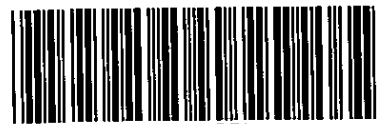


**Report of the Directors and
Consolidated Financial Statements for the year ended 31st January 2012
for
PENNYFARTHING DEVELOPMENTS LIMITED**

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**Contents of the Consolidated Financial Statements
for the year ended 31st January 2012**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	6
Consolidated Statement of Total Recognised Gains and Losses	7
Consolidated Balance Sheet	8
Company Balance Sheet	10
Consolidated Cash Flow Statement	11
Notes to the Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	14

PENNYFARTHING DEVELOPMENTS LIMITED

**Company Information
for the year ended 31st January 2012**

DIRECTORS: M Adams
D Adams
T R Adams
M S S Dukes

SECRETARY: M Adams

REGISTERED OFFICE: Pennyfarthing House
Ossemsley
New Milton
Hampshire
BH25 5TL

REGISTERED NUMBER: 03498548 (England and Wales)

AUDITORS: Hall & Co
Chartered Accountants
Statutory Auditors
59 The Avenue
Southampton
Hampshire
SO17 1XS

**Report of the Directors
for the year ended 31st January 2012**

The directors present their report with the financial statements of the company and the group for the year ended 31st January 2012

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of builders and developers

REVIEW OF BUSINESS

The results for the year and the financial position of the company and the group are shown in the annexed financial statements. The resulting group profit before taxation of £450,924 in the year under review compares with a profit of £2,690,464 in 2011.

The success of the directors' strategy in prioritising cash flow and reducing borrowings in previous years resulted in a reduced number of stock units available for sale which is reflected in lower unit sales of 20 in the year compared with 55 in 2011. The lower unit sales number was in part offset by improved margins achieved. During the year the concentration was on replenishing stock units for sale with a consequent increase in work in progress and bank borrowing.

Principal risks and uncertainties.

The principal risks and uncertainties for the group arise from the impact on the house building industry caused by delays in the planning process and any downturn in the economy. These uncertainties create difficulties in forecasting production schedules and the rate of sales and the selling prices that can be achieved for the completed residential units with the consequent effect on working capital and funding requirements.

Key performance indicators.

Given the straightforward nature of the business, the directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the company.

Financial risk management.

In line with others in the house building industry, the company continued to experience difficulties during the year brought about by shortages in the mortgage market and credit generally. Following the success in reducing borrowings in previous years the directors are looking to replenish stock levels within the constraint of the directors' policy of maintaining relatively low levels of gearing which gives greater comfort to lenders.

The company is reliant on bank funding for development projects which is sought from its bankers on short term development loans. In the current economic climate there is a risk that sales may not be achieved at a rate to repay this short term lending within the originally agreed timescale with the result that they may not be renewed.

DIVIDENDS

No interim dividend has been paid in the year and the directors recommend that no final dividend be paid (2011 - An interim dividend totalling £1,400,000 was paid).

FUTURE DEVELOPMENTS

Trading conditions continue to be challenging and finance appears to be becoming more available although more costly with banks looking to increase their returns through higher margins and fees. Whilst the company is not insulated from the downturn in the economy generally or its impact on the housing market, the directors are pleased with trading to date in the current financial period and are optimistic that a reasonable level of activity can be maintained.

**Report of the Directors
for the year ended 31st January 2012**

DIRECTORS

The directors shown below have held office during the whole of the period from 1st February 2011 to the date of this report

M Adams
D Adams
T R Adams
M S S Dukes

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information

AUDITORS

The auditors, Hall & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



M Adams - Director

13th August 2012

Report of the Independent Auditors to the Members of Pennyfarthing Developments Limited

We have audited the financial statements of Pennyfarthing Developments Limited for the year ended 31st January 2012 on pages six to twenty eight. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st January 2012 and of the group's profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Pennyfarthing Developments Limited**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



George Hall FCA (Senior Statutory Auditor)
for and on behalf of Hall & Co
Chartered Accountants
Statutory Auditors
59 The Avenue
Southampton
Hampshire
SO17 1XS

13th August 2012

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Consolidated Profit and Loss Account
for the year ended 31st January 2012**

	Notes	2012 £	2011 £
TURNOVER		8,950,426	17,515,384
Cost of sales		<u>6,660,205</u>	<u>13,070,421</u>
GROSS PROFIT		2,290,221	4,444,963
Administrative expenses		<u>1,681,689</u>	<u>1,785,196</u>
		608,532	2,659,767
Other operating income		<u>125,668</u>	<u>116,965</u>
OPERATING PROFIT	3	734,200	2,776,732
Interest receivable and similar income		<u>557</u>	<u>38,269</u>
		734,757	2,815,001
Interest payable and similar charges	5	<u>283,833</u>	<u>124,537</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		450,924	2,690,464
Tax on profit on ordinary activities	6	<u>108,124</u>	<u>602,206</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		342,800	2,088,258
Minority interest - equity		<u>160,279</u>	<u>359,299</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u>182,521</u>	<u>1,728,959</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31st January 2012**

	2012 £	2011 £
PROFIT FOR THE FINANCIAL YEAR	182,521	1,728,959
Investment property revaluation	311,745	14,147
Minority interest share of investment property revaluation	(38,917)	-
Tax on realised revaluation surplus in subsidiaries	<u>(164,463)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>290,886</u>	<u>1,743,106</u>

The notes form part of these financial statements

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Consolidated Balance Sheet
31st January 2012**

	Notes	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		149,757		127,388
Investments	10		-		-
Investment property	11		<u>1,844,480</u>		<u>1,578,381</u>
			1,994,237		1,705,769
CURRENT ASSETS					
Stocks	12	25,935,369		17,681,553	
Debtors	13	441,507		592,920	
Cash at bank and in hand		<u>925,628</u>		<u>851,524</u>	
		27,302,504		19,125,997	
CREDITORS					
Amounts falling due within one year	14	<u>17,148,347</u>		<u>10,089,365</u>	
NET CURRENT ASSETS			<u>10,154,157</u>		<u>9,036,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			12,148,394		10,742,401
CREDITORS					
Amounts falling due after more than one year	15		(2,417,255)		(1,515,250)
PROVISIONS FOR LIABILITIES	19		(22,319)		(8,413)
MINORITY INTERESTS	20		<u>(898,715)</u>		<u>(699,519)</u>
NET ASSETS			<u>8,810,105</u>		<u>8,519,219</u>

The notes form part of these financial statements

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

Consolidated Balance Sheet - continued
31st January 2012

		2012		2011	
	Notes	£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	21		516,108		516,108
Share premium	22		1,607,910		1,607,910
Revaluation reserve	22		558,228		449,863
Profit and loss account	22		<u>6,127,859</u>		<u>5,945,338</u>
SHAREHOLDERS' FUNDS	26		<u>8,810,105</u>		<u>8,519,219</u>

The financial statements were approved by the Board of Directors on 13th August 2012 and were signed on its behalf by



M Adams - Director

The notes form part of these financial statements

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Company Balance Sheet
31st January 2012**

	Notes	2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		-		-
Investments	10		2,861,736		2,861,736
Investment property	11		<u>-</u>		<u>-</u>
			2,861,736		2,861,736
CURRENT ASSETS					
Debtors	13	1,625,508		1,560,000	
Cash at bank		<u>10,041</u>		<u>26,202</u>	
		1,635,549		1,586,202	
CREDITORS					
Amounts falling due within one year	14	<u>1,953,951</u>		<u>1,911,527</u>	
NET CURRENT LIABILITIES			<u>(318,402)</u>		<u>(325,325)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,543,334</u>		<u>2,536,411</u>
CAPITAL AND RESERVES					
Called up share capital	21		516,108		516,108
Share premium	22		1,607,910		1,607,910
Profit and loss account	22		<u>419,316</u>		<u>412,393</u>
SHAREHOLDERS' FUNDS	26		<u>2,543,334</u>		<u>2,536,411</u>

The financial statements were approved by the Board of Directors on 13th August 2012 and were signed on its behalf by



M Adams - Director

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Consolidated Cash Flow Statement
for the year ended 31st January 2012**

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	1	(5,559,379)	1,834,585
Returns on investments and servicing of finance	2	(283,276)	(86,268)
Taxation		(596,129)	(151,225)
Capital expenditure and financial investment	2	5,410	(163,260)
Equity dividends paid		-	(1,400,000)
		(6,433,374)	33,832
Financing	2	<u>6,507,478</u>	<u>(989,314)</u>
Increase/(decrease) in cash in the period		<u>74,104</u>	<u>(955,482)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		74,104	(955,482)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(6,758,919)</u>	<u>1,498,863</u>
Change in net debt resulting from cash flows		<u>(6,684,815)</u>	<u>543,381</u>
Movement in net debt in the period		(6,684,815)	543,381
Net debt at 1st February		<u>(8,812,376)</u>	<u>(9,355,757)</u>
Net debt at 31st January		<u>(15,497,191)</u>	<u>(8,812,376)</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the year ended 31st January 2012**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW
FROM OPERATING ACTIVITIES**

	2012	2011
	£	£
Operating profit	734,200	2,776,732
Depreciation charges	64,367	60,677
Profit on disposal of fixed assets	(46,500)	(17,900)
Increase in stocks	(8,253,816)	(1,043,694)
Decrease/(increase) in debtors	148,073	(121,948)
Increase in creditors	<u>1,794,297</u>	<u>180,718</u>
Net cash (outflow)/inflow from operating activities	<u>(5,559,379)</u>	<u>1,834,585</u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW
STATEMENT**

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	557	38,269
Interest paid	(281,182)	(121,672)
Interest element of hire purchase payments	<u>(2,651)</u>	<u>(2,865)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(283,276)</u>	<u>(86,268)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(86,736)	(99,687)
Purchase of investment property	(29,604)	(81,473)
Sale of tangible fixed assets	(209,518)	17,900
Sale of fixed asset investments	256,018	-
Sale of investment property	<u>75,250</u>	<u>-</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>5,410</u>	<u>(163,260)</u>
Financing		
New loans in year	12,091,184	2,281,954
Loan repayments in year	(5,320,163)	(3,829,234)
Capital repayments in year	(12,102)	48,417
Amount introduced by directors	1,508	1,136,999
Amount withdrawn by directors	<u>(252,949)</u>	<u>(627,450)</u>
Net cash inflow/(outflow) from financing	<u>6,507,478</u>	<u>(989,314)</u>

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Notes to the Consolidated Cash Flow Statement
for the year ended 31st January 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.2 11 £	Cash flow £	At 31 1 12 £
Net cash			
Cash at bank and in hand	<u>851,524</u>	<u>74,104</u>	<u>925,628</u>
	<u>851,524</u>	<u>74,104</u>	<u>925,628</u>
Debt:			
Hire purchase	(54,250)	12,102	(42,148)
Debts falling due within one year	(8,109,650)	(5,860,490)	(13,970,140)
Debts falling due after one year	<u>(1,500,000)</u>	<u>(910,531)</u>	<u>(2,410,531)</u>
	<u>(9,663,900)</u>	<u>(6,758,919)</u>	<u>(16,422,819)</u>
Total	<u>(8,812,376)</u>	<u>(6,684,815)</u>	<u>(15,497,191)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31st January 2012**

1 ACCOUNTING POLICIES

Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets

Certain group companies are reliant on bank finance and loans from participators to meet working capital requirements. The bank facilities are of a short term nature and are due for renewal at various dates during the period of twelve months from the date of approval of these financial statements.

The directors have reasonable expectation, given the current level of bank borrowing and an indication from participators of certain subsidiaries that they will continue to provide financial support to the company, that the company has adequate resources to continue to trade and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Pennyfarthing Developments Limited and all of its subsidiaries. Pennyfarthing Landholdings Limited and Pennyfarthing New Homes Limited where the company holds 50% of the voting rights are included in the consolidated financial statements as subsidiaries since they are managed on a unified basis with the other members of the group and the directors of the company have effective control of these companies.

Turnover

Turnover represents sales of land and developed property and construction services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

1 ACCOUNTING POLICIES - continued

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Income recognition

Income is recognised on completion of sales of land or developed properties

2 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	1,756,951	1,890,481
Social security costs	<u>190,481</u>	<u>195,893</u>
	<u>1,947,432</u>	<u>2,086,374</u>

The average monthly number of employees during the year was as follows

	2012	2011
Directors	4	3
Administrative staff	26	27
Site operatives	<u>25</u>	<u>25</u>
	<u>55</u>	<u>55</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation - owned assets	32,186	37,622
Depreciation - assets on hire purchase contracts	32,181	23,055
Profit on disposal of fixed assets	(46,500)	(17,900)
Auditors' remuneration	12,185	12,900
Auditors' remuneration for non audit work	<u>1,250</u>	<u>-</u>
Directors' remuneration	<u>351,130</u>	<u>450,327</u>

Information regarding the highest paid director is as follows

	2012	2011
	£	£
Emoluments etc	<u>110,715</u>	<u>223,534</u>

4. EXCEPTIONAL ITEMS

In light of current market conditions the directors reviewed the value of stocks and work in progress resulting in a write back of part of the provision made in the previous year of £nil (2011 - £605,000)

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	276,309	121,672
Bank loan interest	1,280	-
Other interest	3,593	-
Hire purchase	<u>2,651</u>	<u>2,865</u>
	<u>283,833</u>	<u>124,537</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	94,218	593,793
Deferred tax	<u>13,906</u>	<u>8,413</u>
Tax on profit on ordinary activities	<u>108,124</u>	<u>602,206</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

6 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>450,924</u>	<u>2,690,464</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.340% (2011 - 28%)	118,773	753,330
Effects of		
Expenses not deductible for tax purposes	166	-
Income not taxable for tax purposes	(5,764)	-
Capital allowances in excess of depreciation	(16,225)	(26,922)
Utilisation of tax losses	-	(127,408)
Marginal relief and adjustment to small companies rate	(5,345)	(6,270)
Prior year adjustments and other items	<u>2,613</u>	<u>1,063</u>
Current tax charge	<u>94,218</u>	<u>593,793</u>

Factors that may affect future tax charges

The group has a deferred tax asset of £604 (2011 - £18,865) arising from tax losses available to set against future trading profits and depreciation in advance of capital allowances in certain subsidiaries which has not been recognised stated at 26% of the gross temporary difference (2011 - 28%).

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £6,923 (2011 - £39,231).

8 DIVIDENDS

	2012 £	2011 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>1,400,000</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

9 TANGIBLE FIXED ASSETS

Group

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1st February 2011	309,675	25,004	164,479	499,158
Additions	71,516	4,420	10,800	86,736
Disposals	<u>(49,100)</u>	<u>(2,957)</u>	<u>(7,092)</u>	<u>(59,149)</u>
At 31st January 2012	<u>332,091</u>	<u>26,467</u>	<u>168,187</u>	<u>526,745</u>
DEPRECIATION				
At 1st February 2011	260,519	24,553	86,698	371,770
Charge for year	34,377	1,280	28,710	64,367
Eliminated on disposal	<u>(49,100)</u>	<u>(2,957)</u>	<u>(7,092)</u>	<u>(59,149)</u>
At 31st January 2012	<u>245,796</u>	<u>22,876</u>	<u>108,316</u>	<u>376,988</u>
NET BOOK VALUE				
At 31st January 2012	<u>86,295</u>	<u>3,591</u>	<u>59,871</u>	<u>149,757</u>
At 31st January 2011	<u>49,156</u>	<u>451</u>	<u>77,781</u>	<u>127,388</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows.

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1st February 2011	36,670	50,487	87,157
Additions	<u>62,347</u>	<u>-</u>	<u>62,347</u>
At 31st January 2012	<u>99,017</u>	<u>50,487</u>	<u>149,504</u>
DEPRECIATION			
At 1st February 2011	6,112	6,206	12,318
Charge for year	<u>19,559</u>	<u>12,622</u>	<u>32,181</u>
At 31st January 2012	<u>25,671</u>	<u>18,828</u>	<u>44,499</u>
NET BOOK VALUE			
At 31st January 2012	<u>73,346</u>	<u>31,659</u>	<u>105,005</u>
At 31st January 2011	<u>30,558</u>	<u>44,281</u>	<u>74,839</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

10 FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1st February 2011
and 31st January 2012

2,861,736

NET BOOK VALUE

At 31st January 2012

2,861,736

At 31st January 2011

2,861,736

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Pennyfarthing Construction Limited

Country of incorporation England

Nature of business. Builders and developers

	%
Class of shares:	holding
Ordinary	100 00

Pennyfarthing Homes Limited

Country of incorporation England

Nature of business: Property developer

	%
Class of shares:	holding
Ordinary	100.00

Pennyfarthing Landholdings Limited

Country of incorporation. England

Nature of business: Property developer

	%
Class of shares:	holding
Ordinary	50 00

Pennyfarthing New Homes Limited

Country of incorporation: England

Nature of business: Property developer

	%
Class of shares.	holding
Ordinary	50.00

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

10. FIXED ASSET INVESTMENTS - continued

Pennyfarthing Investments Limited

Country of incorporation. England

Nature of business: Property investment and development

	%
Class of shares	holding
Ordinary	100 00

11. INVESTMENT PROPERTY

Group

	Total £
COST OR VALUATION	
At 1st February 2011	1,578,381
Additions	29,604
Disposals	(75,250)
Revaluations	<u>311,745</u>
At 31st January 2012	<u>1,844,480</u>
NET BOOK VALUE	
At 31st January 2012	<u>1,844,480</u>
At 31st January 2011	<u>1,578,381</u>

Cost or valuation at 31st January 2012 is represented by.

	£
Valuation in 2012	<u>1,844,480</u>

If investment property had not been revalued it would have been included at the following historical cost:

	2012	2011
	£	£
Cost	<u>1,023,748</u>	<u>1,024,524</u>

Investment property was valued on an open market basis on 31st January 2012 by the directors.

12. STOCKS

	Group	
	2012	2011
	£	£
Work-in-progress	<u>25,935,369</u>	<u>17,681,553</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	64,741	38,358	-	-
Amounts owed by group undertakings	-	-	1,222,288	1,000,000
Other debtors	370,299	493,996	46	-
Tax	-	3,340	-	-
Prepayments and accrued income	6,467	57,226	403,174	560,000
	<u>441,507</u>	<u>592,920</u>	<u>1,625,508</u>	<u>1,560,000</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 16)	10,207,444	4,261,954	-	-
Other loans (see note 16)	3,762,696	3,847,696	-	-
Hire purchase contracts (see note 17)	35,424	39,000	-	-
Trade creditors	401,290	291,749	-	-
Amounts owed to group undertakings	-	-	1,692,135	1,387,205
Tax	256,345	597,133	1,840	10,428
Social security and other taxes	150,021	55,557	-	-
Other creditors	6,346	26,298	-	-
Directors' current accounts	267,857	519,298	257,951	510,900
Accruals and deferred income	2,060,924	450,680	2,025	2,994
	<u>17,148,347</u>	<u>10,089,365</u>	<u>1,953,951</u>	<u>1,911,527</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2012	2011
	£	£
Bank loans (see note 16)	910,531	-
Other loans (see note 16)	1,500,000	1,500,000
Hire purchase contracts (see note 17)	6,724	15,250
	<u>2,417,255</u>	<u>1,515,250</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

16. LOANS

An analysis of the maturity of loans is given below

	Group	
	2012	2011
	£	£
Amounts falling due within one year or on demand.		
Bank loans & overdrafts	10,207,444	4,261,954
Other loans - secured	627,696	627,696
Other loans - unsecured	<u>3,135,000</u>	<u>3,220,000</u>
	<u>13,970,140</u>	<u>8,109,650</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	30,717	-
Other loans - secured	<u>1,500,000</u>	<u>1,500,000</u>
	<u>1,530,717</u>	<u>1,500,000</u>
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>879,814</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable:		
Within one year	36,985	41,233
Between one and five years	<u>6,985</u>	<u>16,327</u>
	<u>43,970</u>	<u>57,560</u>
Finance charges repayable:		
Within one year	1,561	2,233
Between one and five years	<u>261</u>	<u>1,077</u>
	<u>1,822</u>	<u>3,310</u>
Net obligations repayable		
Within one year	35,424	39,000
Between one and five years	<u>6,724</u>	<u>15,250</u>
	<u>42,148</u>	<u>54,250</u>

18. SECURED DEBTS

The following secured debts are included within creditors

	Group	
	2012	2011
	£	£
Bank loans	11,117,975	4,261,954
Other loans - secured	<u>2,127,696</u>	<u>2,127,696</u>
	<u>13,245,671</u>	<u>6,389,650</u>

Bank loans of £11,117,975 (2011 - £4,261,954) are secured by first charges over certain land and properties included in work in progress

Other loans of £2,127,696 (2011 - £2,127,696) are secured by a fixed and floating charge over the assets of a subsidiary company.

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

19 PROVISIONS FOR LIABILITIES

	Group	
	2012	2011
	£	£
Deferred tax	<u>22,319</u>	<u>8,413</u>

Group	Deferred tax
	£
Balance at 1st February 2011	8,413
Profit and loss account charge	<u>13,906</u>
Balance at 31st January 2012	<u>22,319</u>

Deferred taxation wholly relates to capital allowances in advance of depreciation

20 MINORITY INTERESTS

	Group	
	2012	2011
	£	£
At 1st February 2010	699,519	340,220
Profit/(loss) for the year	160,279	359,299
Revaluation surplus	38,917	-
Dividend paid	<u>-</u>	<u>-</u>
At 31st January 2011	<u>898,715</u>	<u>699,519</u>

21 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid.			2012	2011
Number:	Class.	Nominal value.	£	£
516,108	Ordinary	£1	<u>516,108</u>	<u>516,108</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012

22 RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1st February 2011	5,945,338	1,607,910	449,863	8,003,111
Profit for the year	182,521			182,521
Surplus arising in the year	-	-	311,745	311,745
Minority interest transferred	-	-	(38,917)	(38,917)
Tax on realised revaluation surplus in subsidiaries	-	-	(164,463)	(164,463)
At 31st January 2012	<u>6,127,859</u>	<u>1,607,910</u>	<u>558,228</u>	<u>8,293,997</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1st February 2011	412,393	1,607,910	2,020,303
Profit for the year	<u>6,923</u>		<u>6,923</u>
At 31st January 2012	<u>419,316</u>	<u>1,607,910</u>	<u>2,027,226</u>

23 CONTINGENT LIABILITIES

The company and its subsidiaries are registered with the NHBC. As such, it guarantees to make structural repairs to the properties built where such defects manifest themselves within the first two years after the sale. The guarantee may be claimed up to ten years after the sale of the property.

A subsidiary company has acquired land on terms which may require an addition to the purchase consideration if the gross development value of units on that land exceeds a certain amount.

In the normal course of business a subsidiary company has given counter indemnities in respect of performance bonds and financial guarantees amounting to £50,938 (2011 - £nil)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

24 TRANSACTIONS WITH DIRECTORS

During the year a subsidiary company supplied construction and other services to T R Adams amounting to £35,611 (2011 - £511,343) At 31st January 2012, trade debtors included £1,741 (2011 - £29,720) in respect of amounts due from T R Adams

In the year ended 31st January 2012, a subsidiary company was charged a rent of £20,000 (2011 - £20,000) for premises by T R Adams.

During the year ended 31st January 2011 a subsidiary company sold a motor vehicle to D Adams for £5,000

Dividends were paid to the directors totalling £nil in the year (2011 - £1,400,000)

25. RELATED PARTY DISCLOSURES

Pennyfarthing Landholdings Limited

A non wholly owned subsidiary

The company provided management services to Pennyfarthing Landholdings Limited in the year amounting to £139,986 (2011 - £53,715)

	2012	2011
	£	£
Amount due to related party at the balance sheet date	<u>325,000</u>	<u>-</u>

Pennyfarthing New Homes Limited

A non wholly owned subsidiary

The company provided management services to Pennyfarthing New Homes Limited in the year amounting to £101,593 (2011 - £113,703).

Radmoore Limited

A company which owns 50% of Pennyfarthing Landholdings Limited

During the year a subsidiary company supplied construction and other services to Radmoore Limited amounting to £1,536 (2011 - £3,092)

A subsidiary company has an interest free loan account with Radmoore Limited

	2012	2011
	£	£
Amount due to related party at the balance sheet date	<u>2,569,948</u>	<u>2,619,967</u>

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

25 RELATED PARTY DISCLOSURES - continued

Pennyfarthing Estates Limited

A company controlled by T R Adams and his wife

During the year a subsidiary company supplied construction services and other services to Pennyfarthing Estates Limited amounting to £2,393 (2011 - £2,867)

	2012	2011
	£	£
Amount due from related party at the balance sheet date	<u>136</u>	<u>207</u>

Melbourne Homes Limited

A company controlled by M Adams and his wife

During the year ended 31st January 2010 a subsidiary company entered into a development agreement with Melbourne Homes Limited whereby Melbourne Homes Limited contributed £550,000 capital and will participate in the development of land at Milford on Sea whereupon profits and losses on that development will be shared. In the year ended 31st January 2012 Melbourne Homes Limited share of profit on this development amounted to £247,047 (2011 - £nil)

During the year a subsidiary company supplied construction services and other services to Melbourne Homes Limited amounting to £27,478 (2011 - £nil)

	2012	2011
	£	£
Amount due to related party at the balance sheet date	<u>762,047</u>	<u>550,000</u>

Wootton Rise Homes Limited

A company controlled by D Adams

During the year ended 31st January 2010 a subsidiary company entered into a development agreement with Wootton Rise Homes Limited whereby Wootton Rise Homes Limited contributed £50,000 capital and will participate in the development of land at Milford on Sea whereupon profits and losses on that development will be shared. In the year ended 31st January 2012 Wootton Rise Homes Limited share of profit on this development amounted to £22,269 (2011 - £nil).

	2012	2011
	£	£
Amount due to related party at the balance sheet date	<u>72,269</u>	<u>50,000</u>

PENNYFARTHING DEVELOPMENTS LIMITED (REGISTERED NUMBER: 03498548)

**Notes to the Consolidated Financial Statements - continued
for the year ended 31st January 2012**

26 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012 £	2011 £
Profit for the financial year	182,521	1,728,959
Dividends	<u>-</u>	<u>(1,400,000)</u>
	182,521	328,959
Other recognised gains and losses relating to the year (net)	<u>108,365</u>	<u>14,147</u>
Net addition to shareholders' funds	290,886	343,106
Opening shareholders' funds	<u>8,519,219</u>	<u>8,176,113</u>
Closing shareholders' funds	<u>8,810,105</u>	<u>8,519,219</u>

Company

	2012 £	2011 £
Profit for the financial year	6,923	39,231
Dividends	<u>-</u>	<u>(1,400,000)</u>
Net addition/(reduction) to shareholders' funds	6,923	(1,360,769)
Opening shareholders' funds	<u>2,536,411</u>	<u>3,897,180</u>
Closing shareholders' funds	<u>2,543,334</u>	<u>2,536,411</u>