4786470

Abito Limited

Report and Financial Statements

31 March 2006

Registered No 04786470

Directors

S D Bate
L G Lang
K J Knott
A Henderson (Appointed 12 01 2007)
M Coughlan (Appointed 12 01 2007)

Secretary

M Coughlan (Appointed 12 01 2007)
A Henderson (Resigned 12 01 2007)

Bankers

Barclays Bank PLC
1 Marsden Street
Manchester
M2 1HW

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Registered Office

Deansgate Quay
Deansgate
Manchester
M3 4LA

Directors' report

The directors present their report and financial statements for the year ended 31 March 2006

Results and dividends

The loss for the year to 31 March 2006 amounted to £152,267 (2005 £136,673) The directors do not recommend the payment of any dividends

Principal activities

The principal activity of the company is that of a property developer

Directors

The directors who served the company during the year are listed on page 1

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Re-appointment of auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

A Henderson
Director

02 November 2007

Statement of directors' responsibilities in respect of the financial statements

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) 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Independent auditor's report
to the members of Abito Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13 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 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 directors' report 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 directors' remuneration and other transactions is not disclosed

We read the directors' report 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 judgments made by the directors 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

Independent auditor's report

to the members of Abito 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 31 March 2006 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 directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Manchester

Date 5 November 2007

Profit and loss account
for the year ended 31 March 2006

	Notes	2006 £	2005 £
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(179,148)	(136,673)
Other Income		6,426	-
Operating loss	3	(172,722)	(136,673)
Loss on ordinary activities before taxation		(172,722)	(136,673)
Tax on loss on ordinary activities	5	20,455	-
Loss on ordinary activities after taxation	10	(152,267)	(136,673)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the £152,267 loss (31 March 2005 loss of £136,673) attributable to the shareholders for the year ended 31 March 2006

Balance sheet
at 31 March 2006

	Notes	2006 £	2005 £
Current assets			
Stocks	6	11,907,054	1,372,363
Debtors	7	56,285	107,480
Cash at bank		-	130,231
		11,963,339	1,610,074
Creditors amounts falling due within one year	8	12,322,987	1,817,455
Net current liabilities		(359,648)	(207,381)
Net assets less liabilities		(359,648)	(207,381)
Capital and reserves			
Called up share capital	9, 10	1,000	1,000
Profit and loss account	10	(360,648)	(208,381)
Shareholders' deficit	10	(359,648)	(207,381)

These financial statements were approved and authorised for issue by the board of directors on 02 November 2007 and were signed on its behalf by

A Henderson
Director

Notes to the financial statements
For the year ended 31 March 2006

1. Accounting policies

Basis of preparation

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

Going concern

The parent company has pledged to provide continuing financial support and not to withdraw its loan funding for a period of at least one year from the date of signing the accounts unless the company's finances permit The development remains destined to a profitable outcome It is therefore the opinion of the Directors' that the going concern concept remains applicable and have prepared the accounts accordingly

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company qualifies for small company exemptions

Stocks and work in progress

Work in progress is valued at the lower of cost and net realisable value Cost represents the costs associated with bringing property developments held for resale, to their current condition Costs include acquisition costs, development costs and financing costs Properties held for long term use within the business are classified as fixed assets No interest is capitalised in respect of development properties from which a rental income is derived and no development activity is taking place

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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 future reversal of the underlying timing differences can be deducted, and
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the year in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

For the year ended 31 March 2006

2. Turnover

Sale of properties

Sales of property developments are shown as turnover in respect of all developments which have been completed Turnover excludes value added tax and other sales taxes

3. Operating loss

This is stated after charging

	2006	2005
	£	£
Auditor's remuneration - audit services	2,820	775

4. Directors' emoluments and staff costs

Included within administrative expense is an amount of £97,146 (31 March 2005 £65,417) paid to a director of the company The company employed no other staff during the year

There were no pension contributions paid in the year (£nil to 31 March 2005)

Notes to the financial statements

For the year ended 31 March 2006

5. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	Year ended 31 March 2006 £	Year ended 31 March 2005 £
Current		
UK corporation tax – current year	-	-
UK corporation tax – prior periods	-	-
Total current tax (note 5(b))	-	-
Total deferred tax (note 5(c))	20,455	-
Tax on loss on ordinary activities	20,455	-

(b) Factors affecting current tax charge

The differences are reconciled below

	Year ended 31 March 2006 £	Year ended 31 March 2005 £
Loss on ordinary activities before taxation	(172,722)	(136,673)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(51,817)	(41,002)
Expenses not deductible for tax purposes	209	1,265
Group relief for which no payment is made	51,608	39,737
Total current tax (note 5(a))	-	-

Notes to the financial statements
For the year ended 31 March 2006

5. Tax (continued)

(c) Deferred tax

The amounts provided and unprovided at the end of the year are as follows

	Provided		*Unprovided*	
	2006	*2005*	*2006*	*2005*
	£	£	£	£
Short term timing differences	-	-	-	-
Tax losses	(22,455)	-	-	(22,455)
	(22,455)	-	-	(22,445)

(d) Factors that may affect future tax charges

During March 2007 the UK government announced Budget tax changes which will have a significant effect on the company's future tax position As these changes to the UK tax system were not substantively enacted at the year end their effect is not reflected in the company's balance sheet at 31 March 2006

The Finance Bill which resulted from the Budget was substantially enacted in June 2007 The main implication to the company is that the rate of UK corporation tax will reduce from 30% to 28% from 1 April 2008 This rate change will both affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's balance sheet deferred tax asset The effect on the company of these changes to the UK tax system will be fully reflected in the company's financial statements for the year ended 31 March 2008

6. Stocks

	2006	*2005*
	£	£
Work in progress	11,907,054	1,372,363

Included within work in progress are the costs of financing the development These are finance arrangement fees of £267,725 (2005 £nil) and interest of £195,700 (2005 £nil) An amount of £17,500 (2005 £nil) was accrued at year end

Notes to the financial statements

For the year ended 31 March 2006

7. Debtors

	2006	*2005*
	£	*£*
Other debtors	35,830	107,480
Deferred taxation (note 5)	20,455	-
	56,285	107,480

Included within other debtors is £150 (2005 £150) due from Mr L Lang, a director of the company, in respect of unpaid share capital

8. Creditors: amounts falling due within one year

	2006	*2005*
	£	*£*
Trade creditors	92,506	316,288
Amounts owed to parent undertaking	16,041	427,661
Amounts due to group companies	1,117,560	105,526
Accruals and deferred income	3,197,851	965,098
Bank loans and overdrafts (note 12)	7,899,029	2,882
	12,322,987	1,817,455

Notes to the financial statements
For the year ended 31 March 2006

9. Share capital

		Authorised
	2006	2005
	£	£
850 Ordinary shares of £1 each	850	850
150 Ordinary "B" shares of £1 each	150	150
	1,000	1,000

	Allotted, called up and fully paid	
	2006	2005
	£	£
850 Ordinary shares of £1 each	850	850
150 Ordinary "B" shares of £1 each	150	150
	1,000	1,000

The "B" shares rank pari passu with the ordinary shares in all respects save that the holders of Ordinary Shares are entitled to 90% of the distributable reserves relating to the first Abito development completed by the company

10. Reconciliation of movements in shareholders' deficit and reserves

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2004	1,000	(71,708)	(207,381)
Loss for the financial year	-	(136,673)	(136,673)
At 31 March 2005	1,000	(208,381)	(207,381)
Loss for the financial year	-	(152,267)	(152,267)
At 31 March 2006	1,000	(360,648)	(359,648)

Notes to the financial statements

For the year ended 31 March 2006

11. Ultimate parent company, controlling party and related party transactions

The company's immediate and ultimate parent undertaking is ASK Investments Limited, a company registered in England and Wales ASK Investments Limited is the smallest and largest group preparing consolidated accounts that include the company ASK Investments Limited is the ultimate controlling party

Copies of the accounts of ASK Investments Limited can be obtained from Deansgate Quay, Deansgate, Manchester, M3 4LA

The company bought land from a related party, LX3 LLP (jointly owned by Westport Developments, a subsidiary of Ask Investments Limited, and a third party) in September 2005 The value of the land was £1,600,000 The transaction was completed at arm's length

12. Financial commitments and contingent liabilities

Banking arrangements

The company and its parent have provided by way of fixed and floating charges and mortgages security to the group's bankers over current and future properties, intangible assets, bank accounts and other assets (and related income streams)

13. Post balance sheet events

On 7 September 2007, ASK Investments Limited purchased the remaining 15% of the share capital in Abito Limited for consideration of £730,000 As a result ASK Investments Limited owns 100% of the share capital of the company