

**Sterling Capitol Properties (South Yorkshire)
Limited**

**Directors' report and financial
statements**

**Registered number 2968415
31 December 2003**



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company is property development.

Business review

The directors consider the results for the year to be satisfactory.

Directors and directors' interests

The directors do not recommend the payment of a dividend (2002: *£nil*)

The directors who held office during the year were as follows:

M Croxen	
ML Armstrong	(resigned 30 June 2003)
C Salkeld	(appointed 1 October 2003)

The directors' have no beneficial interest in the share capital of the company. The interests of Mr M Croxen in the shares of the ultimate holding company, Sterling Capitol Group Limited are shown in the annual report of Sterling Capitol Group Limited.

Auditors

PricewaterhouseCoopers resigned as auditors during the year and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for re-appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Martin Croxen LLB FCA
Director

Sterling House
Capitol Boulevard
Capitol Park
Leeds
LS27 0TS

29 July 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Neville Street
Leeds
LS1 4DW

Report of the independent auditors to the members of Sterling Capitol Properties (South Yorkshire) Limited

We have audited the financial statements on pages 4 to 9.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 July 2004

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £	2002 £
Turnover		30,393	-
Cost of sales		(36,989)	(59,767)
		<hr/>	<hr/>
Gross loss		(6,596)	(59,767)
Administrative expenses		-	(6,464)
Other operating income		5,679	-
		<hr/>	<hr/>
Operating loss		(917)	(66,231)
Interest receivable		3,045	513
Interest payable		-	(455)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	2	2,128	(66,173)
Tax on loss on ordinary activities	3	(579)	4,331
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after tax		1,549	(61,842)
Dividends		-	-
		<hr/>	<hr/>
Retained profit/(loss) for the financial year	7	1,549	(61,842)
		<hr/>	<hr/>

All of the company's activities are continuing.

There were no recognised gains or losses other than the profit for the financial year.

There is no difference between the profit on ordinary activities before taxation and the results for the year stated above, and their historical cost equivalents.

Balance sheet
as at 31 December 2003

	<i>Note</i>	2003 £	2002 £
Current assets			
Debtors	4	101,506	475
Cash		-	97,985
		<hr/>	<hr/>
		101,506	98,460
Creditors: amounts falling due within one year	5	(167,948)	(166,451)
		<hr/>	<hr/>
Net liabilities		(66,442)	(67,991)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	(66,443)	(67,992)
		<hr/>	<hr/>
Equity shareholders' funds	8	(66,442)	(67,991)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 July 2004 and were signed on its behalf by:



Martin Croxen LLB FCA
Director

Notes

(forming part of the financial statements)

1 Accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the year, other than as noted below, is set out below:

Basis of accounting

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

At 31 December 2003, the company's liabilities exceeded its assets. However, the directors have prepared the accounts on the going concern basis of accounting in view of an undertaking by the company's ultimate parent undertaking to continue to provide financial support to the company to enable it to meet its debts as they fall due.

Cash flow statement

As the company is wholly owned by an entity that has published a consolidated cash flow statement, the company has taken advantage of the exemption under Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement.

Turnover

Turnover represents the value of legally completed property sales net of related taxes.

Government Grants

Government grants relating to properties held for development are treated as deferred income and released to the profit and loss account as the costs of those developments are charged to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 otherwise required by FRS 19.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Where the directors consider developments to be substantial with practical completion expected after more than one year from commencement and have been financed by specific identifiable borrowings, the cost of those developments includes interest attributable up to the point of practical completion.

2 Profit/(loss) on ordinary activities before taxation

	2003 £	2002 £
Staff costs	-	-
Auditors' remuneration	-	-
	<hr/>	<hr/>

Auditor's remuneration and staff costs were borne by the company's intermediate parent undertaking Sterling Capitol PLC.

The average monthly number of persons employed by the company was one (2002: one). None of the directors received any emoluments for their services to the company.

Notes (continued)

3 Taxation

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax		
UK Corporation tax on profit for the year	579	-
Adjustments in respect of previous years	-	(4,331)
	<hr/>	<hr/>
Total current tax (note 3 (b))	579	(4,331)
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	579	(4,331)
	<hr/>	<hr/>

(b) Factors affecting tax charge for the year

	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	2,128	(66,173)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	638	(19,852)
Effects of:		
Other timing differences	-	19,852
Group relief surrendered not paid	275	-
Adjustments to tax charge in respect of previous years	-	(4,331)
Marginal relief	(334)	-
	<hr/>	<hr/>
Current tax charge for the year (note 3 (a))	579	(4,331)
	<hr/>	<hr/>

4 Debtors

Debtors comprise amounts falling due within one year

	2003 £	2002 £
Other debtors	101,506	475
	<hr/>	<hr/>

Notes (continued)

5 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts due to ultimate parent undertaking	167,369	166,451
Corporation tax	579	-
	<u>167,948</u>	<u>166,451</u>

6 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

7 Reserves

	Profit and loss account £
At 31 December 2002	(67,992)
Profit for the year	1,549
	<u> </u>
At 31 December 2003	<u>(66,443)</u>

8 Reconciliation of movements in equity shareholders' deficit

	2003 £	2002 £
Profit/(loss) for the financial year	1,549	(61,842)
	<u> </u>	<u> </u>
Net increase/(decrease) in equity shareholders' deficit	1,549	(61,842)
Equity shareholders' deficit at the beginning of the year	(67,991)	(6,149)
	<u> </u>	<u> </u>
Equity shareholders' deficit at the end of year	<u>(66,442)</u>	<u>(67,991)</u>

9 Contingent liabilities

The company and certain subsidiaries have given counter indemnities in respect of performance bonds issued, on behalf of group companies, in the normal course of business.

10 Related party transactions

The company has taken advantage of the exemptions under Financial Reporting Standard No 8 as a wholly owned subsidiary and has not disclosed transactions with companies that are part of the Sterling Capitol Group Limited group.

During the year Yorkshire Financial Management Limited provided accounting services to the company and other related companies with a total value of £23,340. C Salkeld was a director of this company throughout the period.

11 Ultimate parent undertaking

The company's immediate parent undertaking is Sterling Capitol plc, a company registered in England and Wales which is the parent undertaking at the smallest group to consolidate their financial statements.

The ultimate parent undertaking and controlling party is Sterling Capitol Group Limited, which is the parent undertaking of the largest group to consolidate these financial statements. Group accounts have been prepared by this company and will be available from Companies House.