Company Registration No. 06582221

HKD Developments Limited

Report and Financial Statements
Year ended 31 March 2011

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HKD Developments Limited

Report and financial statements 2011

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HKD Developments Limited

Report and financial statements 2011

Officers and professional advisers

DIRECTORS

D C L Keir

K B Bedson

P A Hodge

SECRETARY

P A Hodge

COMPANY NUMBER

06582221

REGISTERED OFFICE

Lumonics House

Valley Drive

Swift Valley

Rugby

Warwickshire

CV21 1TQ

ACCOUNTANTS

Deloitte LLP

Chartered Accountants

Birmingham, UK

HKD Developments Limited

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2011

This Directors' report has been produced in accordance with the provisions applicable to companies entitled to the small companies' exemption

PRINCIPAL ACTIVITIES

The main activity of the company is the redevelopment of land and buildings

The company's subsidiary entities are HKD Northampton Limited and Roxhill (Rugby) Limited, the principal activity of both being the redevelopment of land and buildings In addition, the company holds a 50% interest in Frenbury (Cockerell Road) Limited

No dividends have been paid or declared in the period (2010 £Nil)

DIRECTORS

The directors who served throughout the year and to the date of this report were as follows

D C L Keir

J A D Dalby (resigned 9 August 2010)

K B Bedson (appointed 10 August 2010)

P A Hodge

GOING CONCERN

The directors have considered the financial position and future prospects of the company and directors believe that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, continue to adopt the going concern basis in preparing the annual report and accounts

Approved by the Board of Directors and signed on behalf of the Board

PA Hodge

Secretary

20 December 2011

HKD Developments Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 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 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 accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF HKD DEVELOPMENTS LIMITED FOR THE YEAR ENDED 31 MARCH 2011

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of HKD Developments Limited for the year ended 31 March 2011 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17 from the company's accounting records and from information and explanations you have given us

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www icaew com/membershandbook

This report is made solely to the Board of Directors of HKD Developments Limited, as a body, in accordance with the terms of our engagement letter dated 15 December 2011 Our work has been undertaken solely to prepare for your approval the financial statements of HKD Developments Limited and state those matters that we have agreed to state to you in this report in accordance with AAF 02/10 as detailed at www icaew com/compilation To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than HKD Developments Limited and its Board of Directors as a body for our work or for this report

It is your duty to ensure that HKD Developments Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of HKD Developments Limited You consider that HKD Developments Limited is exempt from the statutory audit requirement for the year

We have not been instructed to carry out an audit or a review of the financial statements of HKD Developments Limited For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements

Deloitte LLP

Deloitte LLP
Chartered Accountants
Birmingham, UK
20 December 2011

HKD Developments Limited

Profit and loss account
Year ended 31 March 2011

	Note	Year to 31 March 2011 £	Year to 31 March 2010 £
Turnover		1,696,096	-
Cost of sales		(1,571,670)	-
Gross profit		124,426	-
Administrative costs		(627,754)	(126,531)
Operating loss	2	(503,328)	(126,531)
Net interest receivable/(payable)	4	15	(208,847)
Loss on ordinary activities before taxation		(503,313)	(335,378)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	12	(503,313)	(335,378)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 (2010 £Nil) other than those included in the profit and loss account and accordingly a statement of total recognised gains and losses is not presented

HKD Developments Limited

Balance Sheet
31 March 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible fixed assets	6	206,996	185,740
Fixed asset investments	7	2	2
		206,998	185,742
Current assets			
Stock	8	-	1,219,811
Debtors	9	1,581,986	4,765,033
Cash at bank and in hand		1,870,425	1,484,768
		3,452,411	7,469,612
Creditors: amounts falling due within one year	10	(4,497,900)	(7,990,632)
Net current liabilities		(1,045,489)	(521,020)
Net liabilities		(838,491)	(335,278)
Capital and reserves			
Called up share capital	11	200	100
Profit and loss account	12	(838,691)	(335,378)
Total shareholders' deficit	13	(838,491)	(335,278)

For the year ending 31 March 2011 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

Directors' responsibilities

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements of HKD Developments Limited, registered number 06582221, were approved by the board of directors and authorised for issue on 20 December 2011

Signed on behalf of the Board of Directors

P A Hodge

Director

HKD Developments Limited

Notes to the financial statements
Year ended 31 March 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, and have been applied consistently in the current year and the preceding period The particular accounting policies adopted are described below

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Going concern

The directors have considered the financial position and future prospects of the company and directors believe that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and accordingly, have adopted the going concern basis in preparing the annual report and accounts

Exemption from preparing consolidated financial statements

The company and its subsidiary undertakings comprise a small group The company has therefore taken advantage of the exemption provided in Section 398 of the Companies Act 2006 not to prepare group accounts

Turnover

The whole of the turnover is attributable to the principal activity of the company, that of land development Turnover is recognised on legal completion of the sale of the land

All turnover arose within the United Kingdom

Stocks and work in progress

Stocks and work in progress are stated 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 appropriate proportion of fixed and variable overheads

Tangible fixed assets

Depreciation is based on historical cost, less the estimated residual values, and the estimated economic life of the assets concerned Depreciation is charged in equal annual instalments over the period of the estimated economic life of assets, which are principally as follows -

Office equipment	3 years
Fixtures and fittings	5 years

Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

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 Deferred tax is measured on a non-discounted basis

Notes to the financial statements (continued)
Year ended 31 March 2011

2 Operating loss

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Operating loss is stated after charging:		
Depreciation of owned assets	52,222	14,629
Fees payable to the company's accountants for the preparation of the company's accounts	2,000	2,000
Fees payable to the company's accountants for tax services	2,400	2,000

3. Staff costs and directors' remuneration

The average monthly number of employees (including executive directors) was

	Year ended 31 March 2011 Number	Year ended 31 March 2010 Number
Property development and construction	4	3
Administration	5	4
	9	7

Their aggregate remuneration comprised

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Wages and salaries	205,334	11,885
Social security costs	122,130	5,752
Pension costs	29,166	1,273
	356,630	18,910

The directors received no emoluments for their services to this company in either the current or preceding year

4 Net interest receivable/(payable)

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Interest payable on loan from company directors	-	(208,868)
Bank interest receivable	15	24
Bank interest payable	-	(3)
	15	(208,847)

5 Taxation

Factors affecting tax charge for the year

The tax assessed for the period is equal to that resulting from applying the standard rate of corporation tax in the UK (28%)

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Loss on ordinary activities before tax	(503,313)	(335,378)
Tax at 28% (2010 28%) thereon	(140,928)	(93,906)
Effects of:		
Expenses not deductible for tax purposes	7,203	623
Fixed asset timing differences	(13,234)	(18,346)
Losses carried forward not utilised	146,959	95,981
Group relief surrendered not paid for	-	15,648
Current tax charge for period and profit before tax at 28% (2010 28%)	-	-

Deferred tax

The company has unrelieved losses carried forward of £880,323 (2010 £277,269) No deferred tax asset has been recognised in respect of these losses as the timing of future profits which could be offset against these is uncertain

	2011 £	2010 £
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	35,799	18,346
Short term timing differences	(35,799)	(18,346)
	-	-

On 23rd March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014 These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements

Notes to the financial statements (continued)
Year ended 31 March 2011

6. Tangible Fixed Assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 April 2010	36,862	163,504	200,366
Additions	19,375	54,105	73,480
At 31 March 2011	56,237	217,609	273,846
Accumulated depreciation			
At 1 April 2010	4,190	10,438	14,628
Charge for the year	14,686	37,536	52,222
At 31 March 2011	18,876	47,974	66,850
Net book value			
At 31 March 2011	37,361	169,635	206,996
At 31 March 2010	32,672	153,066	185,740

7. Investments

The company has investments in the following wholly owned subsidiary undertakings, both of which are incorporated in England & Wales

	Principal activity	31 March 2011 £	31 March 2010 £
HKD Northampton Limited	Land & property redevelopment	1	1
Roxhill (Rugby) Limited	Land & property redevelopment	1	1
		2	2

The company also holds a 50% interest in Frenbury (Cockerell Road) Limited, with a cost of less than £1

8 Stocks

All stocks at 31 March 2010 related to work in progress on land held for development This land has been sold during the year ended 31 March 2011

Notes to the financial statements (continued)
Year ended 31 March 2011

9. Debtors

	2011 £	2010 £
Amounts receivable within one year:		
Loan receivable from subsidiary undertakings	525,000	2,850,000
Interest due on loan to subsidiary undertakings	291,576	291,576
Trade debtors receivable from subsidiary undertakings	573,032	1,519,912
Loan receivable from related party undertakings	151,250	13,250
Amounts receivable from company directors	10,764	2,581
Prepayments	18,054	23,009
Other tax and social security	12,310	64,705
	1,581,986	4,765,033

10. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	31,225	12,265
Accruals and deferred income	9,043	19,127
Loan from company directors	3,578,103	7,078,455
Interest due on loan from company directors	500,443	500,443
Amounts due to subsidiary undertakings	379,086	380,342
	4,497,900	7,990,632

11. Called up share capital

	2011 £	2010 £
Called up and allotted		
48 (2010 100) ordinary shares of £1 each	48	100
152 (2010 nil) A ordinary shares of £1 each	152	-
	200	100

On 1 June 2010, the existing authorised share capital of £100 was increased to £200 by the creation of 100 ordinary shares of £1 each On the same date, 152 of the ordinary shares of £1 each were reclassified as A ordinary shares of £1 each

The ordinary shares have attached to them full dividend and capital distribution rights The ordinary shares can be redeemed at the option of the Company or the shareholder concerned but do not contain any voting rights

The A ordinary shares have attached to them full dividend, capital distribution and voting rights The A ordinary shares can be redeemed at the option of the Company or the shareholder concerned

12. Reserves

	Profit and loss account £
At 1 April 2010	(335,378)
Loss for the period	(503,313)
At 31 March 2011	(838,691)

No dividends were paid or declared in the period (2010 £Nil)

13. Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
Loss for the period	(503,313)	(335,378)
Issue of new share capital	100	-
Opening shareholders' (deficit) / funds	(335,278)	100
Closing shareholders' deficit	(838,491)	(335,278)

14. Capital commitments

At 31 March 2011 the company had no capital commitments (2010 £Nil)

15. Related party transactions

During the period the company had loans owed to directors as noted in the table below

	D C L Keir £	J A D Dalby £	P A Hodge £	K Bedson £	Total £
Balances at 1 April 2010					
Loan owed to the directors	2,826,214	2,848,064	1,404,176	-	7,078,454
Interest on loan owed to the directors	206,573	189,683	104,187	-	500,443
Amounts due for share capital	(40)	(40)	(20)	-	(100)
Total at 1 April 2010	3,032,747	3,037,707	1,508,343	-	7,578,797
Transactions in year ended 31 March 2011					
Repayments of loan	(1,392,393)	(1,408,061)	(699,697)	-	(3,500,151)
Share capital adjustments	(36)	(36)	(18)	(10)	(100)
Balances at 31 March 2011					
Loan owed to the directors	1,433,821	1,440,003	704,479	-	3,578,303
Interest on loan owed to the directors	206,573	189,683	104,187	-	500,443
Amounts due for share capital	(76)	(76)	(38)	(10)	(200)
Total at 31 March 2011	1,640,318	1,629,610	808,628	(10)	4,078,546

15. Related party transactions (continued)

	31 March 2011 £	31 March 2010 £
Debtors:		
Loans receivable from subsidiary undertakings		
HKD Northampton Limited	525,000	500,000
Roxhill (Rugby) Limited	-	2,350,000
Interest due on loan to subsidiary undertakings:		
HKD Northampton Limited	291,576	291,576
Trade debtors receivable from subsidiary undertakings:		
Roxhill (Rugby) Limited - trading balances	573,032	1,519,912
Loan receivable from related party undertakings:		
Frenbury (Cockerell Road) Limited	151,250	13,250
Receivable from current and former company directors:		
P A Hodge	1,131	1,768
D C L Keir	7,129	713
J A D Dalby	2,504	-

The loan due from HKD Northampton Limited has increased by £25,000 during the year No further interest has accrued on this loan balance during the year resulting in an interest receivable balance at 31 March 2011 of £291,576 (2010 £291,576)

The loan due from Roxhill (Rugby) Limited has been fully repaid during the year

The balance due from Roxhill (Rugby) Limited has decreased by £946,880 due to cash received by HKD Developments in respect of Roxhill (Rugby) Limited

The loan to Frenbury (Cockerell Road) Limited has increased by £138,270 during the year

No provisions were held against any of the above debtor balances at either 31 March 2011 or 31 March 2010

	31 March 2011 £	31 March 2010 £
Creditors:		
Amounts due to subsidiary undertakings:		
HKD Northampton Limited	(379,086)	(380,342)

The balance due to HKD Northampton Limited has reduced by £1,256 due to £2,465 cash received by HKD Developments in respect of HKD Northampton Limited, offset by £3,721 of invoices paid by HKD Developments on behalf of HKD Northampton Limited

16 Subsequent events

There were no significant events after the balance sheet date that required disclosure in the accounts

17. Controlling party

The company is controlled by its three directors who together hold all the share capital of the company