

COMPANY REGISTRATION NUMBER 3087611

BEECHDALE HOMES PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006

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BEECHDALE HOMES PLC

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

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BEECHDALE HOMES PLC

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr C R Dyason
Mr M Jackson
Mr N J Diss
Mr A W Newton

COMPANY SECRETARY

Mr N J Diss

REGISTERED OFFICE

Fairways
Toft Road
Bourn
Cambridge
CB3 7TT

AUDITOR

Whitmarsh Sterland
Chartered Accountants
& Registered Auditors
62 Hills Road
Cambridge
CB2 1LA

BANKERS

Barclays Bank PLC
28 Chesterton Road,
Cambridge
CB4 3AZ

The Heritable Bank Ltd
52 Berkeley Square
London
W1J 5BD

Wintrust Securities Ltd
Wintrust House
21 College Hill
London
EC4R 2RP

BEECHDALE HOMES PLC

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2006

The directors present their report and the financial statements of the company for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity continued to be the development of residential property.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £50,525. The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2006	At 1 July 2005
Mr C R Dyason	Ordinary	-	-
	Preference	-	-
Mr M Jackson	Ordinary	-	-
	Preference	-	-
Mr N J Diss	Ordinary	-	-
	Preference	-	-
Mr A W Newton	Ordinary	-	-
	Preference	-	-

Mrs J K Day retired as a director on 20 October 2005.

POLICY ON THE PAYMENT OF CREDITORS

The company agrees payment terms with its suppliers when it enters into binding contracts. The company seeks to abide by the payment terms agreed with suppliers, whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At the period end the external creditors amounted to 26 days (2005: 23 days).

DIRECTORS' RESPONSIBILITIES

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 judgements 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.

BEECHDALE HOMES PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2006

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

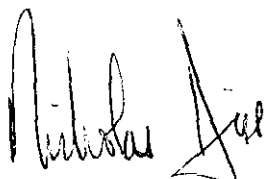
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Whitmarsh Sterland as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



Mr N J Diss
Company Secretary

Approved by the directors on

29 January 2007

BEECHDALE HOMES PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BEECHDALE HOMES PLC

YEAR ENDED 30 JUNE 2006

We have audited the financial statements of Beechdale Homes plc for the year ended 30 June 2006 on pages 6 to 19, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

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 AUDITOR

The directors' 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 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 judgements 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 16 to the financial statements.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, 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. In view of the significance of this uncertainty, we consider that it should be brought to your attention but our opinion is not qualified in this respect.

BEECHDALE HOMES PLC

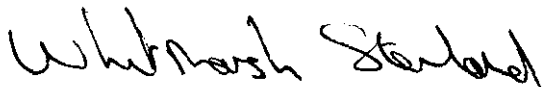
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BEECHDALE HOMES PLC *(continued)*

YEAR ENDED 30 JUNE 2006

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 June 2006 and of its profit 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.



WHITMARSH STERLAND
Chartered Accountants
& Registered Auditors
62 Hills Road
Cambridge
CB2 1LA

30 January 2007

BEECHDALE HOMES PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2006

		2006	2005 (restated)
	Note	£	£
TURNOVER	2	2,685,944	3,151,126
Cost of sales		<u>2,462,823</u>	<u>2,872,316</u>
GROSS PROFIT		223,121	278,810
Administrative expenses		249,122	356,309
Other operating income		<u>(101,500)</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	3	75,499	(77,499)
Interest receivable		1,347	-
Interest payable and similar charges	6	<u>(26,257)</u>	<u>(126,499)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		50,589	(203,998)
Tax on profit/(loss) on ordinary activities	7	64	23,142
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		50,525	(227,140)
Balance brought forward		<u>(333,350)</u>	<u>(106,210)</u>
Balance carried forward		<u>(282,825)</u>	<u>(333,350)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 19 form part of these financial statements.

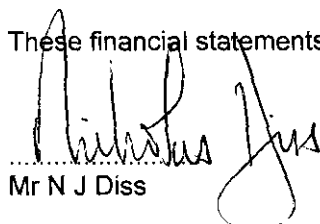
BEECHDALE HOMES PLC

BALANCE SHEET

30 JUNE 2006

	Note	£	2006 £	2005 (restated) £
FIXED ASSETS				
Tangible assets	8		17,313	23,398
Investments	9		100	100
			<u>17,413</u>	<u>23,498</u>
CURRENT ASSETS				
Stocks	10	53,003		1,195,513
Debtors	11	455,543		312,678
Cash at bank and in hand		120,084		133
		<u>628,630</u>		<u>1,508,324</u>
CREDITORS: Amounts falling due within one year	12	<u>274,627</u>		<u>1,205,348</u>
NET CURRENT ASSETS			<u>354,003</u>	<u>302,976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>371,416</u>	<u>326,474</u>
CREDITORS: Amounts falling due after more than one year	13		<u>504,241</u>	<u>509,824</u>
			<u>(132,825)</u>	<u>(183,350)</u>
CAPITAL AND RESERVES				
Called-up equity share capital	18		150,000	150,000
Profit and loss account			(282,825)	(333,350)
DEFICIT	19		<u>(132,825)</u>	<u>(183,350)</u>

These financial statements were approved by the directors on the 29-1-07 and are signed on their behalf by:


Mr N J Diss

The notes on pages 9 to 19 form part of these financial statements.

BEECHDALE HOMES PLC

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2006

			2006	2005 (restated)
	Note	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20(a)		943,397	1,017,312
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20(b)		(24,910)	(126,499)
TAXATION			—	(3,641)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20(c)		(3,380)	(23,300)
CASH INFLOW BEFORE FINANCING			915,107	863,872
FINANCING	20(d)		(780,347)	(874,049)
INCREASE/(DECREASE) IN CASH			<u>134,760</u>	<u>(10,177)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		2006	2005 (restated)
		£	£
Increase/(decrease) in cash in the period		134,760	(10,177)
Net cash outflow from bank loans		774,764	888,698
Cash outflow in respect of hire purchase		<u>5,583</u>	<u>(14,649)</u>
		915,107	863,872
Change in net debt	20(e)	915,107	863,872
Net debt at 1 July 2005	20(e)	(1,327,490)	(2,191,360)
Net debt at 30 June 2006	20(e)	<u>(412,383)</u>	<u>(1,327,490)</u>

The notes on pages 9 to 19 form part of these financial statements.

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

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

The financial statements have been prepared on the going concern basis. This basis may not be appropriate because the company has net liabilities as shown on page 7. The company's ability to continue trading is dependent upon the continued support of its shareholders. The shareholders have confirmed that they will continue to support the company.

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

FRS 25 requires all financial instruments to be presented on the basis of their substance rather than their legal form. In particular, a preference share that provides for a mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

Accordingly a prior year adjustment (see note 21) has been made to now show all redeemable preference shares as financial liabilities rather than equity instruments.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	25% straight line
Equipment	-	25% straight line

Stocks

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

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES *(continued)*

Work in progress

Work in progress has been valued at the lower of cost and net realisable value, cost being direct costs plus a proportion of overheads. Profit and turnover are not recognised until completion takes place for private home sales. The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in the work in progress to the extent that they cannot be matched with contract work accounted for as turnover. Long term contract balances included in work in progress are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company contributes to the personal pension scheme of one of its directors. The assets of the scheme are held separately from those of the company. The contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not yet 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 receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences 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. TURNOVER

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2006	2005 (restated)
	£	£
Depreciation of owned fixed assets	4,090	12,187
Depreciation of assets held under hire purchase agreements	5,375	5,375
Auditor's remuneration - as auditor	4,500	4,250
Operating lease costs - Plant and equipment	17,394	20,055

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006	2005 (restated)
	No	No
Site staff	5	7
Administrative staff	2	1
Directors	4	5
	<u>11</u>	<u>13</u>

The aggregate payroll costs of the above were:

	2006	2005 (restated)
	£	£
Wages and salaries	225,573	277,869
Social security costs	22,832	29,530
Other pension costs	1,100	1,200
Directors' pension costs	2,220	2,220
	<u>251,725</u>	<u>310,819</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005 (restated)
	£	£
Emoluments receivable	63,558	88,400
Value of company pension contributions to money purchase schemes	2,220	2,220
	<u>65,778</u>	<u>90,620</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005 (restated)
	£	£
Interest payable on bank borrowing	26,105	123,463
Finance charges	152	607
Other similar charges	-	2,429
	<u>26,257</u>	<u>126,499</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006	2005 (restated)
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2005 - 19%)	64	-
Over/under provision in prior year	-	3,641
Total current tax	<u>64</u>	<u>3,641</u>
Deferred tax:		
Origination and reversal of timing differences	-	19,501
Tax on profit/(loss) on ordinary activities	<u>64</u>	<u>23,142</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2005 - 19%).

	2006	2005 (restated)
	£	£
Profit/(loss) on ordinary activities before taxation	<u>50,589</u>	<u>(203,998)</u>
Profit on ordinary activities by rate of tax	9,612	(38,760)
Excess of depreciation over capital allowances	338	140
Expenses not deductible for tax	25	722
Losses brought forward utilised	(9,719)	-
Losses in the year carried forward	-	37,898
Effects of a change in tax rate	(192)	-
Over/(under) provision in prior years	-	3,641
Total current tax (note 7(a))	<u>64</u>	<u>3,641</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 July 2005	63,231	16,895	—	8,651	88,777
Additions	—	400	2,980	—	3,380
At 30 June 2006	<u>63,231</u>	<u>17,295</u>	<u>2,980</u>	<u>8,651</u>	<u>92,157</u>
DEPRECIATION					
At 1 July 2005	41,738	15,925	—	7,716	65,379
Charge for the year	7,837	788	372	468	9,465
At 30 June 2006	<u>49,575</u>	<u>16,713</u>	<u>372</u>	<u>8,184</u>	<u>74,844</u>
NET BOOK VALUE					
At 30 June 2006	<u>13,656</u>	<u>582</u>	<u>2,608</u>	<u>467</u>	<u>17,313</u>
At 30 June 2005	<u>21,493</u>	<u>970</u>	<u>—</u>	<u>935</u>	<u>23,398</u>

Hire purchase agreements

Included within the net book value of £17,313 is £10,750 (2005 - £16,125) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,375 (2005 - £5,375).

9. INVESTMENTS

	Associated undertakings £
COST	
At 1 July 2005 and 30 June 2006	<u>100</u>
NET BOOK VALUE	
At 30 June 2006	<u>100</u>
At 30 June 2005	<u>100</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

9. INVESTMENTS *(continued)*

The company holds more than 20% of the issued ordinary share capital of the companies listed below:

	Proportion of ordinary shares held
Beechdale Residential Limited	50%

Details of the company's share of the results, assets and liabilities of Beechdale Residential Limited are:

	2006 £	2005 £
Turnover	455,015	—
Profit before tax	14,924	(26,038)
Profit after tax	14,939	(26,038)
Current assets	474,269	524,134
Liabilities due within one year	(491,371)	(556,159)

10. STOCKS

	2006 £	2005 (restated) £
Raw materials	1,977	2,922
Work in progress	51,026	1,192,591
	<u>53,003</u>	<u>1,195,513</u>

11. DEBTORS

	2006 £	2005 (restated) £
Trade debtors	209,682	71,153
Other debtors	243,093	203,875
Prepayments and accrued income	2,768	37,650
	<u>455,543</u>	<u>312,678</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

12. CREDITORS: Amounts falling due within one year

	2006	2005 (restated)
	£	£
Bank loans and overdrafts	23,401	812,974
Trade creditors	181,553	182,094
Corporation tax	64	-
Other taxation and social security	540	10,396
Hire purchase agreements	4,825	4,825
Other creditors	56,164	146,658
Accruals and deferred income	8,080	48,401
	<u>274,627</u>	<u>1,205,348</u>

The bank loans are secured by a floating charge over all of the assets and undertakings of the company and by a first legal charge over the company's development land.

The hire purchase liabilities are secured on the assets concerned.

13. CREDITORS: Amounts falling due after more than one year

	2006	2005 (restated)
	£	£
Hire purchase agreements	4,241	9,824
Shares classed as financial liabilities	500,000	500,000
	<u>504,241</u>	<u>509,824</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2006	2005 (restated)
	£	£
Amounts payable within 1 year	4,825	4,825
Amounts payable between 2 to 5 years	4,241	9,824
	<u>9,066</u>	<u>14,649</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2006	2005 (restated)
	£	£
Operating leases which expire:		
Within 1 year	6,671	1,242
Within 2 to 5 years	3,288	16,116
	<u>9,959</u>	<u>17,358</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

16. APB ETHICAL STANDARDS

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

17. RELATED PARTY TRANSACTIONS

In the directors' opinion there is no ultimate controlling party.

During the year the company made the following related party transactions:

Name of related party	Nature of relationship	Transaction details	Amount £	Balance Owed/(due) £
Mr A Newton	Director	Sales	10,929	1,609
Mrs J Day	Director	Sales	5,282	5,121
Mr & Mrs N Diss	Director & Wife	Sales	11,163	
A M A Haddenham Limited	Common director	Purchases	6,709	
Beechdale Residential Limited	Associate	Sales Loan made to company	334,684 203,875	61,572 106,277
Land Partnership Limited	Common director	Sales Loan made to company	119,744 28,401	28,401
Citygate (Cambridge) Limited	Common director	Sales Loan made to company	1,150 6,000	6,000
Camflats Limited	Common director	Sales Loan to company	54,249 114,575	(34,514)
Reardon & Co Limited	Common director	Management fee Accountancy	24,675 7,168	1,763
Talisker Limited	Common director	Sales Loan outstanding	2,352 141,767	(21,650)
Face Property Limited	Common director	Sales Rent and Service charge Loan to company	117,615 4,105 100,000	17,500 100,000

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

18. SHARE CAPITAL

Authorised share capital:

	2006	2005 (restated)
	£	£
150,000 Ordinary shares of £1 each	150,000	150,000
500,000 Redeemable Preference shares of £1 each	500,000	500,000
	<u>650,000</u>	<u>650,000</u>

Allotted, called up and fully paid:

	2006		2005 (restated)	
	No	£	No	£
Ordinary shares of £1 each	150,000	150,000	150,000	150,000
Redeemable Preference shares of £1 each	500,000	500,000	500,000	500,000
	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>

Amounts presented in equity:

	2006	2005 (restated)
	£	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Amounts presented in liabilities:

	2006	2005 (restated)
	£	£
Redeemable Preference shares of £1 each	<u>500,000</u>	<u>500,000</u>

The Redeemable Preference shares have the same voting rights as Ordinary shares, but have no rights to dividend, interest or any other income.

On winding up the Redeemable Preference shares are repaid first and then the remaining capital is distributed between the Ordinary shareholders.

The company shall, on 30 September 2004 (or immediately thereafter that there are sufficient distributable profits available) and on each succeeding 30 September (or immediately thereafter that there are sufficient distributable profits available) redeem 100,000 Preference Shares at par.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005 (restated)
	£	£
Profit/(Loss) for the financial year	50,525	(227,140)
Opening shareholders' (deficit)/funds	(183,350)	43,790
Closing shareholders' deficit	<u>(132,825)</u>	<u>(183,350)</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

20. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2006	2005 (restated)
	£	£
Operating profit/(loss)	75,499	(77,499)
Depreciation	9,465	17,562
Decrease in stocks	1,142,510	1,055,633
Increase in debtors	(142,865)	(92,038)
(Decrease)/increase in creditors	(141,212)	113,654
Net cash inflow from operating activities	<u>943,397</u>	<u>1,017,312</u>

(b) RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006	2005 (restated)
	£	£
Interest received	1,347	—
Interest paid	(26,105)	(125,892)
Interest element of hire purchase	(152)	(607)
Net cash outflow from returns on investments and servicing of finance	<u>(24,910)</u>	<u>(126,499)</u>

(c) CAPITAL EXPENDITURE

	2006	2005 (restated)
	£	£
Payments to acquire tangible fixed assets	(3,380)	(23,300)
Net cash outflow from capital expenditure	<u>(3,380)</u>	<u>(23,300)</u>

(d) FINANCING

	2006	2005 (restated)
	£	£
Repayment of bank loans	(774,764)	(888,698)
Capital element of hire purchase	(5,583)	14,649
Net cash outflow from financing	<u>(780,347)</u>	<u>(874,049)</u>

BEECHDALE HOMES PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2006

20. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

(e) ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2005 £	Cash flows £	At 30 Jun 2006 £
Net cash:			
Cash in hand and at bank	133	119,951	120,084
Overdrafts	(38,210)	14,809	(23,401)
	<u>(38,077)</u>	<u>134,760</u>	<u>96,683</u>
Debt:			
Debt due within 1 year	(774,764)	774,764	-
Debt due after 1 year	(500,000)	-	(500,000)
Hire purchase agreements	(14,649)	5,583	(9,066)
	<u>(1,289,413)</u>	<u>780,347</u>	<u>(509,066)</u>
Net debt	<u>(1,327,490)</u>	<u>915,107</u>	<u>(412,383)</u>

21. PRIOR YEAR ADJUSTMENT

As a result of the change in accounting policy regarding the presentation of redeemable preference shares, a prior period adjustment has been made. At 30 June 2005 redeemable preference shares amounting to £500,000 were reclassified as financial liabilities to show their true substance rather than their legal form, thus complying with FRS 25.