

STERLING PROPERTY CO. LIMITED

Report and Financial Statements

Year ended 30 June 2012



STERLING PROPERTY CO. LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

STERLING PROPERTY CO. LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
S E Kramrisch
G D Beckett
M Mulgrew
M L Settle (appointed 20th October 2011)
R Lester (appointed 1st November 2012)

SECRETARY

M Mulgrew

REGISTERED OFFICE

Sterling House
Waterfold Business Park
Bury
BL9 7BR

PRINCIPAL BANKERS

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

Santander Corporate Bank
Bridle Road
Bootle
Merseyside
GIR 0AA

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

STERLING PROPERTY CO. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2012

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 directors do not expect a significant change in the level of business in the near future.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2012 are set out on pages 5 to 16. The profit after tax for the year was £403,824 (2011: £538,806), and has been transferred to reserves.

The directors do not recommend the payment of a dividend (2011: £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. 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 is currently trading at good profit levels.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

DIRECTORS

The directors of the company are set out on page 1. All directors served throughout the year and thereafter apart from those noted on page 1.

AUDIT INFORMATION

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

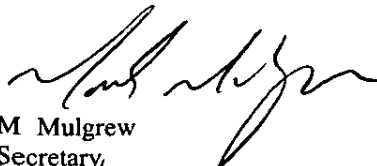
- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information (as defined) and to establish that the company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



M Mulgrew
Secretary

26th March 2013

STERLING PROPERTY CO. LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S 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 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Peter Birch ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

26th March 2013

STERLING PROPERTY CO. LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2012

	Note	2012 £	2011 £
TURNOVER	1,2	2,225,554	2,286,804
Administrative expenses		<u>(1,682,520)</u>	<u>(1,539,346)</u>
OPERATING PROFIT		543,034	747,458
Interest payable	4	(727)	(6,253)
Interest receivable		<u>1,980</u>	<u>2,610</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	544,287	743,815
Tax on profit on ordinary activities	6	<u>(140,463)</u>	<u>(205,009)</u>
PROFIT AFTER TAXATION	13,14	<u><u>403,824</u></u>	<u><u>538,806</u></u>

All activity has arisen from continuing operations

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

STERLING PROPERTY CO. LIMITED

BALANCE SHEET

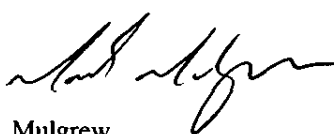
As at 30 June 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investment properties	7	729,850	729,850
Tangible assets	8	170,952	182,813
Investments		14,504	14,504
		<u>915,306</u>	<u>927,167</u>
CURRENT ASSETS			
Debtors	9	2,073,086	1,415,408
Cash at bank and in hand		388,831	465,186
		<u>2,461,917</u>	<u>1,880,594</u>
CREDITORS: Amounts falling due within one year	10	<u>(1,602,329)</u>	<u>(1,436,692)</u>
NET CURRENT ASSETS		<u>859,588</u>	<u>443,902</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,774,893</u>	<u>1,371,069</u>
NET ASSETS		<u>1,774,893</u>	<u>1,371,069</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	1,774,793	1,370,969
SHAREHOLDER'S FUNDS	14	<u>1,774,893</u>	<u>1,371,069</u>

Registered company number 03199497

These financial statements were approved and authorised for issue by the Board of Directors on 26th March 2013

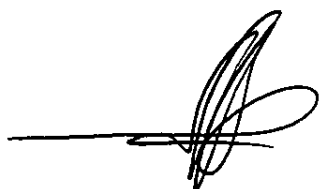
Signed on behalf of the Board of Directors


M Mulgrew

Director

S E Kramrisch

Director



STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom 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 convention

The financial statements are prepared under the historical cost convention.

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 adequate profit levels.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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
Fixtures and fittings	33% straight line on cost
Motor vehicles	25% reducing balance

Investment properties

Properties which are not held for immediate or short term re-sale are classified as 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 2006 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.

Investments

The investments balance comprises motor vehicle number plates. These are deemed to have an indefinite useful economic life, therefore no depreciation has been provided in respect of the investments.

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

1. ACCOUNTING POLICIES (continued)

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

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

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

	2012 £	2011 £
Rental income	38,915	44,643
Management fees, maintenance recharges, letting fees and commission	2,186,639	2,242,161
	<u>2,225,554</u>	<u>2,286,804</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012 £	2011 £
Directors' emoluments		
Fees	199,700	187,500
	<u> </u>	<u> </u>
	No.	No.
Average number of persons employed (including directors)		
Office and management	45	46
	<u> </u>	<u> </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,056,328	983,771
Social security costs	106,432	99,941
Pension costs	12,945	17,189
	<u>1,175,705</u>	<u>1,100,901</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Other interest payable	727	6,253
	<u> </u>	<u> </u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012 £	2011 £
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation on tangible fixed assets		
- Owned	57,488	50,765
Loss / (profit) on sale of fixed assets	91	(11,577)
Operating lease cost		
- land and buildings	33,000	33,000
Auditor's remuneration (see below)	10,980	10,000
	<u> </u>	<u> </u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

	2012 £	2011 £
Auditor's remuneration - audit fees		
- Fees payable to the company's auditor for the audit of the company's accounts	7,980	7,000
Auditor's remuneration – Non audit fees		
- Fees payable in respect of taxation	3,000	3,000
	<u>10,980</u>	<u>10,000</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises

	2012 £	2011 £
Current tax		
UK corporation tax	143,130	200,882
Adjustment in respect of prior years	(2,318)	-
Total current tax	<u>140,812</u>	<u>200,882</u>
Deferred tax		
Origination and reversal of timing differences (see note 11)	(3,114)	3,785
Adjustment in respect of previous periods	2,502	-
Effect of changes in tax rates	263	342
Total tax on profit on ordinary activities	<u>140,463</u>	<u>205,009</u>

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 before tax are as follows

	2012 £	2011 £
Profit on ordinary activities before tax	<u>544,287</u>	<u>743,815</u>
Tax on profit on ordinary activities at UK corporation tax rate of 25.5% (2011 27.5%)	138,793	204,549
Effects of		
Expenses not deductible for tax purposes	1,224	118
Depreciation for year in (advance) / excess of capital allowances	3,114	(3,785)
Adjustments to tax charge in respect of previous periods	(2,319)	-
Current tax charge for year	<u>140,812</u>	<u>200,882</u>

There is no unprovided deferred tax at the year end (2011 £nil)

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

7. INVESTMENT PROPERTIES

	2012 £	2011 £
Valuation		
	729,850	729,850
	<u>729,850</u>	<u>729,850</u>

The directors have reviewed the valuation of investment properties and are happy that they continue to be at market value at 30 June 2012

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 July 2011	17,063	259,375	103,129	379,567
Additions	250	26,722	20,794	47,766
Disposals	-	(10,179)	-	(10,179)
At 30 June 2012	<u>17,313</u>	<u>275,918</u>	<u>123,923</u>	<u>417,154</u>
Depreciation				
At 1 July 2011	11,516	101,220	84,018	196,754
Charge for the year	3,460	39,817	14,211	57,488
Disposals	-	(8,040)	-	(8,040)
At 30 June 2012	<u>14,976</u>	<u>132,997</u>	<u>98,229</u>	<u>246,202</u>
Net book value				
At 30 June 2012	<u>2,337</u>	<u>142,921</u>	<u>25,694</u>	<u>170,952</u>
At 30 June 2011	<u>5,547</u>	<u>158,155</u>	<u>19,111</u>	<u>182,813</u>

9. DEBTORS

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	-	30,146
Amounts owed by related parties (note 16)	452,222	78,758
Amounts due from parent undertaking	1,555,426	1,263,174
Other debtors	4,879	6,403
Prepayments	56,665	33,382
Deferred tax asset (note 11)	3,894	3,545
	<u>2,073,086</u>	<u>1,415,408</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	170,296	164,188
Amounts owed to related parties	89,841	94,862
Corporation tax	341,693	200,882
Taxation and social security	75,162	73,680
Sundry creditors	700,305	704,238
Accruals and deferred income	225,032	198,842
	<u>1,602,329</u>	<u>1,436,692</u>

11. DEFERRED TAXATION ASSET

	£
Balance at 1 July 2011	3,545
Deferred tax charge for the period	(2,851)
Adjustment in respect of prior years	3,200
	<u>3,894</u>
Balance at 30 June 2012	<u>3,894</u>

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

	2012	2011
	£	£
Depreciation in advance of capital allowances	<u>3,894</u>	<u>3,545</u>

12. CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Allotted, called-up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

13. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2011	1,370,969
Profit for the financial year	403,824
	<hr/>
At 30 June 2012	1,774,793
	<hr/>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit for the financial year	403,824	538,806
Opening shareholder's funds	1,371,069	832,263
	<hr/>	<hr/>
Closing shareholder's funds	1,774,893	1,371,069
	<hr/>	<hr/>

15. 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

16. 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 wholly owned members of the group headed by Bracken House Properties LLP

The company had the following balances with associated entities at the year end

	Balances due to 2012 £	Balances due from 2012 £	Balances due to 2011 £	Balances due from 2011 £
Blemain Finance Limited	(11,011)	-	(10,967)	-
Factfocus Limited	(8,366)	-	(9,304)	-
Lancashire Mortgage Corporation Limited	(61,156)	-	(68,779)	-
Cheshire Mortgage Corporation Limited	(89)	-	(117)	-
Jerrold Mortgage Corporation Limited	-	6,911	(4,722)	-
Supashow Limited	(20)	-	(73)	-
Jerrold Manufacturing Pension Fund	-	445,311	-	52,636
Blemain Finance Pension Fund	(620)	-	-	26,122
Auction Finance Limited	(284)	-	(900)	-
Bridging Finance	(4,839)	-	-	-
Harpmanor	(3,456)	-	-	-
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	(89,841)	452,222	(94,862)	78,758
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STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

17. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

At 30 June 2012 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, Waterfold Business Park, Bury, Lancashire, BL9 7BR

Mr H N Moser, a director of Sterling Property Co Limited, and members of his close family, control the company as a result of controlling directly or indirectly 100% of the voting rights of Sterling Property Co Limited

18. PENSION ARRANGEMENTS

Sterling Property Co Limited 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 2011

No employer contributions were made over the financial year (2011: none)

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 2012. 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 2012 % per annum	30 June 2011 % per annum
Inflation	3.1	3.9
Salary increases	3.1	3.9
Rate of discount	4.4	5.5
Pension in payment increases	3.1	3.9
	2012	2011
	£'000	£'000
Assets	9,753	9,662
Liabilities	(8,645)	(8,628)
Surplus in scheme	1,108	1,034
Amount of surplus in scheme not recoverable by employer	(863)	(772)
Available surplus	245	262
Less amount allocated to defined contribution members	(245)	(262)
Net pension liability	-	-

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

18. PENSION ARRANGEMENTS (continued)

Assets

	2012 £'000	2011 £'000
Properties	9,411	8,845
Equities	197	294
Loans	(96)	287
Cash	241	236
	<u>9,753</u>	<u>9,662</u>

Expected long term rate of return

	2012 % per annum	2011 % per annum
Properties	7.0	7.0
Equities	8.0	8.0
Loans	8.0	8.0
Cash	0.5	0.5
	<u>7.0</u>	<u>7.0</u>

Charge to the profit and loss account over the financial year

	2012 £'000	2011 £'000
Operating charge		
Current service cost	43	40
	<u>43</u>	<u>40</u>
Total operating charge	43	40
Operating finance charge		
Interest on pension scheme liabilities	468	404
Expected return on pension scheme assets	(511)	(444)
	<u>(43)</u>	<u>(40)</u>
Net finance credit	(43)	(40)
Total charge to profit and loss account (not recoverable by employer)	<u>-</u>	<u>-</u>

STERLING PROPERTY CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

18. PENSION ARRANGEMENTS (continued)

History of experience gains and losses

	2012 £'000	2011 £'000
Difference between expected and actual return on scheme assets		
Amount of gain	(123)	(2,222)
Percentage of scheme assets	(1.3%)	(23.0%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
Amount of loss	197	(90)
Percentage of present value of scheme liabilities	2.3%	(1.0%)
Illustrative amounts included within the statement of total recognised gains and losses (STRGL)		
	2012 £'000	2011 £'000
Total amount recognised in STRGL:		
Amount of gain	(47)	(3,266)
Percentage of present value of scheme liabilities	(0.5%)	(37.6%)
Less amounts not recoverable by employer	30	3,248
	(17)	(18)

19. LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2012 £	2011 £
Land and buildings, lease expiring after five years	33,000	33,000