

STERLING PROPERTY CO LIMITED

Report and Financial Statements

Year ended 30 June 2007



STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S E Kramrisch
G D Beckett

SECRETARY

M J Ridley

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

National Westminster Bank Plc
11, Spring Gardens
Manchester
UK
M60 2DB

Alliance and Leicester Commercial Bank
Bridle Road
Bootle
Merseyside
GIR 0AA

AUDITORS

Deloitte & Touche LLP
Manchester

STERLING PROPERTY CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The company's principal activity is property management and property investment

The directors consider the results for the year to be satisfactory and look forward to the future with confidence

The company qualifies as small in accordance with the provisions of s246(4) of the Companies Act 1985 and is therefore exempt from the requirement to prepare an enhanced business review

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2007 are set out on pages 5 to 15 The loss for the year after tax was £33,204 (2006 – loss £10,728)

The directors do not recommend the payment of a dividend (2006 - £nil)

DIRECTORS

The directors of the company are set out on page 1 All directors served throughout the year In addition, M R Goldberg resigned as a director on 15th September 2006

CHANGE OF OWNERSHIP

On 15 September 2006 the entire share capital of the company was sold to Bracken House Properties LLP

AUDIT INFORMATION

In the case of each of the persons who are directors of the company at the date when this report is approved

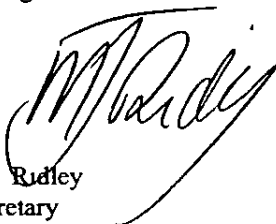
- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information

This statement is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



M J Ridley
Secretary
24 July 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements with applicable law and regulations. Under that law the directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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,
- state whether applicable 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 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 are also responsible for establishing and maintaining the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STERLING PROPERTY CO. LIMITED

We have audited the financial statements of Sterling Property Co Limited for the year ended 30 June 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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 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 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 other information contained in the annual report, as detailed in the contents page, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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.

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 June 2007 and of the 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.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

7 July 2008

STERLING PROPERTY CO. LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

	Note	2007 £	2006 £
TURNOVER	2	834,380	45,076
Administrative expenses		(881,605)	(90,164)
OPERATING LOSS		(47,225)	(45,088)
Gain on disposal of investment property		2,903	50,132
Interest payable (net)	4	(1,583)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(45,905)	5,044
Tax on (loss)/profit on ordinary activities	6	12,701	(15,772)
RETAINED LOSS FOR THE FINANCIAL YEAR	14	(33,204)	(10,728)

All activity has arisen from continuing operations

The company has no recognised gains or losses in either year other than the loss for that year then ended and consequently no statement of total recognised gains and losses has been presented

STERLING PROPERTY CO. LIMITED

BALANCE SHEET

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investment properties	7	781,785	865,659
Tangible assets	8	185,282	114,746
Investments		14,504	14,504
		<u>981,571</u>	<u>994,909</u>
CURRENT ASSETS			
Debtors	9	185,244	9,946
Cash at bank and in hand		197,698	129,342
		<u>382,942</u>	<u>139,288</u>
CREDITORS Amounts falling due within one year	10	(1,299,453)	(1,053,326)
NET CURRENT LIABILITIES		<u>(916,511)</u>	<u>(914,038)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,060	80,871
CREDITORS: Amounts falling due after more than one year	11	(24,464)	-
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	(7,071)
		<u>40,596</u>	<u>73,800</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	40,496	73,700
EQUITY SHAREHOLDER'S FUNDS	15	<u>40,596</u>	<u>73,800</u>

These financial statements were approved by the Board of Directors on 4th July 2008

Signed on behalf of the Board of Directors

G D Beckett

Director



S E Kramrisch

Director



STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current year and the prior year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are as follows:

Computer equipment	33% straight line on cost
Motor vehicles	25% reducing balance

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value based on previous valuations conducted by external chartered surveyors. Changes in the market value of investment properties are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual investment property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account reserve.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the loss for the financial year would have been increased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover is management fees, maintenance recharges, letting fees and commissions charged to the owners of properties for managing the tenancy. There is also rental income from properties that are owned by Sterling Property Co, Limited. Turnover is accounted for on an accruals basis.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

2. TURNOVER

	2007 £	2006 £
Rental income	26,531	4,741
Management fees, maintenance recharges, letting fees and commission	807,849	40,335
	<u>834,380</u>	<u>45,076</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 £	2006 £
Directors' emoluments		
Fees	34,422	-
Company contributions to money purchase pension scheme	-	-
	<u>34,422</u>	<u>-</u>

During the prior year, the company had no employees

	No.	No.
Average number of persons employed (including directors)		
Office and management	36	-
	<u>£</u>	<u>£</u>
Staff costs during the year (including directors)		
Wages and salaries	567,829	-
Social security costs	52,768	-
Pension costs	7,072	-
	<u>627,669</u>	<u>-</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

4. INTEREST PAYABLE (NET)

	2007 £	2006 £
Interest payable on finance lease obligations	(1,583)	-

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation is stated after charging / (crediting)		
Gain on disposal of investment properties	(2,903)	(50,132)
Depreciation on tangible fixed assets		
- Owned	30,710	6,912
- Leased	7,279	-
Staff costs	627,669	-
Auditors' remuneration (see below)	6,500	-

	2007 £	2006 £
Auditors' remuneration - audit fees		
- Fees payable to the company's auditors for the audit of the company's accounts	5,000	-
Auditors' remuneration - Non audit fees		
- Fees payable in respect of taxation	1,500	-
	6,500	-

In 2006 audit fees were borne by another member of the group of Jerrold Holdings Ltd, the ultimate parent company of Sterling Property Co Limited at that time

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2007 £	2006 £
Current tax		
UK corporation tax	-	8,980
Total current tax	-	8,980
Deferred tax		
Origination and reversal of timing differences (see note 12)	(12,701)	6,792
Total tax on (loss)/profit on ordinary activities	(12,701)	15,772

The differences between the total current tax shown above and the amount calculated by applying the standard Companies rate of UK corporation tax to the (loss)/profit before tax is as follows

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2007 £	2006 £
(Loss)/Profit on ordinary activities before tax	(45,905)	5,044
Tax on (loss)/profit on ordinary activities at UK corporation tax rate of 30% (2006 - 30%)	(13,772)	1,513
Effects of		
Expenses not deductible for tax purposes	993	159
Income not taxable for tax purposes	-	(15,039)
Capital allowances less than/(in excess) of depreciation	11,608	(6,630)
Tax losses	1,171	4,958
Effect of gains	-	15,039
Adjustments to tax charge in respect of previous periods	-	8,980
Current tax charge for year	-	8,980

There is no un-provided deferred tax at the year end (2006 - £Nil)

7. INVESTMENT PROPERTIES

	2007 £	2006 £
Valuation		
At start of year	865,659	33,000
Additions	-	855,699
Disposals	(83,874)	(23,040)
At end of year	781,785	865,659

In the opinion of the directors, these valuations continue to reflect the open market value of the property at 30 June 2007

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

8. TANGIBLE FIXED ASSETS

	Fixtures and Fittings	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 July 2006	980	121,241	1,735	123,956
Additions	1,516	71,606	62,357	135,479
Disposals	-	(32,280)	-	(32,280)
At 30 June 2007	2,496	160,567	64,092	227,155
Depreciation				
At 1 July 2006	529	7,064	1,617	9,210
Charge for the year	312	34,508	3,169	37,989
Disposals	-	(5,326)	-	(5,326)
At 30 June 2007	841	36,246	4,786	41,873
Net book value				
At 30 June 2007	1,655	124,321	59,306	185,282
At 30 June 2006	451	114,177	118	114,746

The tangible fixed assets balance includes assets with a net book value of £46,242 (2006 – nil) held under finance leases

9. DEBTORS

	2007 £	2006 £
Trade debtors	29,193	-
Amounts owed by related parties	126,528	8,790
Prepayments	18,580	1,156
Deferred tax asset (note 12)	5,630	-
Other debtors	5,313	-
	<u>185,244</u>	<u>9,946</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Accruals and deferred income	118,802	21,699
Trade creditors	379,580	293,442
Corporation tax	9,163	9,163
Other taxation and social security	33,121	-
Amounts owed to group undertakings	712,322	720,582
Amounts due to related companies	23,844	8,440
Sundry creditors	4,643	-
Finance lease creditor	17,978	-
	<u>1,299,453</u>	<u>1,053,326</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Finance lease creditor	<u>24,464</u>	<u>-</u>

Finance lease obligations are repayable as follows

	2007 £	2006 £
Within one year	17,978	-
After one year	<u>24,464</u>	<u>-</u>
	<u>42,442</u>	<u>-</u>

12. DEFERRED TAXATION

	£
Balance at 1 July 2006	(7,071)
Credit to profit and loss account	<u>12,701</u>
Balance at 30 June 2007	<u>5,630</u>

The amounts provided in the financial statements comprising full provision as follows

	2007 £	2006 £
Depreciation in advance of/(less than) capital allowances	4,537	(7,071)
Losses carried forward	<u>1,093</u>	<u>-</u>
	<u>5,630</u>	<u>(7,071)</u>

13. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2006	73,700
Loss for the financial year	<u>(33,204)</u>
At 30 June 2007	<u>40,496</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2007 £	2006 £
Loss for the financial year	(33,204)	(10,728)
Opening equity shareholder's funds	73,800	84,528
Closing equity shareholder's funds	<u>40,596</u>	<u>73,800</u>

16. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996) "cash flow statements", the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Bracken House Properties LLP which has produced consolidated financial statements that are publicly available

17. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Bracken House Properties LLP, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Bracken House Properties LLP

18. ULTIMATE PARENT COMPANY

At 30 June 2007 the company was a wholly owned subsidiary undertaking of Bracken House Properties LLP, an LLP incorporated in Great Britain and registered in England and Wales

The largest and smallest group of which Sterling Property Co Limited was a member, and for which group financial statements were drawn up, is that headed by Bracken House Properties LLP, whose principal place of business is at Unit G, Waterford Business Park, Bury, Lancashire, BL9 7BR

19. PENSION ARRANGEMENTS

During the year the Company became the sponsor of the Jerrold Manufacturing Company (Textiles) Limited Pension Scheme which is a hybrid arrangement containing both a defined benefit and a defined contribution element. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 30 June 2005

No employer contributions were made over the financial year

FRS17 requires the recognition of the pension asset or liability in balance sheet. The following disclosures show the impact of the scheme on the financial results and position of the pension scheme at 30 June 2007. Due to the nature of the scheme there is no net pension asset or liability at the year end and therefore the group's net assets and profit and loss reserve would be unaffected by the pension scheme

Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions

	30 June 2007 % per annum
Inflation	3.3
Salary increases	3.3
Rate of discount	5.9
Pension in payment increases	<u>3.3</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

19. PENSION ARRANGEMENTS (CONTINUED)

	30 June 2007 £'000
Assets	12,155
Liabilities	(6,373)
	<hr/>
Surplus in scheme	5,782
Amount of surplus in scheme not recoverable by employer	(5,550)
	<hr/>
Available surplus	232
Less amount allocated to defined contribution members	(232)
	<hr/>
Net pension liability	-
	<hr/>
Assets	
	30 June 2007 £'000
Properties	10,282
Equities	108
Loans	96
Cash	1,669
	<hr/>
	12,155
	<hr/>
Expected long term rate of return	
	30 June 2007
Properties	8%
Equities	8%
Loans	9%
Cash	5.5%
	<hr/>
Charge to the profit and loss account over the financial year	
	Year ended 30 June 2007 £'000
Operating charge	
Current service cost	33
	<hr/>
Total operating charge	33
	<hr/>
Operating finance charge	
Interest on pension scheme liabilities	346
Expected return on pension scheme assets	(379)
	<hr/>
Net finance charge/(credit)	(33)
	<hr/>
Total charge/(credit) to profit and loss account (not recoverable by employer)	-
	<hr/>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2007

19. PENSION ARRANGEMENTS (CONTINUED)

History of experience gains and losses

	Year ended 30 June 2007 £'000
Difference between expected and actual return on scheme assets	
Amount of gain	187
Percentage of scheme assets	1.5%

Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	
Amount of (loss)/gain	373
Percentage of present value of scheme liabilities	5.9%

Illustrative amounts which would be included within the statement of total recognised gains and losses (STRGL)

	Year ended 30 June 2007 £'000
Total amount recognised in STRGL:	
Amount of gain	560
Percentage of present value of scheme liabilities	8.8%
Less amounts not recoverable by employer	(560)
	-