

NEWCHASE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2006**



NEWCHASE LIMITED

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NEWCHASE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2006

The directors present their report and the financial statements for the year ended 31 March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (s. 234ZA (2)).

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 £45,651 (2005 - £27,946) .

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>31/3/06</u>	<u>1/4/05</u>
W W Rhodes	82,068	82,068
B Money	-	-

NEWCHASE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2006

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 17 May 2006 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 2006 set out on pages 5 to 10. 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

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 (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

NEWCHASE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWCHASE LIMITED

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- 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.

Smith Cooper

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

17 May 2006

NEWCHASE LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2006

	Note	2006 £	2005 £
Administrative expenses		(55,013)	(40,447)
Other operating income		114,262	76,500
OPERATING PROFIT	6	59,249	36,053
Interest receivable		11,110	13,677
Interest payable	5	(13,363)	(15,984)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		56,996	33,746
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(11,345)	(5,800)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		45,651	27,946

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

NEWCHASE LIMITED

BALANCE SHEET
As at 31 March 2006

	Note	£	2006 £	£	2005 £
CURRENT ASSETS					
Stocks	8	1,079,258		1,053,796	
Debtors	9	4,497		7,326	
Cash at bank		339,772		300,000	
		<u>1,423,527</u>		<u>1,361,122</u>	
CREDITORS: amounts falling due within one year	10	(433,060)		(378,276)	
NET CURRENT ASSETS			<u>990,467</u>		<u>982,846</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>990,467</u>		<u>982,846</u>
CREDITORS: amounts falling due after more than one year	11		(152,979)		(191,009)
NET ASSETS			<u><u>837,488</u></u>		<u><u>791,837</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		126,668		126,668
Profit and loss account	13		710,820		665,169
SHAREHOLDERS' FUNDS - All Equity	14		<u><u>837,488</u></u>		<u><u>791,837</u></u>

The financial statements were approved by the board on 17 May 2006 and signed on its behalf.


W W Rhodes
Director

The notes on pages 7 to 10 form part of these financial statements.

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

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

	2006	2005
	£	£
Administrative expenses	<u>80,869</u>	<u>40,447</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

	2006	2005
	£	£
On bank loans and overdrafts	<u>13,363</u>	<u>15,984</u>

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

6. OPERATING PROFIT

The operating profit is stated after charging:

	2006	2005
	£	£
Auditors' remuneration	1,250	1,200

During the year, no director received any emoluments (2005 - £nil).

7. TAXATION

	2006	2005
	£	£
Analysis of tax charge in year		
UK corporation tax charge on profits of the year	11,405	5,800
Adjustments in respect of prior periods	(60)	-
Total current tax	11,345	5,800
Tax on profit on ordinary activities	11,345	5,800

Factors affecting tax charge for year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK applicable to the company.

There were no factors that may affect future tax charges.

8. STOCKS

	2006	2005
	£	£
Work in progress	1,079,258	1,053,796

9. DEBTORS

	2006	2005
	£	£
Other debtors	-	1,421
Prepayments and accrued income	1,497	2,905
Deferred tax asset (see note 15)	3,000	3,000
	4,497	7,326

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

10. CREDITORS:
Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts (note 11)	38,341	50,601
Corporation tax	11,405	5,800
Other creditors	350,000	300,000
Accruals and deferred income	33,314	21,875
	<u>433,060</u>	<u>378,276</u>

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

	2006 £	2005 £
Bank loans	152,979	191,009

Included within the above are amounts falling due as follows:

	2006 £	2005 £
Between one and two years		
Bank loans	40,449	38,355
Between two and five years		
Bank loans	112,530	152,654

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.

12. SHARE CAPITAL

	2006 £	2005 £
Authorised		
250,000 Ordinary shares shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
126,668 Ordinary shares shares of £1 each	126,668	126,668

NEWCHASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2006

13. RESERVES

Profit and loss account	£
At 1 April 2005	665,169
Profit retained for the year	45,651
At 31 March 2006	710,820

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the year	45,651	27,946
Opening shareholders' funds	791,837	763,891
Closing shareholders' funds	837,488	791,837

15. DEFERRED TAXATION

	2006 £	2005 £
At 1 April 2005 and 31 March 2006	3,000	3,000

The deferred tax asset is made up as follows:

	2006 £	2005 £
Short term timing differences	3,000	3,000
	3,000	3,000

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 £24,500 (2005: £12,000) 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 2006 (2005: £nil).

At 31 March 2006 there was an amount of £350,000 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 maximum balance outstanding during the year end was £350,000.

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 2006

	£	2006 £	£	2005 £
Income				
Net rents receivable		112,078		75,000
Service charge receivable		2,184		1,500
		<u>114,262</u>		<u>76,500</u>
Operating expenses				
Bank loan interest payable	12,819		14,799	
Bank overdraft interest payable	544		1,185	
Bank interest receivable	(11,110)		(13,677)	
Bank charges	570		572	
Auditors' remuneration	1,250		1,200	
Legal and professional	30,320		14,623	
Insurances	3,401		6,267	
Rates	5,885		5,291	
Light and heat	2,301		711	
Security and property maintenance	6,325		4,925	
Repairs and maintenance	737		4,252	
Cleaning	1,908		-	
Hotels, travel and subsistence	1,866		1,438	
Advertising and promotion	450		1,168	
	<u></u>	57,266	<u></u>	42,754
NET PROFIT		<u>56,996</u>		<u>33,746</u>