

**GREENBELT GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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**GREENBELT GROUP LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	A W Burton OBE A Middleton R Taylor G Davies
<b>Company secretary</b>	DW Company Services Limited
<b>Company number</b>	SC192378
<b>Registered office</b>	Abbotsford House Abbotsford Place Glasgow G5 9SS
<b>Auditor</b>	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
<b>Bankers</b>	Bank of Scotland 167 - 201 Argyll Street Glasgow G2 8BU
<b>Solicitors</b>	Dundas & Wilson CS LLP 191 West George Street Glasgow G2 2LD

# GREENBELT GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2008

The directors present their report and the financial statements for the year ended 30 September 2008.

### Principal activities

The principal activity of the company in the year under review was that of a business engaged in the repair and management of land and in the conservation and enhancement of the landscape.

### Business review

This year was incredibly challenging for Greenbelt not only due to the recession and its effect on both the house-building industry and finance (mortgage) markets but also in successfully delivering the greenspace service in these changing financial, supply and customer conditions.

Indicators of the forthcoming changes in market conditions were becoming evident at the end of 2007 with the development industry showing initial signs of problems which later became more severe. Within Greenbelt our development team was reorganised and realigned to meet the effects of the contraction in the sector. In addition the directors have implemented a prudent programme of cost reduction measures to take account of the changed market circumstances.

Greenbelt has continued to grow the number of units managed under its Greenspace Service and has focused on strengthening its customer service delivery through the year. The profile of the company and its service delivery was subject to political and media attention and was addressed through a robust and effective media action plan.

As a result of the measures taken the Directors feel that they have suitably consolidated the business to take account of market conditions and to take advantage of future opportunities as they present themselves.

### Results

The loss for the year, after taxation, amounted to £648,827 (2007 - loss £220,967).

### Directors

The directors who served during the year were:

A W Burton OBE  
A Middleton  
R Taylor  
G Davies

### Future developments

The Directors are keen to continue to expand the availability of the Greenspace model throughout the UK with a particular view to taking on new developments in Wales.

The Directors are also looking to engage more actively at senior policy level on planning within the development industry to further promote acceptance of the Greenspace model as an effective, sustainable tool for long term open space management and how this can be integrated with new initiatives on waste management and renewable energy.

GREENBELT GROUP LIMITED

DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2008

**Risks and uncertainties**

The full impact of the recession has yet to be established and prolonged recovery may impact the rate of new business growth in the year ahead.

It is anticipated that there may be more market entrants as the model becomes more established.

**Provision of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on *18 September 2009* and signed on its behalf.



Director

## GREENBELT GROUP LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 SEPTEMBER 2008

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

## GREENBELT GROUP LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENBELT GROUP LIMITED

We have audited the financial statements of Greenbelt Group Limited for the year ended 30 September 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and 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 have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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.

GREENBELT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENBELT GROUP LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*PKF*

PKF (UK) LLP

Registered auditors

Glasgow, UK

Date: 18 September 2009

**GREENBELT GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	<b>6,544,220</b>	6,052,093
Cost of sales		<u>(4,114,815)</u>	<u>(3,511,196)</u>
<b>GROSS PROFIT</b>		<b>2,429,405</b>	2,540,897
Administrative expenses		<b>(3,054,100)</b>	(2,871,623)
Other operating income		<u>45,127</u>	<u>68,849</u>
<b>OPERATING LOSS</b>	3	<b>(579,568)</b>	(261,877)
Interest receivable		<b>39</b>	457
Interest payable	6	<u>(73,814)</u>	<u>(56,390)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(653,343)</b>	(317,810)
Tax on loss on ordinary activities	7	<u>4,516</u>	<u>96,843</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	16	<u><b>(648,827)</b></u>	<u><b>(220,967)</b></u>

All amounts relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

**GREENBELT GROUP LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	2008 £	2007 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(648,827)</b>	<b>(220,967)</b>
Unrealised surplus on revaluation of tangible fixed assets	<u>1,205,875</u>	<u>1,680,696</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b><u>557,048</u></b>	<b><u>1,459,729</u></b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	2008 £	2007 £
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(653,343)</b>	<b>(317,810)</b>
Realisation of valuation gains of previous periods	<u>164,699</u>	<u>16,647</u>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b><u>(488,644)</u></b>	<b><u>(301,163)</u></b>
<b>HISTORICAL LOSS FOR THE YEAR AFTER TAXATION</b>	<b><u>(484,128)</u></b>	<b><u>(204,320)</u></b>

The notes on pages 10 to 19 form part of these financial statements.



**GREENBELT GROUP LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	17	207,683	(2,740)
Returns on investments and servicing of finance	18	(73,775)	(55,933)
Taxation	18	(116,102)	-
Capital expenditure and financial investment	18	150,516	61,092
<b>INCREASE IN CASH IN THE YEAR</b>		<u><u>168,322</u></u>	<u><u>2,419</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	2008 £	2007 £
Increase in cash in the year	<u>168,322</u>	<u>2,419</u>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>168,322</b>	<b>2,419</b>
Net debt at 1 October 2007	<u>(964,348)</u>	<u>(966,767)</u>
<b>NET DEBT AT 30 SEPTEMBER 2008</b>	<u><u>(796,026)</u></u>	<u><u>(964,348)</u></u>

The notes on pages 10 to 19 form part of these financial statements.

# GREENBELT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The company has made a loss during the year of £648,827 and is dependent upon the financial support of its parent company and the group's bankers. The directors have confirmed the ongoing support of the parent company. Subsequent to the year end the directors of the parent company have negotiated renewal of the existing group banking facilities and an additional loan of £1million. The directors consider that the group will operate within the facilities agreed and have prepared the financial statements on a going concern basis.

#### 1.2 Turnover

Turnover represents net invoiced sales of services and amounts earned but not invoiced, excluding value added tax. Turnover comprises development fees which are recognised on the earlier of site access or signature of a specific site agreement; greenspace billing fees which are billed to homeowners according to the annual billing period for a given site; reimbursements which are matched with the corresponding rechargeable expense; grants which are recognised in the period to which they relate.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	25%	straight line
Computer equipment	-	33%	straight line
Property improvements	-	20%	straight line

Land is not depreciated.

#### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### 1.5 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.6 Stocks

Stocks are properties held for re-sale which are valued at the lower of cost and net realisable value.

# GREENBELT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

### 1. ACCOUNTING POLICIES (continued)

#### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

#### 1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### 1.9 Establishment provision

The establishment provision comprises future estimated costs that the company has an obligation to meet on specific land management projects undertaken by the company.

### 2. TURNOVER

All turnover arose within the United Kingdom.

### 3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	60,199	48,879
Auditors' remuneration	13,206	12,500
Operating lease rentals:		
- plant and machinery	12,713	14,886
- other operating leases	121,524	90,173
(Gain)/loss on sale of tangible assets	(175)	3,330
	<u>          </u>	<u>          </u>

**GREENBELT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2008	2007
	£	£
Wages and salaries	1,336,394	1,338,342
Social security costs	140,393	140,386
Other pension costs	41,383	36,430
	<b>1,518,170</b>	<b>1,515,158</b>

The average monthly number of employees, including the directors, during the year was as follows:

	2008	2007
	No.	No.
	<b>50</b>	<b>53</b>

**5. DIRECTORS' REMUNERATION**

	2008	2007
	£	£
Emoluments	<b>2,750</b>	<b>29,476</b>

During the year retirement benefits were accruing to 1 director (2007 - 1) in respect of money purchase pension schemes.

**6. INTEREST PAYABLE**

	2008	2007
	£	£
On bank loans and overdrafts	65,785	45,473
On other loans	8,029	10,917
	<b>73,814</b>	<b>56,390</b>

GREENBELT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008

7. TAXATION

	2008 £	2007 £
<b>Analysis of tax charge/(credit) in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge/(credit) on loss for the year	-	(98,448)
<b>Deferred tax</b> (see note 13)		
Origination and reversal of timing differences	(4,516)	1,605
<b>Tax on loss on ordinary activities</b>	<u>(4,516)</u>	<u>(96,843)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2007 - lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	<u>(653,343)</u>	<u>(317,810)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	(196,003)	(95,343)
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	-	(3,105)
Tax losses carried forward	196,003	-
<b>Current tax charge/(credit) for the year</b> (see note above)	<u>-</u>	<u>(98,448)</u>

GREENBELT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008

8. TANGIBLE FIXED ASSETS

	Land £	Fixtures & fittings £	Computer equipment £	Property improvements £	Total £
<b>Cost or valuation</b>					
At 1 October 2007	7,089,513	57,082	160,784	44,809	7,352,188
Additions	-	975	13,383	-	14,358
Disposals	(164,699)	-	-	-	(164,699)
Revaluation surplus	1,205,875	-	-	-	1,205,875
At 30 September 2008	<u>8,130,689</u>	<u>58,057</u>	<u>174,167</u>	<u>44,809</u>	<u>8,407,722</u>
<b>Depreciation</b>					
At 1 October 2007	-	29,916	104,154	11,938	146,008
Charge for the year	-	9,862	41,376	8,961	60,199
At 30 September 2008	-	<u>39,778</u>	<u>145,530</u>	<u>20,899</u>	<u>206,207</u>
<b>Net book value</b>					
At 30 September 2008	<u>8,130,689</u>	<u>18,279</u>	<u>28,637</u>	<u>23,910</u>	<u>8,201,515</u>
At 30 September 2007	<u>7,089,513</u>	<u>27,166</u>	<u>56,630</u>	<u>32,871</u>	<u>7,206,180</u>

Cost or valuation at 30 September 2008 is as follows:

	Land £
<b>At cost</b>	721,389
<b>At valuation:</b>	
Valuation 2008	7,409,300
	<u>8,130,689</u>

The land was valued on an existing use value basis on 30 September 2007 by James Barr, Chartered Surveyors at £7,089,513. The directors have valued the land on a similar basis used by James Barr at 30 September 2008 at £8,130,689.

The company continues to acquire land and is contracted to carry out the planning and management of that land. Land is not depreciated.

If the land had not been included at valuation they would have been included under the historical cost convention as follows:

	2008 £	2007 £
Cost	721,389	721,389
Accumulated depreciation	-	-
Net book value	<u>721,389</u>	<u>721,389</u>

**GREENBELT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**9. FIXED ASSET INVESTMENTS**

**Shares in  
group  
undertakings  
£**

**Cost or valuation**

At 1 October 2007 and 30 September 2008

**25,002**

**Subsidiary undertakings**

The following were non-trading subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
The Greenbelt Company (England) Ltd	Ordinary £1 shares	100%
The Greenbelt Company (Wales) Ltd	Ordinary £1 shares	100%
Greenbelt Energy Ltd	Ordinary £1 shares	100%
The Northern Ireland Greenbelt Company Ltd	Ordinary £1 shares	100%

The aggregate of the share capital and reserves as at 30 September 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
The Greenbelt Company (England) Ltd	-	-
The Greenbelt Company (Wales) Ltd	1	-
Greenbelt Energy Ltd	-	-
The Northern Ireland Greenbelt Company Ltd	1	-
	<hr/> <hr/>	<hr/> <hr/>

**10. STOCKS**

	<b>2008 £</b>	<b>2007 £</b>
Properties held for resale	<b>450,990</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**11. DEBTORS**

	<b>2008 £</b>	<b>2007 £</b>
<b>Due after more than one year</b>		
Other debtors	-	75,000
<b>Due within one year</b>		
Trade debtors	<b>2,956,780</b>	2,988,616
Amounts owed by group undertakings	<b>899,914</b>	944,021
Other debtors	<b>78,308</b>	98,448
Prepayments and accrued income	<b>74,465</b>	87,931
	<hr/> <hr/> <b>4,009,467</b>	<hr/> <hr/> <b>4,194,016</b>

**GREENBELT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**12. CREDITORS:  
Amounts falling due within one year**

	2008	2007
	£	£
Bank loans and overdrafts	798,831	965,777
Trade creditors	1,139,563	996,842
Corporation tax	-	116,102
Social security and other taxes	367,828	200,720
Other creditors	1,911,239	1,152,383
Accruals and deferred income	174,763	236,305
	<u>4,392,224</u>	<u>3,668,129</u>

There is a bond and floating charge over the assets of the company. There is also a cross guarantee between Greenbelt Holdings Ltd, Greenbelt Group Ltd, MG Contracting Ltd, MG Contracting (East) Ltd, Greenbelt Property Ltd and Greenhome Property Management Ltd (the Group). The contingent liability arising from this cross guarantee at the year end is £Nil.

**13. DEFERRED TAXATION**

	2008	2007
	£	£
At beginning of year	4,516	2,911
(Released during)/charge for year	(4,516)	1,605
	<u>-</u>	<u>4,516</u>

The provision for deferred taxation is made up as follows:

	2008	2007
	£	£
Accelerated capital allowances	-	4,516
	<u>-</u>	<u>4,516</u>

**14. PROVISIONS**

	Establishment provision £
At 1 October 2007	280,006
Additions	(13,475)
	<u>266,531</u>
At 30 September 2008	<u>266,531</u>

GREENBELT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008

15. SHARE CAPITAL

	2008 £	2007 £
<b>Authorised</b>		
100 shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
10 shares of £1 each	10	10

16. RESERVES

	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 October 2007	6	6,347,124	1,126,836
Loss for the year			(648,827)
Surplus on revaluation of land		1,205,875	
Transfer between reserves		(164,699)	164,699
At 30 September 2008	6	7,388,300	642,708

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(579,568)	(261,877)
Exceptional items	-	(102,271)
Depreciation of tangible fixed assets	60,199	48,879
(Profit)/loss on disposal of tangible fixed assets	(175)	3,330
Increase in stocks	(450,990)	-
Decrease in debtors	140,442	375,098
Decrease/(increase) in amounts owed by group undertakings	44,107	(941,150)
Increase in creditors	1,007,143	668,361
Increase in amounts owed to group undertakings	-	150,994
(Decrease)/increase in provisions	(13,475)	55,896
<b>Net cash inflow/(outflow) from operations</b>	<b>207,683</b>	<b>(2,740)</b>

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest received	39	457
Interest paid	(73,814)	(56,390)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(73,775)</b>	<b>(55,933)</b>

**GREENBELT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2008 £	2007 £
<b>Taxation</b>		
Corporation tax repaid/(paid)	(116,102)	-
	<u>          </u>	<u>          </u>
	2008 £	2007 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(14,358)	(67,826)
Sale of tangible fixed assets	164,874	128,918
	<u>          </u>	<u>          </u>
<b>Net cash inflow from capital expenditure</b>	<u>150,516</u>	<u>61,092</u>

**19. ANALYSIS OF CHANGES IN NET DEBT**

	1 October 2007 £	Cash flow £	Other non-cash changes £	30 September 2008 £
Cash at bank and in hand:	1,429	1,376	-	2,805
Bank overdraft	(965,777)	166,946	-	(798,831)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net debt</b>	<u>(964,348)</u>	<u>168,322</u>	<u>-</u>	<u>(796,026)</u>

**20. OPERATING LEASE COMMITMENTS**

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
<b>Expiry date:</b>		
Within 1 year	15,809	6,078
Between 1 and 5 years	43,296	30,114
After more than 5 years	45,413	71,893
	<u>          </u>	<u>          </u>

**21. TRANSACTIONS WITH DIRECTORS**

Included within other creditors is a balance of £259,779 (2007 - £nil) due to the directors.

## GREENBELT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

#### 22. RELATED PARTY TRANSACTIONS

The following balances existed with related parties at the balance sheet date:

	2008 £	2007 £
Greenbelt Holdings Ltd	1,337	188,176
MG Contracting Ltd	(262,659)	(268,317)
MG Contracting (East) Ltd	(167,242)	(25,916)
Greenbelt Property Ltd	838,277	663,434
Greenhome Property Management Ltd	60,301	74,777
Bespoke Control Solutions Ltd	-	(3,228)
	<u>                    </u>	<u>                    </u>

During the year the company paid management charges of £468,000 (2007 - £330,000), was recharged expenses of £7,928 (2007 - £9,211) and recharged expenses to Greenbelt Holdings Limited (the parent company) of £170,352 (2007 - £110,611).

During the year the company made purchases of £901,977 (2007 - £715,999) from MG Contracting Ltd, a fellow subsidiary, and recharged expenses of £31,292 (2007 - £3,324) to MG Contracting Ltd.

During the year the company made purchases of £267,494 (2007 - £111,644) from MG Contracting (East) Ltd, a fellow subsidiary, and recharged expenses of £93 (2007 - £1,119) to MG Contracting (East) Ltd.

During the year the company recharged expenses of £12,328 (2007 - £79,214) to Greenhome Property Management Limited, a fellow subsidiary.

During the year consultancy fee support costs of £81,500 (2007 - £30,500) were paid to Bespoke Control Solutions Ltd, a company in which R Taylor is a director.

During the year the company sold various pieces of land to the Area Partnership, an entity controlled by the directors. The land was sold at its carrying value of £142,426.

During the year the company transferred freehold land to Greenbelt Property Ltd at a value of £22,273 (2007 - £26,647). The company also provided finance to Greenbelt Property Ltd to assist in the purchase of properties and to cover any associated expenses.

#### 23. POST BALANCE SHEET EVENTS

Subsequent to the year end the directors of the parent company have negotiated renewal of the existing group banking facilities and an additional loan of £1 million.

#### 24. CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Greenbelt Holdings Limited.