Company Registration No. 03199497

STERLING PROPERTY CO. LIMITED

Report and Financial Statements

Year ended 30 June 2008

STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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
United Kingdom
M60 2DB

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

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

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.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2008 are set out on pages 6 to 16. The profit for the year after tax was £102,347 (2007 – loss £33,204) and has been transferred to (2007 – from) reserves.

The directors do not recommend the payment of a dividend (2007 - £nil).

STATEMENT OF GOING CONCERN

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and they look forward to the future with confidence.

The financial position of the company is sound, with adequate levels of cash. The company has no mortgage payments to service or any other material financial commitments and it is currently trading at increased profit levels.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year.

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.

STERLING PROPERTY CO. LIMITED

DIRECTORS' REPORT

AUDITORS

On 1 December 2008 Deloitte & Touche LLP changed their name to Deloitte LLP. A resolution to re-appoint Deloitte 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

29 June 2009

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; 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. for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the Statement of Total Recognised Gains and Losses and the related notes 1 to 20. 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 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 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.

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 2008 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom
30 JUNE 2009

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2008

	Note	2008 £	2007 £
TURNOVER	2	1,276,146	834,380
Administrative expenses		(1,134,430)	(881,605)
OPERATING PROFIT/(LOSS)		141,716	(47,225)
Gain on disposal of investment property		-	2,903
Interest payable and similar charges	4	(2,624)	(1,583)
Interest receivable		13,170	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	152,262	(45,905)
Tax on profit/(loss) on ordinary activities	6	(49,915)	12,701
PROFIT/(LOSS) AFTER TAXATION	14, 15	102,347	(33,204)

All activity has arisen from continuing operations.

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

STERLING PROPERTY CO. LIMITED

BALANCE SHEET
30 June 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investment properties	7	781,913	781,785
Tangible assets	8	164,185	185,282
Investments		14,504	14,504
		960,602	981,571
CURRENT ASSETS			
Debtors	9	86,760	185,244
Cash at bank and in hand		542,948	197,698
		629,708	382,942
CREDITORS: Amounts falling due within one year	10	(1,437,775)	(1,293,823)
NET CURRENT LIABILITIES		(808,067)	(910,881)
TOTAL ASSETS LESS CURRENT LIABILITIES		152,535	70,690
CREDITORS: Amounts falling due after more than one year	11	(7,527)	(24,464)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(2,065)	(5,630)
NET ASSETS		142,943	40,596
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	142,843	40,496
SHAREHOLDER'S FUNDS	15	142,943	40,596

These financial statements were approved by the Board of Directors on 29 Jun 2009.

Signed on behalf of the Board of Directors

G D Beckett

Director

S E Kramrisch

Director

NOTES TO THE FINANCIAL STATEMENTS (continued) & on following pages
Year ended 30 June 2008

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.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Statement of going concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook and they look forward to the future with confidence.

The financial position of the company is sound, with adequate levels of cash. The company has no mortgage payments to service or any other material financial commitments and it is currently trading at increased profit levels.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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
Fixtures and fittings	33% straight line on cost

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 profit for the financial year would have been reduced 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

NOTES TO THE FINANCIAL STATEMENTS (continued) & on following pages
Year ended 30 June 2008

1. **ACCOUNTING POLICIES (continued)**

Taxation (continued)

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.

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 comprises 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.

Pension costs

The company operates a hybrid pension scheme with both a defined benefit and defined contribution element. The benefit accruing to the defined contribution members is the residue after deducting the benefit accruing to the defined benefit members. On this basis, whilst the assets of the scheme exceed the liabilities accruing to the defined benefit members, the scheme has neither an actuarial surplus nor deficit as any balance accrues to the defined contribution members.

2. **TURNOVER**

	2008 £	2007 £
Rental income	36,991	26,531
Management fees, maintenance recharges, letting fees and commission	1,239,155	807,849
	1,276,146	834,380

NOTES TO THE FINANCIAL STATEMENTS (continued) & on following pages
Year ended 30 June 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Directors' emoluments		
Fees	46,092	34,422
Company contributions to money purchase pension scheme	-	-
	46,092	34,422

	No.	No.
Average number of persons employed (including directors)		
Office and management	39	36

	£	£
Staff costs during the year (including directors)		
Wages and salaries	753,884	567,829
Social security costs	75,485	52,768
Pension costs	6,809	7,072
	836,178	627,669

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Hire purchase	(2,267)	(1,583)
Other interest payable	(357)	-
	(2,624)	(1,583)

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

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Gain on disposal of investment properties	-	(2,903)
Depreciation on tangible fixed assets		
- Owned	43,581	30,710
- Leased	11,560	7,279
Operating lease cost		
- land and buildings	33,000	33,000
Staff costs	836,138	627,669
Auditors' remuneration (see below)	6,500	6,500

	2008 £	2007 £
Auditors' remuneration - audit fees		
- Fees payable to the company's auditors for the audit of the company's accounts	6,500	6,500

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) & on following pages
Year ended 30 June 2008

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

The tax charge comprises:

	2008 £	2007 £
Current tax		
UK corporation tax	42,220	-
Total current tax	42,220	-
Deferred tax		
Origination and reversal of timing differences (see note 12)	7,695	(12,701)
Total tax on profit/(loss) on ordinary activities	49,915	(12,701)

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 profit/(loss) before tax is as follows:

	2008 £	2007 £
Profit/(loss) on ordinary activities before tax	152,262	(45,905)
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 29.5% (2007 - 30%)	44,917	(13,772)
Effects of:		
Expenses not deductible for tax purposes	255	993
Capital allowances less than of depreciation	5,559	11,608
Tax losses	(8,511)	1,171
Current tax charge for year	42,220	-

There is no unprovided deferred tax at the year end (2007 - £Nil).

7. INVESTMENT PROPERTIES

	2008 £	2007 £
Valuation		
At start of year	781,785	865,659
Additions	128	-
Disposals	-	(83,874)
At end of year	781,913	781,785

In the opinion of the directors, these valuations continue to reflect the open market value of the property at 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

8. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 July 2007	2,496	160,567	64,092	227,155
Additions	3,072	40,262	-	43,334
Disposals	-	(13,976)	-	(13,976)
At 31 June 2008	5,568	186,853	64,092	256,513
Depreciation				
At 1 July 2007	841	36,246	4,786	41,873
Charge for the year	1,442	33,082	20,617	55,141
Disposals	-	(4,686)	-	(4,686)
At 31 June 2008	2,283	64,642	25,403	92,328
Net book value				
At 31 June 2008	3,285	122,211	38,689	164,185
At 30 June 2007	1,655	124,321	59,306	185,282

The tangible fixed assets balance includes assets with a net book value of £34,682 (2007 - £46,242) held under finance leases.

9. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade debtors	14,567	29,193
Amounts owed by related parties	42,665	126,528
Prepayments	22,841	18,580
Deferred tax asset (note 12)	-	5,630
Other debtors	6,687	5,313
	86,760	185,244

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Finance lease creditor	17,978	17,978
Trade creditors	6,020	379,580
Amounts owed to group undertakings	753,444	712,322
Amounts due to related companies	96,171	23,844
Corporation tax	51,383	9,163
Other taxation and social security	43,765	33,121
Sundry creditors	368,613	4,643
Accruals and deferred income	100,401	118,802
	1,437,775	1,299,453

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

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

	2008 £	2007 £
Finance lease creditor	7,527	24,464

Finance lease obligations are repayable as follows:

	2008 £	2007 £
Within one year	17,978	17,978
After one year	7,527	24,464
	25,505	42,442

12. DEFERRED TAXATION

	£
Balance at 1 July 2007	5,630
Charge to profit and loss account	(7,695)
Balance at 30 June 2008	(2,065)

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

	2008 £	2007 £
Depreciation (less than)/in advance of capital allowances	(2,065)	4,537
Losses carried forward	-	1,093
	(2,065)	5,630

13. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised, allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100

14. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2007	40,496
Profit for the financial year	102,347
At 30 June 2008	142,843

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2008 £	2007 £
Profit / (loss) for the financial year	102,347	(33,204)
Opening shareholder's funds	40,596	73,800
Closing shareholder's funds	142,943	40,596

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 2008 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

The Company is 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 2008.

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 2008. 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 2008 % per annum	30 June 2007 % per annum
Inflation	4.1	3.3
Salary increases	4.1	3.3
Rate of discount	6.7	5.9
Pension in payment increases	4.1	3.3

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

19. PENSION ARRANGEMENTS

	30 June 2008 £'000	30 June 2007 £'000
Assets	11,701	12,155
Liabilities	(6,874)	(6,373)
Surplus in scheme	4,827	5,782
Amount of surplus in scheme not recoverable by employer	(4,606)	(5,550)
Available surplus	221	232
Less amount allocated to defined contribution members	(221)	(232)
Net pension liability	-	-

Assets

	30 June 2008 £'000	30 June 2007 £'000
Properties	9,703	10,282
Equities	208	108
Loans	105	96
Cash	1,685	1,669
	11,701	12,155

Expected long term rate of return

	30 June 2008	30 June 2007
Properties	8%	8%
Equities	8%	8%
Loans	9%	9%
Cash	5.5%	5.5%

Charge to the profit and loss account over the financial year

	30 June 2008 £'000	30 June 2007 £'000
Operating charge		
Current service cost	29	33
Total operating charge	29	33
Operating finance charge		
Interest on pension scheme liabilities	368	346
Expected return on pension scheme assets	(397)	(379)
Net finance credit	(29)	(33)
Total charge to profit and loss account (not recoverable by employer)	-	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2008

19. PENSION ARRANGEMENTS

History of experience gains and losses

	30 June 2008 £'000	30 June 2007 £'000
Difference between expected and actual return on scheme assets		
Amount of (loss) / gain	(560)	187
Percentage of scheme assets	(4.8%)	1.5%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount of (loss)/gain	(12)	373
Percentage of present value of scheme liabilities	(0.2%)	5.9%

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

	30 June 2008 £'000	30 June 2007 £'000
Total amount recognised in STRGL:		
Amount of (loss) / gain	(955)	560
Percentage of present value of scheme liabilities	(13.8%)	8.8%
Less amounts not recoverable by employer	955	(560)
	-	-

20. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follow:

	2008 £	2007 £
Land and buildings, lease expiring after five years	33,000	33,000