

**STERLING CAPITOL PROPERTIES LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1997**

**(Registered Number 2968415)**



## **STERLING CAPITOL PROPERTIES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1997**

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 1997.

#### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the group is property development.

#### **RESULTS AND DIVIDENDS**

The results for the year ended 31 December 1997 are set out on page 4. The profit for the financial year was £375,709.

The directors do not recommend the payment of a dividend (1996: £Nil).

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year are as follows:

RS Murray  
M Croxen

None of the directors have any interests required to be disclosed under Section 234 of the Companies Act 1985.

The interests of the directors in the share capital of the ultimate parent undertaking, Sterling Capitol PLC, are disclosed in that company's accounts.

#### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 of the company for that year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the accounts 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.

#### **Payment of Suppliers**

The company does not have trade creditors and hence creditor days have not been calculated.

**STERLING CAPITOL PROPERTIES LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1997  
(continued)**

**AUDITORS**

The directors will place a resolution before the Annual General Meeting to re-appoint Price Waterhouse as auditors for the ensuing year.

12 York Road  
Leeds  
LS1 2DS

By order of the Board

A handwritten signature in dark ink, appearing to read 'M Croxer', with a long, sweeping horizontal stroke extending to the right.

M Croxer  
Secretary

29 May 1998

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF STERLING CAPITOL PROPERTIES LIMITED**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

As described on pages 1 and 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the company's state of affairs at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**PRICE WATERHOUSE**  
Chartered Accountants  
and Registered Auditors

29 May 1998

# STERLING CAPITOL PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Year ended 31 December 1997	18 months ended 31 December 1996
	£	£
<b>SALES</b>	3,435,000	442,000
Cost of sales	<u>(2,887,403)</u>	<u>(442,000)</u>
<b>GROSS PROFIT</b>	547,597	-
Other operating expenses (Note 2)	<u>(718)</u>	<u>(228)</u>
<b>OPERATING LOSS</b>	546,879	(228)
Interest receivable	1,769	2,408
Interest payable	<u>(10)</u>	<u>(40)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)</b>	548,638	2,140
Tax on profit on ordinary activities (Note 4)	<u>(172,929)</u>	<u>(416)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	375,709	1,724
<b>RETAINED PROFIT, BEGINNING OF YEAR</b>	<u>1,724</u>	<u>-</u>
<b>RETAINED PROFIT, END OF YEAR</b>	<u>377,433</u>	<u>1,724</u>

Turnover and operating profit for the year and the preceding period were derived from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

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

# STERLING CAPITOL PROPERTIES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1997

	<u>1997</u> £	<u>1996</u> £
<b>CURRENT ASSETS</b>		
Stocks (Note 5)	2,041,645	3,223,955
Debtors (Note 6)	2,832,483	2,684
Cash at bank and in hand	<u>557</u>	<u>-</u>
	<u>4,874,685</u>	<u>3,226,639</u>
 <b>CREDITORS: Amounts falling due within one year (Note 7)</b>	 <u>(4,497,251)</u>	 <u>(3,224,914)</u>
 <b>NET CURRENT ASSETS</b>	 <u>377,434</u>	 <u>1,725</u>
 <b>NET ASSETS</b>	 <u>377,434</u>	 <u>1,725</u>
 <b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 8)	1	1
Profit and loss account	<u>377,433</u>	<u>1,724</u>
 <b>SHAREHOLDERS' FUNDS (EQUITY INTERESTS) (Note 9)</b>	 <u>377,434</u>	 <u>1,725</u>

Signed on behalf of the Board:

M Croxen  Director

29 May 1998

The accompanying notes are an integral part of this balance sheet.

# **STERLING CAPITOL PROPERTIES LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997**

### **1 ACCOUNTING POLICIES**

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

#### **a) Basis of accounting**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has not prepared a cash flow statement, as permitted by Financial Reporting Standard Number 1, because its parent company, Sterling Capitol PLC has produced a consolidated cash flow statement including the cash flows of the company.

#### **b) Turnover**

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

#### **c) 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.

#### **d) Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

#### **e) Stock**

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 to those borrowings up to the point of practical completion.

### **2 OTHER OPERATING EXPENSES**

Other operating expenses comprise administrative expenses.

### **3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

The average monthly number of persons employed by the company was 2 (1996 -2). None of the directors received any emoluments for their services to the company.

# STERLING CAPITOL PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

Tax on profit on ordinary activities comprises UK corporation tax of £172,929 (1996 - £Nil).

### 5 STOCKS

The net book value of stocks comprises:

	1997 £	1996 £
Properties held for development	2,041,645	3,223,955

Stocks include capitalised interest, excluding the related tax credit of £375,794 (1996 - £171,203).

### 6 DEBTORS

Debtors comprise amounts falling due within one year.

	1997 £	1996 £
Amounts due from ultimate parent undertaking	1	1
Other debtors		
- VAT	18,725	2,625
- UK Corporation tax	-	58
Prepayments and accrued income	2,813,757	-
	2,832,483	2,684

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	-	2,719
Amounts due to ultimate parent undertaking	2,458,829	1,994,630
Corporation tax	172,520	-
Accruals and deferred income		
- Government grant	659,330	1,223,378
- Other	1,206,572	4,187
	4,497,251	3,224,914



# STERLING CAPITOL PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

### 8 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid, ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 9 RESERVES

The company's reserves comprise its profit and loss account which is distributable.

	1997 £	1996 £
Profit for the financial year	<u>375,709</u>	<u>1,724</u>
Net increase in equity shareholders' funds	375,709	1,724
Equity shareholders' funds, beginning of year	<u>1,725</u>	<u>1</u>
Equity shareholders' funds, end of year	<u>377,434</u>	<u>1,725</u>

### 10 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Sterling Capitol PLC, a company registered in England and Wales. Group accounts have been prepared by this company and are not available to the public.

Transactions with other companies within the Sterling Capitol Group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related Party Disclosures".