable		75,000		65,740
Service charge receivable		1,500		949
		76,500		66,689
Operating expenses				
Bank loan interest payable	14,799		12,040	
Bank overdraft interest payable	1,185		1,428	
Bank interest receivable	(13,677)		(6,053)	
Bank charges	572		613	
Auditors' remuneration	1,200		850	
Legal and professional	14,623		22,728	
Insurances	6,267		7,456	
Rates	5,291		-	
Light and heat	711		3,101	
Security and property maintenance	4,925		5,264	
Repairs and maintenance	4,252		11,749	
Hotels, travel and subsistence	1,438		1,936	
Advertising and promotion	1,168		761	
		42,754		61,873
NET PROFIT				
		33,746		4,816