

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

**Directors' report and financial
statements**

Registered number 2968415

31 December 2006



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

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 (2005 £nil)

The directors who held office during the year were as follows

M Croxen
C Salkeld

The directors have no beneficial interest in the share capital of the company

Mr M Croxen held a beneficial interest in 200 shares in Sterling Capitol Group Limited, the company's ultimate parent company, throughout the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 284 of the Companies Act 1985, 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

1 Lisbon Square
Leeds
LS1 4LY

21 May 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (Generally Accepted Accounting Practice).

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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Sterling Capitol Properties (South Yorkshire) Limited

We have audited the financial statements of Sterling Capitol Properties (South Yorkshire) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

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 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 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

**Independent auditors' report to the members of Sterling Capitol Properties
(South Yorkshire) Limited *(continued)***

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

21 May 2007

Profit and loss account
for the year ended 31 December 2006

	<i>Note</i>	2006 £	2005 £
Turnover		-	-
Cost of sales		(357)	(6,057)
		<hr/>	<hr/>
Gross loss		(357)	(6,057)
Administrative expenses		-	(10)
		<hr/>	<hr/>
Operating loss		(357)	(6,067)
Interest payable and similar charges	3	(13)	(50)
Interest receivable – on bank balances		2,484	22
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	2	2,114	(6,095)
Tax on profit/(loss) on ordinary activities	4	-	459
		<hr/>	<hr/>
Profit/(loss) for the financial year		<u>2,114</u>	<u>(5,636)</u>

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 2006

	<i>Note</i>	2006 £	2005 £
Current assets			
Debtors	5	475	103,298
Creditors: amounts falling due within one year	6	(108,786)	(213,723)
		<u> </u>	<u> </u>
Net liabilities		(108,311)	(110,425)
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	(108,312)	(110,426)
		<u> </u>	<u> </u>
Equity shareholders' deficit	9	(108,311)	(110,425)
		<u> </u>	<u> </u>

These financial statements were approved by the board of directors on
 on its behalf by

21 May

2007 and were signed



Martin Croxen LLB FCA
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

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 2006, 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 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

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Staff costs	-	-
Auditor's remuneration	-	-
	<u> </u>	<u> </u>

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 two (2005 two) None of the directors received any emoluments for their services to the company

3 Interest payable and similar charges

	2006 £	2005 £
Other charges	13	50
	<u> </u>	<u> </u>

4 Taxation

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax on profit for the year	-	-
Adjustments in respect of previous years	-	459
	<u> </u>	<u> </u>
Total current tax (note 3 (b))	-	459
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	-	-
	<u> </u>	<u> </u>
Total deferred tax (notes 3(c))	-	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	-	459
	<u> </u>	<u> </u>

(b) Factors affecting tax charge for the year

	2006 £	2005 £
Profit/(loss) ordinary activities before tax	2,114	(6,095)
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 30%)	402	(1,828)
Effects of		
Group relief surrendered not paid	-	1,369
Adjustments to tax charge in respect of previous years	-	459
Utilisation of tax losses	(402)	-
	<u> </u>	<u> </u>
Current tax charge for the year (note 3 (a))	-	459
	<u> </u>	<u> </u>

(c) Factors that may affect future tax charges

No asset has been recognised for deferred tax on losses, as they are not expected to crystallise The total amount of unprovided deferred tax is £1,194 (2005 £1,829)

Notes (continued)

5 Debtors

Debtors comprise amounts falling due within one year

	2006 £	2005 £
Other debtors	475	103,298
	<u>475</u>	<u>103,298</u>

6 Creditors, amounts falling due within one year

	2006 £	2005 £
Amounts due to immediate parent undertaking	108,786	213,723
	<u>108,786</u>	<u>213,723</u>

7 Called up share capital

	2006 £	2005 £
<i>Authorised</i> 1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i> 1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

8 Reserves

	Profit and loss account £
At 1 January 2006	(110,426)
Profit for the year	2,114
	<u>2,114</u>
At 31 December 2006	(108,312)
	<u>(108,312)</u>

9 Reconciliation of movements in equity shareholders' deficit

	2006 £	2005 £
Profit/(loss) for the financial year	2,114	(5,636)
	<u>2,114</u>	<u>(5,636)</u>
Net decrease/(increase) in equity shareholders' deficit	2,114	(5,636)
Equity shareholders' deficit at the beginning of the year	(110,425)	(104,789)
	<u>(110,425)</u>	<u>(104,789)</u>
Equity shareholders' deficit at the end of year	(108,311)	(110,425)
	<u>(108,311)</u>	<u>(110,425)</u>

Notes *(continued)*

10 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

11 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 plc group

During the year Yorkshire Financial Management Limited provided accounting services to the company and other related companies with a total value of £26,820 (2005 £23,760) C Salkeld was a director of this company throughout the period

12 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 Group accounts have been prepared by this company and will be available from Companies

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 will be prepared by this company and will be available from Companies House