

MAINCOURSE LIMITED
REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2005

Gerald Thomas & Co
Chartered Accountants and Registered Auditors
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

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MAINCOURSE LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2005

	Page
Company Information	1
Report of the Director	2 to 3
Report of the Independent Auditors	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	10 to 14
Trading and Profit and Loss Account	15

MAINCOURSE LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 30 NOVEMBER 2005

DIRECTOR: E K Jenkins

SECRETARY: Mrs D A Stanley

REGISTERED OFFICE: 62 Newport Road
Cardiff
CF24 0RF

REGISTERED NUMBER: 02872758 (England and Wales)

AUDITORS: Gerald Thomas & Co
Chartered Accountants and Registered Auditors
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

MAINCOURSE LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 NOVEMBER 2005

The director presents his report with the financial statements of the company for the year ended 30 November 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development.

There have not been any significant changes in the company's principal activity in the year under review. The director is not aware, at the date of this report, of any likely changes in the company's principal activity, in the forthcoming year.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Property development activities were ongoing at a number of locations during 2005, however no properties were completed. As a result, turnover for the period was £nil (2004: £5,867,120), and a net loss of £1,017,289 was generated (2004: net profit £869,505).

The director's long term strategy is to maintain market position and long term profitability. The director is continually reviewing potential development opportunities to achieve this aim.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2005.

FUTURE DEVELOPMENTS

The director considers the results for the year to be in line with his expectations.

DIRECTORS

E K Jenkins has held office during the whole of the period from 1 December 2004 to the date of this report.

Other changes in directors holding office are as follows:

C A Hawkins and D E Jenkins ceased to be directors after 30 November 2005 but prior to the date of this report.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, bank overdrafts and loans, trade debtors and trade creditors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of an overdraft facility.

In respect of loans, these comprise loans to and from related parties, and loans from financial institutions. The interest rate on the loans from financial institutions is variable, however the loans are interest only and no repayments are due until maturity. The company manages liquidity risk by ensuring there are sufficient funds to meet the repayments. The loans to and from related parties are interest free and payable on demand.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

MAINCOURSE LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30 NOVEMBER 2005

POLITICAL AND CHARITABLE CONTRIBUTIONS

There have been no political or charitable donations made during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The business is subject to certain risks which are closely monitored by the director.

The key underlying risk facing the business is that of any potential decline in the property market. Currently property prices are unstable, with the market slowing somewhat in the current economic environment. However traditionally over time the property market has shown signs of stability and the business fully expects to survive this current economic downturn.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he 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 company's auditors are aware of that information.

AUDITORS

Gerald Thomas & Co were appointed as the company's auditors after the year-end and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

APPROVED BY THE DIRECTOR:



.....
E K Jenkins - Director

Date:

8/1/2009

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MAINCOURSE LIMITED

We have audited the financial statements of Maincourse Limited for the year ended 30 November 2005 on pages six to fourteen. 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 auditors' 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 director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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 judgements made by the director 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2005 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Director is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MAINCOURSE LIMITED

Emphasis of matter - Going concern

Without qualifying our opinion, we draw attention to the disclosure in note 1 of the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,017,289 during the year ended 30th November 2005 and, as of that date, the company had net liabilities of £1,040,435. These conditions indicate 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 were unable to continue as a going concern as it is not practicable to determine or quantify them.



Gerald Thomas & Co
Chartered Accountants and Registered Auditors
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

Date: 8/1/2009

MAINCOURSE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2005

	Notes	2005 £	2004 £
TURNOVER		-	5,867,120
Cost of sales		<u>(53,107)</u>	<u>2,702,707</u>
GROSS (LOSS)/ PROFIT		(53,107)	3,164,413
Administrative expenses		<u>934,848</u>	<u>2,064,305</u>
		(881,741)	1,100,108
Other operating income		<u>(100,526)</u>	<u>170,519</u>
OPERATING (LOSS)/PROFIT	3	(982,267)	1,270,627
Interest receivable and similar income		<u>8,382</u>	<u>-</u>
		(973,885)	1,270,627
Interest payable and similar charges	4	<u>43,404</u>	<u>401,122</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,017,289)	869,505
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(1,017,289)</u>	<u>869,505</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

MAINCOURSE LIMITED

BALANCE SHEET 30 NOVEMBER 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Stocks	6	1,782,416	1,076,548
Debtors	7	1,123,120	2,011,416
Cash at bank		<u>345,382</u>	<u>455,456</u>
		3,250,918	3,543,420
CREDITORS			
Amounts falling due within one year	8	<u>3,304,331</u>	<u>3,566,566</u>
NET CURRENT LIABILITIES		<u>(53,413)</u>	<u>(23,146)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(53,413)	(23,146)
CREDITORS			
Amounts falling due after more than one year	9	<u>987,022</u>	<u>-</u>
NET LIABILITIES		<u>(1,040,435)</u>	<u>(23,146)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	<u>(1,040,535)</u>	<u>(23,246)</u>
SHAREHOLDERS' FUNDS	17	<u>(1,040,435)</u>	<u>(23,146)</u>

The financial statements were approved by the director on 8/1/2009 and were signed by:


.....
E K Jenkins - Director

The notes form part of these financial statements

MAINCOURSE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2005

	Notes	£	2005 £	£	2004 £	£
Net cash (outflow)/inflow from operating activities	1		(1,094,857)		1,998,099	
Returns on investments and servicing of finance	2		(35,022)		(401,122)	
			(1,129,879)		1,596,977	
Financing	2		987,022		(1,149,966)	
(Decrease)/Increase in cash in the period			(142,857)		447,011	

Reconciliation of net cash flow to movement in net funds

	3					
(Decrease)/Increase in cash in the period		(142,857)		447,011		
Cash (inflow)/outflow from (increase)/decrease in debt		(987,022)		1,149,968		
Change in net funds resulting from cash flows			(1,129,879)		1,596,979	
Movement in net funds in the period			(1,129,879)		1,596,979	
Net funds/(debt) at 1 December			455,456		(1,141,523)	
Net (debt)/funds at 30 November			(674,423)		455,456	

The notes form part of these financial statements

MAINCOURSE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2005

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

	2005 £	2004 £
Operating (loss)/profit	(982,267)	1,270,627
(Increase)/Decrease in stocks	(705,868)	1,305,820
Decrease/(Increase) in debtors	888,296	(1,760,487)
(Decrease)/Increase in creditors	(295,018)	1,182,139
Net cash (outflow)/inflow from operating activities	(1,094,857)	1,998,099

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

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	8,382	-
Interest paid	(43,404)	(401,122)
Net cash outflow for returns on investments and servicing of finance	(35,022)	(401,122)
Financing		
New loans in year	987,022	-
Loan repayments in year	-	(1,149,966)
Net cash inflow/(outflow) from financing	987,022	(1,149,966)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/12/04 £	Cash flow £	At 30/11/05 £
Net cash:			
Cash at bank	455,456	(110,074)	345,382
Bank overdraft	-	(32,783)	(32,783)
	<u>455,456</u>	<u>(142,857)</u>	<u>312,599</u>
Debt:			
Debts falling due after one year	-	(987,022)	(987,022)
	<u>-</u>	<u>(987,022)</u>	<u>(987,022)</u>
Total	<u>455,456</u>	<u>(1,129,879)</u>	<u>(674,423)</u>

The notes form part of these financial statements

MAINCOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2005

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Revenue Recognition

Revenue is recognised at the point of practical completion of the sale of property.

Stocks

Work-in-progress is valued at the lower of cost and net realisable value. The cost of work-in-progress includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Net realisable value is based on selling price less the estimated costs of disposal.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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

Going Concern

At the balance sheet date, the company had net liabilities of £1,040,435; and had incurred a net loss of £1,017,289 for the year. The company relies on the support of its related parties, including the director and its bankers, to continue to support the company for the foreseeable future. This support is expected to be forthcoming, therefore on this basis the director considers it appropriate to prepare the accounts on a going concern basis.

2. STAFF COSTS

The directors were the only employees of the company during the current and prior financial year. Directors' emoluments from the company in the period were nil (2004 - £2,100).

MAINCOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 NOVEMBER 2005

3. OPERATING (LOSS)/PROFIT

The operating loss (2004 - operating profit) is stated after charging:

	2005 £	2004 £
Auditors' remuneration	6,000	880
Directors' emoluments	-	2,100

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank loan interest	14,714	60,955
Unsecured loan interest	28,690	340,167
	43,404	401,122

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2005 nor for the year ended 30 November 2004.

Factors affecting the tax charge

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

	2005 £	2004 £
(Loss)/profit on ordinary activities before tax	(1,017,289)	869,505
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 19%)	(193,285)	165,206
Effects of:		
Utilisation of tax losses	(1,593)	(165,206)
Increase in tax losses	194,878	-
Current tax charge	-	-

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately £209,208 (2004 - £15,923).

The asset would be recovered if the company generated sufficient future profits against which the trade losses and other timing differences could be offset.

The expected increase in the corporation tax rate to 21% is not anticipated to materially affect the future tax charge.

MAINCOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 NOVEMBER 2005

6. STOCKS

	2005 £	2004 £
Work-in-progress	<u>1,782,416</u>	<u>1,076,548</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	150,000	1,650,496
Other debtors	902,022	360,920
VAT	<u>71,098</u>	-
	<u>1,123,120</u>	<u>2,011,416</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts (see note 10)	32,783	-
Trade creditors	387,852	265,521
VAT	-	477,823
Other creditors	2,293,123	2,318,042
Accruals and deferred income	<u>590,573</u>	<u>505,180</u>
	<u>3,304,331</u>	<u>3,566,566</u>

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

	2005 £	2004 £
Bank loans (see note 10)	<u>987,022</u>	-

10. LOANS

An analysis of the maturity of loans is given below:

	2005 £	2004 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>32,783</u>	-
Amounts falling due between one and two years:		
Bank loans	<u>987,022</u>	-

MAINCOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 NOVEMBER 2005

11. SECURED DEBTS

The following secured debts are included within creditors:

	2005 £	2004 £
Bank loans	<u>987,022</u>	<u>-</u>

The bank loan is secured by a first legal charge dated 22nd August 2005, over the land included in work in progress and by a debenture dated 14th April 2005, by a fixed and floating charge over all current and future assets of the company. Interest on loan is charge at 2.5% above the bank base rate. The bank loan has been repaid in full subsequent to the year-end.

12. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005 £	2004 £
100	Ordinary	1	<u>100</u>	<u>100</u>

13. RESERVES

	Profit and loss account £
At 1 December 2004	(23,246)
Deficit for the year	<u>(1,017,289)</u>
At 30 November 2005	<u>(1,040,535)</u>

14. TRANSACTIONS WITH DIRECTORS

During the year Mr C Hawkins, a former director, was paid £16,100 (2004 - £2,100) for consultancy fees. These were at arm's length and on normal business terms. At the year end the company owed £899,997 (2004 - £nil) and £1,072,048 (2004 - £112,049) to Mr C Hawkins and Mr E K Jenkins respectively.

15. RELATED PARTY DISCLOSURES

During the year the company was charged administration fees of £21,000 (2004 - £36,000) from Gwaelod Limited, and legal and professional fees of £15,000 (2004 - £nil) from K&Y Legal Services Limited; Mr E K Jenkins is the proprietor of both companies. Mr E K Jenkins is a director of Maincourse Limited and owns 75% of the issued shares. A loan account exists between Maincourse Limited and EKJ(20) Limited of which Mr E K Jenkins is a director. At 30 November 2005 £255,294 (2004 - £113,294) was due from EKJ(20) Limited to Maincourse Limited. These transactions were at arm's length and on normal business terms.

16. ULTIMATE CONTROLLING PARTY

The company is under the control of its director.

MAINCOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 NOVEMBER 2005

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
(Loss)/Profit for the financial year	<u>(1,017,289)</u>	<u>869,505</u>
Net (reduction)/addition to shareholders' funds	(1,017,289)	869,505
Opening shareholders' funds	<u>(23,146)</u>	<u>(892,651)</u>
Closing shareholders' funds	<u>(1,040,435)</u>	<u>(23,146)</u>