FOREST GATE DEVELOPMENTS LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

Company Registration Number SC304565

RSM Tenon Limited
Accountants and Business Advisers
160 Dundee Street
Edinburgh
EH11 1DQ

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FOREST GATE DEVELOPMENTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2011

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FOREST GATE DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO FOREST GATE DEVELOPMENTS LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 7, together with the financial statements of Forest Gate Developments Limited for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information
On 23/12/2011 we reported as auditor to the members of the company on the financial statements prepared under Section 396 of the Companies Act 2006 and our report included the following paragraph:

Emphasis of matter - going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's bank loan was due for repayment on 31 May 2011 as at the year end date. Subsequent to the year end, the bank loan repayment date has been extended to 31 May 2012 which is less than 12 months from the date of signing the financial statements. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Fiona Martin, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
160 Dundee Street
Edinburgh
EH11 1DQ

Date:- 23/12/11

FOREST GATE DEVELOPMENTS LIMITED

Registered Number SC304565

ABBREVIATED BALANCE SHEET

31 MARCH 2011

	Note	2011 £	2011 £	*2010* £	*2010* £
Fixed assets	2				
Tangible assets			4,400,441		*4,373,990*
Current assets					
Debtors		77,759		*47,503*	
Cash at bank and in hand		19,078		*35,838*	
		96,837		*83,341*	
***Creditors:* Amounts falling due within one year**		(7,984,772)		*(7,816,691)*	
Net current liabilities			(7,887,935)		*(7,733,350)*
Total assets less current liabilities			(3,487,494)		*(3,359,360)*
Capital and reserves					
Called-up share capital	5		1,000		*1,000*
Profit and loss account			(3,488,494)		*(3,360,360)*
Shareholder's deficit			(3,487,494)		*(3,359,360)*

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These abbreviated accounts were approved by the directors and authorised for issue on 21 December 2011, and are signed on their behalf by:

W D Hill
Director

The notes on pages 4 to 7 form part of these abbreviated accounts.

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern

During the year the company incurred a loss of £128,134 (2010: £2,710,682) and at the balance sheet date its liabilities exceeded its assets by £3,487,494 (2010: £3,359,360). The company meets its working capital requirements through the rental income it generates and support from its bankers.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the company's bankers and the adequacy of the bank borrowing facilities. The bank borrowing facilities have been renewed until 31 May 2012, and these are being reviewed on a six-monthly basis. There is no indication at this stage that the bank will withdraw funding.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to amend the balance sheet values of assets to their recoverable amounts and to provide further liabilities, which might arise.

In the directors' opinion, the financial statements should be prepared on a going concern basis.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year from rentals generated by the property, exclusive of Value Added Tax.

Investment property

The company's investment property is shown at market value in the financial statements with any surplus over the cost being transferred to a revaluation reserve; where revaluation is less than cost and is considered to be permanent in nature, the shortfall is charged to the profit and loss account. Where the fall in value is considered to be temporary, any adjustment is taken to the revaluation reserve.

No depreciation is provided in respect of the company's investment property. Although the Companies Act 2006 would normally require the systematic depreciation of fixed assets, the directors believe that this policy of not providing depreciation on investment property is necessary in order for the financial statements to give a true and fair view as market valuation is more relevant than a measure of consumption in the activities of the company. It's the directors' policy to maintain the property in good condition thus prolonging its useful life. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1. **Accounting policies** *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, if can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. **Fixed assets**

	Tangible Assets £
Cost or valuation	
At 1 April 2010	4,373,990
Additions	150,118
Impairment	(123,667)
At 31 March 2011	4,400,441
Depreciation	–
Net book value	
At 31 March 2011	4,400,441
At 31 March 2010	*4,373,990*

During the prior year, the asset in the course of construction being the company's development at Forest Gate, reached practical completion resulting in the asset being reclassified as an investment property.

The investment property was revalued, on an open market basis, on 15 October 2010 by the company's directors resulting in an impairment of £4,268,991. In the current year, a further impairment of £123,667 was provided for.

The directors of the company are of the opinion that the value of the investment property at the current year end is not significantly different to its current carrying value.

The historical cost of the investment property is £8,793,099 (2010: £8,642,981).

3. Secured creditors

Included within creditors falling due within one year is a bank loan of £7,554,266 (2010: £7,552,180). Bank borrowings are secured by a bond and a floating charge over the assets of the company, a standard security over the company's investment property and by an assignation of rental income in respect of the property.

Bank borrowings were repayable in full by a single instalment on 31 May 2011. Subsequent to the year end, the bank loan repayment date has been extended to 31 May 2012. Interest is charged on the loan at various rates above LIBOR.

4. Contingencies

The company has received capital allowances to date of £2,808,210 (2010: £2,712,142). In line with the company's current strategy there is no intention to dispose of this property in the foreseeable future and as such any timing differences arising from the tax allowances received on this asset is considered to be a permanent timing difference. Should the company revise its current strategy and consider disposing of this property this difference would have to be reclassified as a reversing timing difference. Based on the current value of the property, a deferred tax liability of £311,773 (2010: £308,855) (calculated at 26% (2010: 28%)) would have to be recognised on the balance sheet.

5. Share capital

Authorised share capital:

	2011	*2010*
	£	*£*
500 Ordinary Class A shares of £1 each	500	*500*
500 Ordinary Class B shares of £1 each	500	*500*
	1,000	*1,000*

Allotted and called up:

	2011		*2010*	
	No	£	*No*	*£*
500 Ordinary Class A shares of £1 each	500	500	*500*	*500*
500 Ordinary Class B shares of £1 each	500	500	*500*	*500*
	1,000	1,000	*1,000*	*1,000*

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows:

	2011	*2010*
	£	*£*
Ordinary Class A shares	500	*500*
Ordinary Class B shares	500	*500*
	1,000	*1,000*

Shareholders of the A and B Ordinary Class shares have the same rights and privileges in all respects.

6. Post balance sheet events

Subsequent to the year end, the share capital of the company was transferred to W D Hill, a director of the company.

7. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking at the year end was HF (Serviced Investments) Limited, a company registered in Scotland.

The company's ultimate parent undertaking at the year end was HFD (Investments) Limited, a company registered in Scotland.

In the opinion of the directors, the company's ultimate controlling party is W D Hill, by virtue of his 100% shareholding in the company.