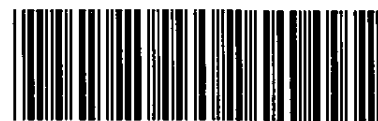


Company number 02575047 (England and Wales)

**RECTORY HOMES LIMITED**  
**DIRECTORS' REPORT**  
**AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011**

WEDNESDAY



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**RECTORY HOMES LIMITED**  
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**RECTORY HOMES LIMITED**  
**COMPANY INFORMATION**

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**Directors**

Simon Vickers  
Sarah Vickers  
David Ullathorne  
Jeffrey Hake

**Company secretary**

David Ullathorne

**Registered office**

Rectory House  
Thame Road  
Aylesbury  
Buckinghamshire  
HP17 8DA

**Auditors**

Lewis Golden & Co  
Statutory Auditors  
40 Queen Anne Street  
London  
W1G 9EL

**RECTORY HOMES LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 MAY 2011**

---

The directors present their report and the consolidated financial statements for the year ended 31 May 2011

**Principal activity**

The principal activity of the group is that of property building and development

**Directors**

The following directors have held office since 1 June 2010

Simon Vickers  
Sarah Vickers  
David Ullathorne  
Jeffrey Hake (appointed 30 July 2010)

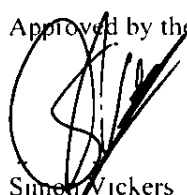
**Business review**

In difficult times the directors are pleased with the debt reduction that has been achieved and with the positioning of the business for the future. Based on trading to date in the year ended 31 May 2012, the directors are confident of a return to profitability going forwards

**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Approved by the Board on 27/2/12 and signed on its behalf by



Simon Vickers  
Director

**RECTORY HOMES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MAY 2011**

---

The directors are responsible for preparing the Directors' 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 group and the company and of the profit or loss of the group for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting 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, 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **RECTORY HOMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECTORY HOMES LIMITED**

**FOR THE YEAR ENDED 31 MAY 2011**

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We have audited the financial statements of Rectory Homes Limited for the year ended 31 May 2011, which comprise Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Balance Sheet, Consolidated Cash Flow Statement, and the related Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**RECTORY HOMES LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECTORY HOMES LIMITED**

**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**David Edwards (Senior Statutory Auditor)**  
**For and on behalf of Lewis Golden & Co**

**Chartered Accountants and Statutory Auditors**  
40 Queen Anne Street  
London  
W1G 9EL

Date *28 February 2012*

**RECTORY HOMES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MAY 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
Turnover		13,990,153	35,457,361
Cost of sales		<u>(13,306,844)</u>	<u>(29,395,551)</u>
<b>Gross profit</b>		683,309	6,061,810
Administrative expenses		(1,395,337)	(1,458,909)
Other operating income		<u>174,038</u>	<u>126,698</u>
<b>Group operating (loss)/profit</b>	<b>2</b>	(537,990)	4,729,599
Other interest receivable and similar income		19,888	27,305
Exceptional costs	<b>3</b>	-	(1,000,000)
Interest payable and similar charges	<b>6</b>	<u>(751,186)</u>	<u>(1,495,671)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		(1,269,288)	2,261,233
Tax on (loss)/profit on ordinary activities	<b>7</b>	<u>280,318</u>	<u>(69,979)</u>
<b>(Loss)/profit for the financial year attributable to members of the parent company</b>	<b>16</b>	<u>(988,970)</u>	<u>2,191,254</u>

Turnover and operating profit derive wholly from continuing operations



**RECTORY HOMES LIMITED****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MAY 2011**

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	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the financial year	(988,970)	2,191,254
Prior year adjustment	-	<u>(2,062,979)</u>
Total recognised gains and losses since last annual report	<u>(988,970)</u>	<u>128,275</u>

**RECTORY HOMES LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MAY 2011**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible fixed assets	8	<u>2,422,714</u>	<u>2,759,886</u>
<b>Current assets</b>			
Stocks		11,507,354	18,143,123
Debtors	10	795,080	441,337
Cash at bank and in hand		<u>1,712,616</u>	<u>2,308,187</u>
		14,015,050	20,892,647
Creditors Amounts falling due within one year	11	<u>(10,881,321)</u>	<u>(16,904,480)</u>
<b>Net current assets</b>		<u>3,133,729</u>	<u>3,988,167</u>
<b>Total assets less current liabilities</b>		5,556,443	6,748,053
Creditors Amounts falling due after more than one year	12	<u>(1,201,867)</u>	<u>(1,404,507)</u>
<b>Net assets</b>		<u>4,354,576</u>	<u>5,343,546</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account	16	<u>4,354,476</u>	<u>5,343,446</u>
<b>Shareholders' funds</b>	17	<u>4,354,576</u>	<u>5,343,546</u>

Approved by the Board on 27/2/12 and signed on its behalf by

  
 Simon Vickers  
 Director

(Company number 02575047)

**RECTORY HOMES LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MAY 2011**

	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>Fixed assets</b>			
Tangible fixed assets	<b>8</b>	477,413	749,617
Investments	<b>9</b>	105,204	105,204
		<u>582,617</u>	<u>854,821</u>
<b>Current assets</b>			
Stocks		9,004,382	17,332,787
Debtors	<b>10</b>	3,934,257	1,793,400
Cash at bank and in hand		1,712,616	2,308,076
		<u>14,651,255</u>	<u>21,434,263</u>
Creditors Amounts falling due within one year	<b>11</b>	(10,707,361)	(16,721,793)
<b>Net current assets</b>		<u>3,943,894</u>	<u>4,712,470</u>
<b>Total assets less current liabilities</b>		4,526,511	5,567,291
Creditors Amounts falling due after more than one year	<b>12</b>	(26,249)	(71,685)
<b>Net assets</b>		<u>4,500,262</u>	<u>5,495,606</u>
<b>Capital and reserves</b>			
Called up share capital	<b>14</b>	100	100
Profit and loss account	<b>16</b>	4,500,162	5,495,506
<b>Shareholders' funds</b>	<b>17</b>	<u>4,500,262</u>	<u>5,495,606</u>

**RECTORY HOMES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MAY 2011**

	Note	2011 £	2010 £
<b>Reconciliation of operating (loss)/profit to net cash flow from operating activities</b>			
Operating (loss)/profit		(537,990)	4,729,599
Depreciation, amortisation and impairment charges		226,864	269,801
Profit on disposal of fixed assets		-	(10,016)
Decrease in stocks		6,635,769	19,804,579
(Increase)/decrease in debtors		(88,426)	226,506
Increase/(decrease) in creditors		1,993,185	(1,342,824)
Net cash inflow from operating activities		<u>8,229,402</u>	<u>23,677,645</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		19,888	27,305
HP and finance lease interest paid		(9,566)	(16,373)
Interest paid		(741,620)	(1,479,298)
		<u>(731,298)</u>	<u>(1,468,366)</u>
Tax received		<u>394</u>	<u>156</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(5,885)	(140,894)
Sale of tangible fixed assets		131,334	29,500
		<u>125,449</u>	<u>(111,394)</u>
Equity dividends paid		<u>-</u>	<u>(110,000)</u>
Net cash inflow before management of liquid resources and financing		<u>7,623,947</u>	<u>21,988,041</u>
<b>Financing</b>			
Value of new loans obtained during the year		4,123,833	-
Repayment of loans and borrowings		(11,727,973)	(21,508,654)
Repayment of capital element of finance leases and HP contracts		(228,005)	(77,526)
		<u>(7,832,145)</u>	<u>(21,586,180)</u>
(Decrease)/increase in cash	20	<u>(208,198)</u>	<u>401,861</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011**

---

**1 Accounting policies**

**Basis of preparation**

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

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 May 2011

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £995,344 (2010 - £2,230,495 profit).

**Going concern**

The group meets its property development cash flow requirements through various bank loans secured on the group's developments. The banks have indicated that they will support the group and the directors have no reason to believe that these facilities will not be maintained or renewed.

**Turnover**

Turnover comprises the proceeds from the sale of new houses and land legally completed in the year.

The purchase of a part exchange house is regarded as an incentive for the sale of a new house. Accordingly, the subsequent sale of a part exchange house is excluded from turnover and the profit or loss arising is included within cost of sales.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Freehold buildings	50 years on a straight line basis
Plant and machinery	10 years on a straight line basis
Fixtures and fittings	10, 12 or 25 years on a straight line basis
Computer equipment	4 years on a straight line basis
Motor vehicles	4 years on a straight line basis

**Fixed asset investments**

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

**Stock and long term contracts**

Stock and work in progress is valued at the lower of cost and net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**1 Accounting policies (continued)**

**Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

**Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

**Pensions**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**2 Operating (loss)/profit**

Operating (loss)/profit is stated after charging

	2011 £	2010 £
Operating leases - plant and machinery	-	16,894
Operating leases - other assets	93,800	97,984
Profit on sale of tangible fixed assets	-	(10,016)
Depreciation	226,864	269,801
Auditor's remuneration	13,613	10,000
Rent receivable	(174,038)	(126,698)

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**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**3 Exceptional costs**

Exceptional costs in the prior year consist of the write-down of a development within work in progress

**4 Particulars of employees**

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows

	2011 No.	2010 No.
Administration and support	<u>21</u>	<u>25</u>

The aggregate payroll costs were as follows

	2011 £	2010 £
Wages and salaries	854,082	888,547
Social security costs	97,217	106,909
Staff pensions	<u>20,069</u>	<u>21,193</u>
	<u>971,368</u>	<u>1,016,649</u>

**5 Directors' remuneration**

The directors' remuneration for the year was as follows

	2011 £	2010 £
Remuneration	331,873	306,151
Company contributions paid to money purchase schemes	<u>11,750</u>	<u>11,749</u>

**6 Interest payable and similar charges**

	2011 £	2010 £
Interest on bank borrowings	741,620	1,479,298
Finance charges	<u>9,566</u>	<u>16,373</u>
	<u>751,186</u>	<u>1,495,671</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

**7 Taxation**

**Tax on (loss)/profit on ordinary activities**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax (credit)/charge	(3,110)	14,607
<b>Deferred tax</b>		
Origination and reversal of timing differences	(277,208)	55,372
Total tax on (loss)/profit on ordinary activities	<u>(280,318)</u>	<u>69,979</u>

**Factors affecting current tax charge for the year**

Tax on (loss)/profit on ordinary activities for the year is higher than (2010 - lower than) the small profits rate of corporation tax in the UK of 21% (2010 - 21%)

The differences are reconciled below

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before taxation	<u>(1,269,288)</u>	<u>2,261,233</u>
Corporation tax at standard rate	(266,550)	474,859
Depreciation in excess of capital allowances	11,075	20,147
Expenses not deductible for tax purposes	185	1,398
Tax effect of prior period adjustment	-	(433,226)
Tax losses carried forward	246,860	-
Tax losses utilised	<u>-</u>	<u>(48,571)</u>
Total current tax	<u>(8,430)</u>	<u>14,607</u>



**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

**8 Tangible fixed assets**

**Group**

	<b>Freehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 June 2010	1,728,250	409,804	1,114,229	395,753	3,648,036
Additions	-	838	-	20,188	21,026
Disposals	-	-	-	(241,196)	(241,196)
At 31 May 2011	<u>1,728,250</u>	<u>410,642</u>	<u>1,114,229</u>	<u>174,745</u>	<u>3,427,866</u>
<b>Depreciation</b>					
At 1 June 2010	56,666	342,043	371,343	118,098	888,150
Charge for the year	16,584	29,359	110,432	70,489	226,864
Eliminated on disposals	-	-	-	(109,862)	(109,862)
At 31 May 2011	<u>73,250</u>	<u>371,402</u>	<u>481,775</u>	<u>78,725</u>	<u>1,005,152</u>
<b>Net book value</b>					
At 31 May 2011	<u>1,655,000</u>	<u>39,240</u>	<u>632,454</u>	<u>96,020</u>	<u>2,422,714</u>
At 31 May 2010	<u>1,671,584</u>	<u>67,761</u>	<u>742,886</u>	<u>277,655</u>	<u>2,759,886</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £374,370 (2010 - £595,251) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £88,229 (2010 - £103,071).

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

**Company**

	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 June 2010	409,804	630,394	395,753	1,435,951
Additions	838	-	20,188	21,026
Disposals	-	-	(241,196)	(241,196)
At 31 May 2011	<u>410,642</u>	<u>630,394</u>	<u>174,745</u>	<u>1,215,781</u>
<b>Depreciation</b>				
At 1 June 2010	342,043	226,193	118,098	686,334
Charge for the year	29,359	62,048	70,489	161,896
Eliminated on disposals	-	-	(109,862)	(109,862)
At 31 May 2011	<u>371,402</u>	<u>288,241</u>	<u>78,725</u>	<u>738,368</u>
<b>Net book value</b>				
At 31 May 2011	<u>39,240</u>	<u>342,153</u>	<u>96,020</u>	<u>477,413</u>
At 31 May 2010	<u>67,761</u>	<u>404,201</u>	<u>277,655</u>	<u>749,617</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £374,370 (2010 - £595,251) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £88,229 (2010 - £103,071)

**9 Investments held as fixed assets**

**Company**

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings £</b>
<b>Cost</b>	
At 1 June 2010	<u>105,204</u>
At 31 May 2011	<u>105,204</u>
<b>Net book value</b>	
At 31 May 2010 and 31 May 2011	<u>105,204</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

**10 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	31,292	3,000	31,292	3,000
Amounts owed by group undertakings	-	-	3,139,177	1,352,063
Other debtors	293,969	250,135	293,969	250,135
Deferred tax	425,000	147,792	425,000	147,792
Prepayments and accrued income	44,819	40,410	44,819	40,410
	<u>795,080</u>	<u>441,337</u>	<u>3,934,257</u>	<u>1,793,400</u>

Group debtors includes £nil (2010 - £nil) receivable after more than one year and parent company debtors includes £595,511 (2010 - £nil) receivable after more than one year

This can be analysed as follows

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-	595,511	-
	<u>-</u>	<u>-</u>	<u>595,511</u>	<u>-</u>

**Deferred tax**

The movement in the deferred tax asset in the year is as follows

	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
At 1 June 2010	147,792	147,792
Deferred tax credited to the profit and loss account	<u>277,208</u>	<u>277,208</u>
At 31 May 2011	<u>425,000</u>	<u>425,000</u>

**Analysis of deferred tax**

**Group and company**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Tax losses available	<u>425,000</u>	<u>147,792</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	1,016,309	1,035,023	1,016,309	1,035,023
Bank loans and overdrafts	6,382,375	14,216,684	6,217,583	14,054,116
Obligations under finance lease and hire purchase contracts	55,576	223,004	55,576	223,004
Corporation tax	-	14,607	-	3,109
Other taxes and social security	788,381	52,116	788,381	52,116
Other creditors	147,160	30,565	147,160	30,569
Directors' current accounts	1,616,033	332,754	1,616,033	332,754
Accruals and deferred income	875,487	999,727	866,319	991,102
	<u>10,881,321</u>	<u>16,904,480</u>	<u>10,707,361</u>	<u>16,721,793</u>

**12 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,175,618	1,332,822	-	-
Obligations under finance lease and hire purchase contracts	26,249	71,685	26,249	71,685
	<u>1,201,867</u>	<u>1,404,507</u>	<u>26,249</u>	<u>71,685</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group and specific charges on the properties held in stock and fixed assets

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
After more than five years by instalments	<u>493,585</u>	<u>659,997</u>	<u>-</u>	<u>-</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13 Obligations under finance leases and HP contracts**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In one year or less on demand	55,576	223,004	55,576	223,004
Between one and two years	26,249	71,685	26,249	71,685
	<u>81,825</u>	<u>294,689</u>	<u>81,825</u>	<u>294,689</u>

**14 Share capital**

**Allotted, called up and fully paid shares**

	<b>No.</b>	<b>2011</b>	<b>No.</b>	<b>2010</b>
		<b>£</b>		<b>£</b>
Ordinary shares of £0.01 each	<u>10,000</u>	<u>100</u>	<u>10,000</u>	<u>100</u>

**15 Dividends**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Dividends paid</b>		
Current year interim dividend paid	<u>-</u>	<u>110,000</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**16 Reserves**

**Group**

	<b>Profit and loss account £</b>
At 1 June 2010	5,343,446
Loss for the year	<u>(988,970)</u>
At 31 May 2011	<u><u>4,354,476</u></u>

**Company**

	<b>Profit and loss account £</b>
At 1 June 2010	5,495,506
Loss for the year	<u>(995,344)</u>
At 31 May 2011	<u><u>4,500,162</u></u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**17 Reconciliation of movement in shareholders' funds**

**Group**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
(Loss)/profit attributable to the members of the group	(988,970)	2,191,254
Dividends	-	(110,000)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(988,970)	2,081,254
Shareholders' funds at 1 June	5,343,546	3,262,292
	<hr/>	<hr/>
Shareholders' funds at 31 May	4,354,576	5,343,546
	<hr/>	<hr/>

**Company**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
(Loss)/profit attributable to the members of the company	(995,344)	2,230,495
Dividends	-	(110,000)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(995,344)	2,120,495
Shareholders' funds at 1 June	5,495,606	3,375,111
	<hr/>	<hr/>
Shareholders' funds at 31 May	4,500,262	5,495,606
	<hr/>	<hr/>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011 (CONTINUED)**

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**18 Pension schemes**

**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £20,074 (2010 - £21,193)

**19 Commitments**

**Operating lease commitments**

As at 31 May 2011 the group had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Land and buildings</b>		
Within two and five years	<u>95,000</u>	<u>95,000</u>



**RECTORY HOMES LIMITED**  
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**20 Analysis of net debt**

	At 1 June 2010 £	Cash flow £	Other non-cash changes £	At 31 May 2011 £
Cash at bank and in hand	2,308,187	(595,571)	-	1,712,616
Bank overdraft	(387,373)	387,373	-	-
	<u>1,920,814</u>	<u>(208,198)</u>	<u>-</u>	<u>1,712,616</u>
Debt due within one year	(13,829,311)	7,604,140	(157,204)	(6,382,375)
Debt due after more than one year	(1,332,822)	-	157,204	(1,175,618)
Finance leases and hire purchase contracts	(294,689)	228,005	(15,141)	(81,825)
Net debt	<u>(13,536,008)</u>	<u>7,623,947</u>	<u>(15,141)</u>	<u>(5,927,202)</u>

**21 Reconciliation of net cash flow to movement in net debt**

	Note	2011 £	2010 £
(Decrease)/increase in cash		(208,198)	401,862
Cash inflow from increase in loans		(4,123,833)	-
Cash outflow from repayment of loans		11,727,973	21,508,655
Cash outflow from repayment of capital element of finance leases and hire purchase contracts		<u>228,005</u>	<u>77,521</u>
Change in net debt resulting from cash flows	20	7,623,947	21,988,038
New finance leases		<u>(15,141)</u>	<u>-</u>
Movement in net debt	20	7,608,806	21,988,038
Net debt at 1 June	20	<u>(13,536,008)</u>	<u>(35,524,046)</u>
Net debt at 31 May	20	<u>(5,927,202)</u>	<u>(13,536,008)</u>

**RECTORY HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22 Related party transactions**

During the year the company made the following related party transactions

**Rectory Homes Limited Retirement Benefit Scheme, Simon Vickers, the ultimate controlling party, is a Trustee of the scheme**

The company and group lease a building for £95,000 per annum from Rectory Homes Limited Retirement Benefit Scheme. At the balance sheet date the amount due to Rectory Homes Limited Retirement Benefit Scheme was £nil (2010 - £nil)

**Cardinal Homes Limited, a subsidiary**

At the balance sheet date the amount due from Cardinal Homes Limited was £595,510 (2010 - £541,827)

**Rectory Homes (South) Limited, a subsidiary company**

At the balance sheet date the amount due from Rectory Homes (South) Limited was £2,543,666 (2010 - £810,336)

**Simon Vickers and Sarah Vickers, directors**

During the year the company sold cars at their net book value to and borrowed from Simon Vickers and Sarah Vickers. Additionally, they hold, as nominee, a property held in stock, which is under a legal mortgage in relation to a loan to them. At the balance sheet date the amount due to Simon Vickers and Sarah Vickers was £1,616,033 (2010 - £332,754)

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the group

**23 Control**

The company is controlled by Simon Vickers, the sole shareholder