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REGISTERED NUMBER: 04664791 (England and Wales)

PORTGREEN PROPERTIES LIMITED

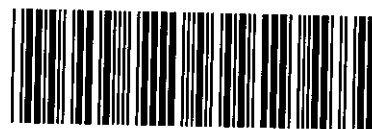
Report of the Director and

Financial Statements

for the Period

1st January 2006 to 31st July 2006

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PORTGREEN PROPERTIES LIMITED

Contents of the Financial Statements
for the Period 1st January 2006 to 31st July 2006

	Page
Company Information	1
Report of the Director	2
Report of the Independent Auditors	3
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7
Trading and Profit and Loss Account	10

PORTGREEN PROPERTIES LIMITED

Company Information
for the Period 1st January 2006 to 31st July 2006

DIRECTOR: N Greenhalgh

SECRETARY: M S Greenhalgh

REGISTERED OFFICE: Sterling House
27 Hatchlands Road
Redhill
Surrey
RH1 6RW

REGISTERED NUMBER: 04664791 (England and Wales)

AUDITORS: The Bailey Partnership
Chartered Accountants
Registered Auditors
Sterling House
27 Hatchlands Road
Redhill
Surrey
RH1 6RW

PORTGREEN PROPERTIES LIMITED

Report of the Director **for the Period 1st January 2006 to 31st July 2006**

The director presents his report with the financial statements of the company for the period 1st January 2006 to 31st July 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of property investment and development.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the period ended 31st July 2006.

DIRECTOR

N Greenhalgh was the sole director during the period under review.

The director holding office at 31st July 2006 did not hold any beneficial interest in the issued share capital of the company at 1st January 2006 or 31st July 2006.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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.

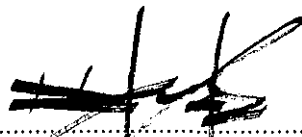
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

The auditors, The Bailey Partnership, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
N Greenhalgh - Director

Date:

12/12/06

**Report of the Independent Auditors to the Shareholders of
Portgreen Properties Limited**

We have audited the financial statements of Portgreen Properties Limited for the period ended 31st July 2006 on pages five to nine. 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 two.

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.

**Report of the Independent Auditors to the Shareholders of
Portgreen Properties Limited**

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 31st July 2006 and of its profit for the period 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.

The Bailey Partnership

The Bailey Partnership
Chartered Accountants
Registered Auditors
Sterling House
27 Hatchlands Road
Redhill
Surrey
RH1 6RW

Date: *12/12/06*

PORTGREEN PROPERTIES LIMITED**Profit and Loss Account****for the Period 1st January 2006 to 31st July 2006**

	Notes	Period 1.1.06 to 31.7.06 £	Year Ended 31.12.05 £
TURNOVER		2,142,905	2,015,969
Cost of sales		2,080,491	2,007,371
GROSS PROFIT		62,414	8,598
Administrative expenses		4,962	19,965
		57,452	(11,367)
Other operating income		-	2,365
OPERATING PROFIT/(LOSS)	3	57,452	(9,002)
Interest receivable and similar income		-	2,384
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		57,452	(6,618)
Tax on profit/(loss) on ordinary activities	4	10,916	(1,349)
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION		46,536	(5,269)

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

PORTGREEN PROPERTIES LIMITED

Balance Sheet
31st July 2006

	Notes	2006 £	2005 £
CURRENT ASSETS			
Stocks	5	15,000	15,000
Debtors	6	1,800,550	3,070,471
Cash in hand		101	-
		<u>1,815,651</u>	<u>3,085,471</u>
CREDITORS			
Amounts falling due within one year	7	<u>1,759,045</u>	<u>3,075,401</u>
NET CURRENT ASSETS		<u>56,606</u>	<u>10,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>56,606</u></u>	<u><u>10,070</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	<u>56,604</u>	<u>10,068</u>
SHAREHOLDERS' FUNDS	13	<u><u>56,606</u></u>	<u><u>10,070</u></u>

The financial statements were approved by the director on 12/12/08 and were signed by:


.....
N Greenhalgh - Director

The notes form part of these financial statements

PORTGREEN PROPERTIES LIMITED

Notes to the Financial Statements **for the Period 1st January 2006 to 31st July 2006**

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. STAFF COSTS

There were no staff costs for the period ended 31st July 2006 nor for the year ended 31st December 2005.

The average monthly number of employees during the period was as follows:

Period 1.1.06 to 31.7.06	Year Ended 31.12.05
=====	=====

3. OPERATING PROFIT/(LOSS)

The operating profit (2005 - operating loss) is stated after charging:

	Period 1.1.06 to 31.7.06 £	Year Ended 31.12.05 £
Auditors' remuneration	500	500
	=====	=====
Directors' emoluments	-	-
	=====	=====

PORTGREEN PROPERTIES LIMITED**Notes to the Financial Statements - continued
for the Period 1st January 2006 to 31st July 2006****4. TAXATION****Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the period was as follows:

	Period 1.1.06 to 31.7.06 £	Year Ended 31.12.05 £
Current tax:		
UK corporation tax	10,916	(1,349)
Tax on profit/(loss) on ordinary activities	10,916	(1,349)

5. STOCKS

	2006 £	2005 £
Stocks	15,000	15,000

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade debtors	21,306	-
Other debtors	206	206
Due from related parties	1,779,038	3,051,485
VAT	-	647
Prepayments and accrued income	-	18,133
	1,800,550	3,070,471

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank loans and overdrafts (see note 8)	-	58,830
Tax	10,916	-
VAT	2,177	-
Other creditors	640,791	640,791
Bank loans	840,422	2,177,417
Accrued expenses	264,739	198,363
	1,759,045	3,075,401

8. LOANS

An analysis of the maturity of loans is given below:

	2006 £	2005 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	58,830

PORTGREEN PROPERTIES LIMITED

Notes to the Financial Statements - continued
for the Period 1st January 2006 to 31st July 2006

9. SECURED DEBTS

The following secured debts are included within creditors:

	2006 £	2005 £
Bank loans	-	2,177,417
Other creditors	-	600,000
	<u>-</u>	<u>2,777,417</u>

The bank loans and other creditors above are secured by charges on the company's assets.

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2006 £	2005 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2006 £	2005 £
2	Ordinary	£1	<u>2</u>	<u>2</u>

11. RESERVES

	Profit and loss account £
At 1st January 2006	10,068
Profit for the period	<u>46,536</u>
At 31st July 2006	<u>56,604</u>

12. ULTIMATE PARENT COMPANY

The company is a 100% subsidiary of Village Developments PLC , a company incorporated in England.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit/(Loss) for the financial period	<u>46,536</u>	<u>(5,269)</u>
Net addition/(reduction) to shareholders' funds	46,536	(5,269)
Opening shareholders' funds	<u>10,070</u>	<u>15,339</u>
Closing shareholders' funds	<u>56,606</u>	<u>10,070</u>