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**GROVEWORLD LIMITED
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 OCTOBER 2009**

COMPANY REGISTRATION NUMBER 2553318



COHEN ARNOLD
Chartered Accountants & Statutory Auditor
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

GROVEWORLD LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

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GROVEWORLD LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J Duggan FCA
L Rokach
S I Levy

COMPANY SECRETARY

J Duggan FCA

REGISTERED OFFICE

New Burlington House
1075 Finchley Road
London
NW11 0PU

AUDITOR

Cohen Arnold
Chartered Accountants
& Statutory Auditor
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

GROVEWORLD LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 OCTOBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is land development and construction and sale of residential property including, on some developments, a significant element of commercial property and the provision of residential lettings and management services

The financial results of the company's activities for the year ended 31 October 2009 are fully reflected in the attached financial statements together with the notes thereon

The directors do not recommend the payment of a dividend in the year under review (2008 £Nil)

DIRECTORS

The directors who served the company during the year were as follows

J Duggan FCA
L Rokach
S I Levy

None of the directors has any interest in the share capital of the company

FIXED ASSETS

Movement on fixed asset account during the year is shown in Note 8 and 9 to the financial statements

DIRECTORS' RESPONSIBILITIES

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 company and of the profit or loss of the company for that period. In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

GROVEWORLD LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2009

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S 414 Income and Corporation Taxes Act, 1988 (as amended).

DONATIONS

During the year the company made the following contributions

	2009	2008
	£	£
Charitable donations	<u>250</u>	<u>1,050</u>

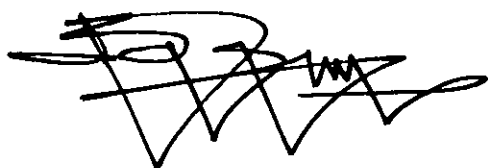
AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Cohen Arnold will therefore continue in office.

SMALL COMPANY PROVISIONS

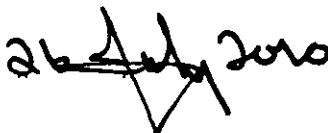
This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors



J DUGGAN FCA
Director

Approved by the directors on



GROVEWORLD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GROVEWORLD LIMITED

YEAR ENDED 31 OCTOBER 2009

We have audited the financial statements of Groveworld Limited for the year ended 31 October 2009 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS 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.

GROVEWORLD LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
GROVEWORLD LIMITED *(continued)***

YEAR ENDED 31 OCTOBER 2009

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



BARRY LEIGH (Senior Statutory Auditor)

For and on behalf of
COHEN ARNOLD
Chartered Accountants
& Statutory Auditor

New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

27 July 2010

GROVEWORLD LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	2008 £
TURNOVER	2	4,172,001	848,003
Cost of Sales		(8,044,713)	(422,824)
GROSS (LOSS)/PROFIT		<u>(3,872,712)</u>	<u>425,179</u>
Administrative Expenses		(1,095,483)	(2,407,904)
OPERATING LOSS	3	<u>(4,968,195)</u>	<u>(1,982,725)</u>
Profit on Disposal of Fixed Asset Investments	6	2,168,400	—
		<u>(2,799,795)</u>	<u>(1,982,725)</u>
Income from Fixed Asset Investments		—	500,000
Interest Receivable		81,876	150,391
Loan Release and Interest Payable	14	(1,652,770)	(7,919)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,370,689)</u>	<u>(1,340,253)</u>
Tax on Loss on Ordinary Activities	7	79,800	192,060
LOSS FOR THE FINANCIAL YEAR		<u>(4,290,889)</u>	<u>(1,148,193)</u>
Balance Brought Forward		12,069,463	13,217,656
Balance Carried Forward		<u>7,778,574</u>	<u>12,069,463</u>

The notes on pages 9 to 21 form part of these financial statements

GROVEWORLD LIMITED

BALANCE SHEET

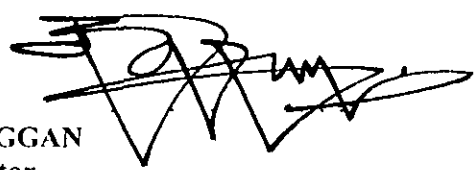
31 OCTOBER 2009

	Note	2009		2008
		£	£	£
FIXED ASSETS				
Tangible Assets	8	167,781		72,731
Investments	9	<u>2,979,636</u>		<u>1,354</u>
		3,147,417		74,085
CURRENT ASSETS				
Stocks		-		7,557,507
Debtors	10	5,681,231		7,164,008
Cash at Bank and in Hand		<u>498,377</u>		<u>1,402,803</u>
		6,179,608		16,124,318
CREDITORS. Amounts falling due within one year	12	<u>(1,525,951)</u>		<u>(4,123,940)</u>
NET CURRENT ASSETS		4,653,657		12,000,378
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,801,074</u>		<u>12,074,463</u>
CREDITORS: Amounts falling due after more than one year	13	(17,500)		-
		<u>7,783,574</u>		<u>12,074,463</u>
CAPITAL AND RESERVES				
Called-Up Equity Share Capital	15	5,000		5,000
Profit and Loss Account		7,778,574		12,069,463
SHAREHOLDERS' FUNDS		<u>7,783,574</u>		<u>12,074,463</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

26 July 2010


J DUGGAN
 Director

L ROKACH
 Director

Company Registration Number 2553318

The notes on pages 9 to 21 form part of these financial statements

GROVEWORLD LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 OCTOBER 2009

	Note	2009		2008	
		£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16		2,851,405		(4,596,344)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16		(18,360)		632,979
TAXATION			192,060		--
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16		(143,326)		(31,982)
ACQUISITIONS AND DISPOSALS	16		--		--
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			2,881,779		(3,995,347)
FINANCING	16		(3,780,286)		(50,107)
DECREASE IN CASH	16		<u>(898,507)</u>		<u>(4,045,454)</u>

The notes on pages 9 to 21 form part of these financial statements

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Related parties transactions

The company has taken advantage of the exemptions in Financial Reporting Standard No 8 "Related Party Disclosures" in order to dispense with the requirement to disclose transactions with other group companies

1.3 Turnover

Turnover represents amounts receivable by the company during the year

1.4 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

Motor Vehicles	- 25% (reducing balance basis)
Office Fixtures and Equipment	- 10% (straight line basis)

1.5 Stock - properties held for trading and work in progress

These are stated at the lower of cost and net realisable value

Cost of properties in the course of development includes interest and other charges on bank and other borrowings (where applicable) and is attributable to the costs of acquisition and construction of the relevant properties

The work in progress in respect of properties in the course of development is included in the financial statements at cost, less any provision as may be required to reduce same to net realisable value

1.6 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 on a straight line basis

1.7 Pension costs

The company operates defined contribution pension schemes for its executive directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1. ACCOUNTING POLICIES *(continued)*

1.8 Deferred taxation - FRS 19

The company has adopted Financial Reporting Standard 19, which requires full provision in the accounts to be made for deferred tax on all timing differences with certain exceptions. Previously, provision was made for timing differences to the extent that it was probable that a liability would crystallise in the foreseeable future.

1.9 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.

1.10 Acquisitions and disposals of properties

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

2. TURNOVER

Turnover represents amounts receivable for residential and commercial property services provided by the company which include land acquisition, development, construction and sale and, amounts receivable in relation to joint venture projects.

Turnover includes an amount of £3.8 million in relation to the sale of property trading stock to Groveworld Rodney Street Limited. The property trading stock was sold at open market value.

The cost of the property trading stock was £7,735,229 and includes bank loan interest and charges of £88,405 payable during the year in accordance with the company's accounting policy (Note 1.5).

Turnover also includes management charges receivable from City Wharf Development Co Limited amounting to £117,500 (2008: £256,058) and City Wharf Construction Co Limited amounting to £67,212 (2008: £207,705). Mr J Duggan and Mr L Rokach, directors of the company, are directors of the aforementioned companies.

3. OPERATING LOSS

Operating loss is stated after charging

	2009	2008
	£	£
Depreciation of owned fixed assets	37,864	27,345
Depreciation of assets held under hire purchase agreements	7,000	2,067
Auditor's fees	19,000	18,000
Establishment Costs	64,336	57,537
Charitable Donations	<u>250</u>	<u>1,050</u>

Additional professional fees paid to the auditors aggregate £55,900 (2008: £1,443)

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

4. PARTICULARS OF EMPLOYEES

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

	2009	2008
	No	No
Production and sales	4	4
Management and administration	5	9
	<u>9</u>	<u>13</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	424,222	1,688,856
Social security costs	52,259	212,375
Other pension costs	20,000	20,000
	<u>496,481</u>	<u>1,921,231</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2009	2008
	£	£
Aggregate remuneration	<u>288,565</u>	<u>1,476,460</u>

6. PROFIT ON DISPOSAL OF FIXED ASSET INVESTMENTS

The company disposed of its investment in City Wharf Development Co Limited to Waterside Properties Islington Limited (consideration - £1,220,000) and its investment in Groveworld (Chenies Street) Limited to Rigdmount Properties Limited (consideration - £949,000). Waterside Properties Islington Limited and Rigdmount Properties Limited are fellow subsidiary undertakings of the company and include the same directorships as the company. The cost of the investments are £600 (Note 9).

7. TAXATION

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax		
Consideration receivable for consortium relief	<u>(79,800)</u>	<u>(192,060)</u>
Total current tax	<u>(79,800)</u>	<u>(192,060)</u>

GROVEWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

7. TAXATION *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%)

	2009 £	2008 £
Loss on ordinary activities before taxation	<u>(4,370,689)</u>	<u>(1,340,253)</u>
Loss on ordinary activities by rate of tax	(1,223,793)	(402,076)
Disallowed expenditure	28,942	9,274
Adjustment in respect of exempt intra-group transactions and capital items	(143,579)	-
Consortium loss relief	79,800	192,060
Other Differences	145	7,439
Dividends receivable not subject to corporation tax	-	(150,000)
Adjustment in respect of losses and capital allowances relating to the accounting period	1,258,485	343,303
Consideration receivable for consortium relief	<u>(79,800)</u>	<u>(192,060)</u>
Total current tax (note 7(a))	<u>(79,800)</u>	<u>(192,060)</u>

8. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Office Fixtures and Equipment £	Total £
COST			
At 1 November 2008	102,392	153,069	255,461
Additions	28,000	119,826	147,826
Disposals	<u>(26,650)</u>	-	<u>(26,650)</u>
At 31 October 2009	<u>103,742</u>	<u>272,895</u>	<u>376,637</u>
DEPRECIATION			
At 1 November 2008	60,082	122,648	182,730
Charge for the year	17,578	27,286	44,864
On disposals	<u>(18,738)</u>	-	<u>(18,738)</u>
At 31 October 2009	<u>58,922</u>	<u>149,934</u>	<u>208,856</u>
NET BOOK VALUE			
At 31 October 2009	<u>44,820</u>	<u>122,961</u>	<u>167,781</u>
At 31 October 2008	<u>42,310</u>	<u>30,421</u>	<u>72,731</u>

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

8. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £167,781 is £21,000 (2008 - £6,202) 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 £7,000 (2008 - £2,067)

9. INVESTMENTS

	Investment in Subsidiary and Fellow Subsidiary Undertakings £	Investment in Joint Venture Undertakings £	Total £
COST			
At 1 November 2008	304	1,050	1,354
Additions	1,000	-	1,000
Disposals	(100)	(500)	(600)
At 31 October 2009	<u>1,204</u>	<u>550</u>	<u>1,754</u>
LOANS			
Advanced in year	2,977,882	-	2,977,882
At 31 October 2009	<u>2,977,882</u>	<u>-</u>	<u>2,977,882</u>
NET BOOK VALUE			
At 31 October 2009	<u>2,979,086</u>	<u>550</u>	<u>2,979,636</u>
At 31 October 2008	<u>304</u>	<u>1,050</u>	<u>1,354</u>

GROVEWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

9. INVESTMENTS *(continued)*

(1) Investment in Subsidiary Undertakings

The company holds all the ordinary issued share capital of the following companies incorporated and registered in England and Wales

Groeworld St John's Street Limited (£2)
Groeworld City Road Limited (£100)
Groeworld Owen Street Limited (£100)
Groeworld Pentonville Road Limited (£1)
Groeworld East London Regeneration Limited (£1)
Groeworld Rodney Street Limited (£1,000)

The subsidiary undertakings prepare their financial statements to 31 October. The capital and reserves/(adverse reserves) and profit/(loss) for the year is as follows

	2009 £	2008 £
Aggregate capital and reserves		
Groeworld St John's Street Limited	134,865	146,951
Groeworld City Road Limited	(6,606)	(5,046)
Groeworld Owen Street Limited	145,606	151,281
Groeworld Pentonville Road Limited	(2,456)	(501)
Groeworld East London Regeneration Limited	(3,096)	(1,759)
Groeworld Rodney Street Limited	(57,171)	—
	<u>211,142</u>	<u>290,926</u>
Profit/(Loss) for the year		
Groeworld St John's Street Limited	(12,086)	(150,517)
Groeworld City Road Limited	(1,560)	(1,200)
Groeworld Owen Street Limited	(5,675)	60,312
Groeworld Pentonville Road Limited	(2,957)	(500)
Groeworld East London Regeneration Limited	(1,337)	(1,760)
Groeworld Rodney Street Limited	(58,171)	—
	<u>(81,786)</u>	<u>(93,665)</u>

During the year, the company disposed of its shareholding in Groeworld (Chenies Street) Limited for a consideration of £949,000 to a fellow subsidiary undertaking, Ridgemount Properties Limited

Consolidated financial statements have not been prepared as the company has taken advantage of the exemptions conferred by Section 398 Companies Act 2006

GROVEWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

9. INVESTMENTS *(continued)*

(ii) Investment in Joint Ventures

The company owns fifty per cent of the issued share capital of Harris Wharf Development Co Ltd and City Wharf Construction Co Limited all of which are incorporated and registered in England and Wales

Mr J Duggan and Mr L Rokach, directors of the company are also directors of the aforementioned companies

Harris Wharf Development Co Ltd makes up its financial statements to 31 May and City Wharf Construction Co Limited makes up its financial statements to 31 October. The capital and reserves/(adverse reserves) and profit/(loss) for the year appropriate to the company are as follows

	2009 £	2008 £
Aggregate capital and reserves		
Harris Wharf Development Co Limited	1,416	(28,265)
City Wharf Construction Co Limited	8,867	1,022
	10,283	(27,243)
Profit/(Loss) for the year		
Harris Wharf Development Co Limited	29,681	(7,129)
City Wharf Construction Co Limited	7,844	121
	37,525	(7,008)

During the year, the company disposed of its 50 % shareholding in City Wharf Development Co Limited for a consideration of £1,220,000 and novated amounts due to the company (£332,855), to a fellow subsidiary undertaking, Waterside Properties Islington Limited

(iii) Loans

The loans advanced in the year relate to the following companies -

	2009 £	2008 £
Subsidiary Undertaking:		
Groveworld Pentonville Road Limited	476,027	-
Fellow Subsidiary Undertakings:		
Ridgmount Properties Limited	949,000	-
Waterside Properties Islington Limited	1,552,855	-
	2,977,882	-

All loans advanced bear interest at 3% above the Bank of England Base Rate and are repayable by 2019

GROVEWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

10. DEBTORS

	2009	2008
	£	£
Trade debtors	1,069,975	1,138,846
Amounts owed by group undertakings and undertakings in which the company has a participating interest	4,362,986	5,349,892
Consideration receivable for consortium relief	79,800	192,060
VAT recoverable	10,544	46,142
Other debtors	157,926	437,068
	5,681,231	7,164,008

Trade debtors includes amounts of £103,000 (2008 £243,750) due from associated and group undertakings regarding management and charges receivable

Amounts owed by group undertakings and undertakings in which the company has a participating interest is comprised as follows

	2009	2008
	£	£
Amounts owed by subsidiary undertakings	3,484,912	4,989,037
Amounts owed by fellow subsidiary undertakings	878,074	-
Amounts owed by joint venture undertaking	-	360,855
	4,362,986	5,349,892

Other debtors include accrued interest of £74,843 due from group undertakings and amounts due from a Director of £44,473

11. CASH AT BANK AND IN HAND

Cash at bank and in hand includes £95,580 in respect of amounts due to clients (Note 12)

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

12. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	7,314	3,813,233
Trade creditors	67,193	57,407
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,239,795	50,820
Other taxation and social security	23,675	30,024
Hire purchase agreements	4,000	1,786
Other creditors	183,974	170,670
	<u>1,525,951</u>	<u>4,123,940</u>

Amounts owed to group undertakings and undertakings in which the company has a participating interest is comprised as follows

	2009 £	2008 £
Amounts owed to parent undertaking	997,500	-
Amounts owed to subsidiary undertakings	241,258	49,783
Amounts owed to joint venture undertaking	1,037	1,037
	<u>1,239,795</u>	<u>50,820</u>

Other creditors is comprised as follows

	2009 £	2008 £
Amounts due on clients' account (Note 11)	95,580	72,007
Interest and charges payable	-	24,830
Other creditors and accruals	88,394	73,833
	<u>183,974</u>	<u>170,670</u>

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

	2009 £	2008 £
Hire purchase agreements	<u>17,500</u>	<u>-</u>

GROVEWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

14. RELATED PARTY TRANSACTIONS

Included in administrative expenses is an amount of £34,561 relating to rent payable to Graham Street Properties Gibraltar Limited, a fellow subsidiary undertaking, for the use of office premises

Included in 'Loan Release and Interest Payable' charged to the Profit and Loss Account is an amount of £1,652,207 relating to the full and irrevocable release of Groveworld (Chemies Street) Limited from having to pay its indebtedness to the company

During the year, the company assigned a contract for the acquisition of land to Groveworld Pentonville Road Limited for a total consideration of £446,912 being amounts expended by the company in respect of deposit and other payments

15. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

16. NOTES TO THE CASH FLOW STATEMENT

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

	2009		2008	
	£	£	£	£
Operating Loss	(4,968,195)		(1,982,725)	
Depreciation	44,864		29,412	
Decrease/(Increase) in Stocks	7,557,507		(379,499)	
Increase in Debtors	(1,015,729)		(570,266)	
Increase/(Decrease) in Creditors	1,229,546		(1,693,266)	
Loss on Disposal of Motor Vehicles	3,412		-	
Net Cash Inflow/(Outflow) from Operating Activities	<u>2,851,405</u>		<u>(4,596,344)</u>	

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

16. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2009	2008
	£	£
Income from Other Fixed Asset Investments	–	500,000
Interest Received	7,033	150,391
Interest Paid	(24,849)	(15,532)
Interest Element of Hire Purchase	<u>(544)</u>	<u>(1,880)</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(18,360)</u>	<u>632,979</u>

CAPITAL EXPENDITURE

	2009	2008
	£	£
Payments to Acquire Tangible Fixed Assets	(147,826)	(31,982)
Receipts from Sale of Fixed Assets	<u>4,500</u>	<u>–</u>
Net cash outflow from capital expenditure	<u>(143,326)</u>	<u>(31,982)</u>

FINANCING

	2009	2008
	£	£
Repayment of Bank Loans	(3,800,000)	–
Capital Element of Hire Purchase	19,714	(30,949)
Net Outflow from Other Long-Term Creditors	<u>–</u>	<u>(19,158)</u>
Net cash outflow from financing	<u>(3,780,286)</u>	<u>(50,107)</u>

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

16 NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009		2008	
	£	£	£	£
Decrease in Cash in the Period	(898,507)		(4,045,454)	
Net Cash Outflow from Bank Loans	3,800,000		-	
Cash Outflow in Respect of Hire Purchase	(19,714)		30,949	
Net Cash Outflow from Other Long-Term Creditors	-		19,158	
	<u>2,881,779</u>		<u>(3,995,347)</u>	
Change in Net Funds	2,881,779		(3,995,347)	
Net debt at 1 November 2008	(2,412,216)		1,583,131	
Net funds at 31 October 2009	<u>469,563</u>		<u>(2,412,216)</u>	

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Nov 2008	Cash flows	At 31 Oct 2009
	£	£	£
Net Cash			
Cash in Hand and at Bank	1,402,803	(904,426)	498,377
Overdrafts	(13,233)	5,919	(7,314)
	<u>1,389,570</u>	<u>(898,507)</u>	<u>491,063</u>
Debt			
Debt due Within 1 Year	(3,800,000)	3,800,000	-
Hire Purchase Agreements	(1,786)	(19,714)	(21,500)
	<u>(3,801,786)</u>	<u>3,780,286</u>	<u>(21,500)</u>
Net funds	<u>(2,412,216)</u>	<u>2,881,779</u>	<u>469,563</u>

17. CONTINGENT LIABILITIES AND GUARANTEES

At the Balance Sheet date the company has given a limited guarantee of £400,000 in respect of bank facilities provided to Groveworld Rodney Street Limited, a subsidiary undertaking. The amount due to the bank at the Balance Sheet date is £3.8 million.

18. POST BALANCE SHEET EVENTS

In December 2009, the company disposed of its shareholding in Groveworld City Road Limited for a consideration of £485,000 and novated amounts due to the company (£3.23 million) to a fellow subsidiary undertaking, Tower Holdings Islington Limited.

GROVEWORLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

19. DISCLOSURE OF LIMITATION OF AUDITOR'S LIABILITY

The company has entered into a liability limitation agreement with its auditor

The principal terms are

- a The auditor's engagement letter limits the amount of any liability owed to the company by the auditor in respect of any negligence, default, breach of duty or breach of trust occurring in the course of the audit of the accounts for the financial year ending 31 October 2009 of which the auditor may be guilty in relation to the company ("the Auditor's Liability")
- b The above shall not limit the amount of any liability of the auditor for its fraud or dishonesty or any other liability that cannot be excluded or restricted by applicable laws or regulations
- c The maximum aggregate amount of the auditor's liability shall not exceed the sum of fifteen times the fees payable (excluding value added tax) under the Engagement Letter referable to the above-mentioned financial year, or £100,000, whichever is the lesser amount

Resolution Date

The Auditor's Liability Limitation agreement was passed by a written resolution dated 24 March 2010