Frasers Riverside Quarter Limited

Directors' report and financial statements

Registered number 04126958

30 September 2010

Contents

Company information

Directors	SJP Lear Dr SSH Quek
Secretary	Valad Secretarial Services Limited SK Ng
Company number	04126958
Auditors	KPMG Audit Plc Park Row Nottingham NG1 6FQ
Registered Office	81 Cromwell Road London SW7 5BW

Directors' report

The directors present their report together with the audited financial statements for the year ended 30 September 2010

Principal activities

The principal activity of the company is that of residential property development

Results

Details of the results for the year are shown in the attached profit and loss account

Business review

The basic KPI ('Key Performance Indicator') which the Company uses is the financial indicator of Gross Profit, which represents the development surplus from the Wandsworth Riverside Quarter site. Sales activity has been minimal in the year whilst planning activities for Phase 3 of the development continue

Full planning consent was granted to the Riverside Quarter Phase 3 site in 2008 and early works have now been completed There has been activity on the marine works, drilling of ground source bore holes and revisions to the planning applications Building work is expected to commence in early 2011, in order to construct a scheme comprising 521 residential units and 3,340 sq m of commercial units

Dividend

The directors do not recommend a final dividend in respect of the year ended 30 September 2010 *(2009 £nil)* No interim dividend was paid during the year *(2009 £nil)*

Directors

The directors who served during the year and to the date of this report are as follows

SJP Lear
Dr SSH Quek

Disclosure of information to auditors

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

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board

SK Ng
Company Secretary

22 March 2011

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

Report of the independent auditor to the members of Frasers Riverside Quarter Limited

We have audited the financial statements of Frasers Riverside Quarter Limited for the year ended 30 September 2010 set out on pages 5 to 11 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

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 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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

Philip Charles *(Senior Statutory Auditor)*
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated 20 April 2011

Profit and loss account

for the year ended 30 September 2010

	Note	2010 £000	2009 £000
Turnover	2	**862**	43
Cost of sales		**(765)**	-
Gross profit		**97**	43
Administrative expenses		-	(193)
Other income		-	134
Operating profit/(loss)		**97**	(16)
Interest receivable and similar income	3	**19**	124
Income payable and similar charges	4	-	(5)
Profit on ordinary activities before tax	5	**116**	103
Taxation on profit on ordinary activities	8	**(171)**	350
(Loss)/profit on ordinary activities after taxation	13	**(55)**	453

In both the current and preceding year the company made no material acquisitions and had no discontinued operations

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

Balance sheet
as at 30 September 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Current assets					
Stock	*9*	62,721		59,834	
Debtors	*10*	120		508	
Cash at bank and in hand		-		949	
		62,841		61,291	
Creditors: amounts falling due within one year	*11*	(56,417)		(54,812)	
Net current assets			6,424		6,479
Net assets			6,424		6,479
Capital and reserves					
Called up share capital	*12*		11		11
Profit and loss account	*13*		6,413		6,468
Equity shareholders' funds	*14*		6,424		6,479

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

Dr SSH Quek
Director

22 March 2011

Company number 04126958

Notes
(forming part of these financial statements)

1 Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards

Going concern

The Company is part of the Frasers Property (UK) Limited group ('the Group') During the year ended 30 September 2010, the Group had breached certain of its banking covenants and, as such, its facilities were due for repayment on demand However, subsequent to the year end the directors reached an agreement with both the Bank and the Group's major shareholder to restructure the Group's finances The restructuring, which was completed in December 2010, included the Bank's agreement to subscribe for equity in consideration for the release of a proportion of the outstanding debt, new bank facilities, an injection of new equity, the provision of new debt facilities by the Group's major shareholder and the sale of certain investment properties to the Group's major shareholder Following the restructure, the directors are confident that the Group has sufficient facilities, and headroom to develop certain sites, and realise the remaining sites in the normal course of business, and therefore provide the necessary financial support for the Company to continue to trade on an orderly basis As such, the directors believe that it is appropriate to prepare the financial statements of the Company on a going concern basis

Cash flow statement

Under FRS 1, the company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of Frasers Property (UK) Limited which publishes consolidated financial statements that include Frasers Riverside Quarter Limited

Turnover

Turnover represents income receivable from residential property development

Revenue recognition

On traditional developments, properties are treated as sold and profit is recognised when contracts are exchanged and the building work is physically complete On complex multi unit developments, revenue and profit are recognised on a staged basis, commencing when the building work is substantially complete, which is defined as being plastered and when contracts are exchanged

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value Cost includes all direct expenditure incurred on the development of the site This will normally comprise the cost of land, associated professional charges, labour and materials and site overheads and site interest but excludes central overheads Finance costs are added to the cost of a site during the construction phase at the rates applicable to the company's general borrowings that are outstanding during the period of construction Net realisable value in relation to residential developments whether in the course of construction or completed is based on the estimated revenue less the costs to be incurred in completing, if appropriate, and selling the remaining units on each development The assessment of net realisable value is based on an open market basis

Long term contracts are assessed on a contract by contract basis When the outcome of a long term contract can be assessed with reasonable certainty, an appropriate level of attributable profits or any foreseeable losses is recognised in the profit and loss account

Notes *(continued)*

1 Accounting policies *(continued)*

Cost of sales

Cost of sales in respect of development properties is calculated by reference to each development as the proportion of the total costs incurred when compared to the total estimated costs of completion

Cost of sales in respect of those development properties considered to be long-term contracts is calculated based upon the costs incurred, the stage of completion and the total estimated costs of completion

Taxation

The charge or credit for taxation is based on the results for the year as adjusted for disallowable items Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Provision is made at the rate which is expected to be applied when the liability is expected to crystallise Deferred tax assets are recognised only to the extent that they are regarded as recoverable in the foreseeable future

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Interest receivable and similar income

	2010 £000	2009 £000
Bank interest receivable	**19**	124

4 Interest payable and similar charges

	2010 £000	2009 £000
Bank interest payable	-	5

5 Profit on ordinary activities before taxation

Profit on ordinary activities is stated after charging

	2010 £000	2009 £000
Auditor's remuneration		
- audit of these financial statements	**2**	3
- other services relating to taxation	**2**	2

Notes *(continued)*

6 Directors

The directors received no remuneration in respect of their services to the company during the year *(2009 £nil)*

7 Employee information

The company had no employees other than the directors *(2009 nil)*

8 Taxation on profit on ordinary activities

	2010 £000	2009 £000
UK corporation tax		
Current tax on income for the year	32	29
Adjustments in respect of prior years	139	(379)
Total current tax charge/(credit)	171	(350)

Factors affecting the tax charge/(credit) for the current year

The current tax charge for the year is higher *(2009 lower)* than the standard rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £000	2009 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	116	103
Current tax at 28% *(2009 28%)*	32	29
Effects of		
Adjustment in respect of prior periods	139	(379)
Total current tax charge/(credit)	171	(350)

9 Stock

	2010 £000	2009 £000
Work in progress	61,824	59 834
Properties held for resale	897	-
	62,721	59 834

Work in progress includes £9,578,097 *(2008 £8,309,142)* of capitalised interest

Notes *(continued)*

10 Debtors

	2010	2009
	£000	£000
Trade debtors	**18**	32
Other debtors	**102**	37
Corporation tax	**-**	379
Prepayments and accrued income	**-**	60
	120	508

11 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Bank overdraft	**52,584**	51 338
Trade creditors	**694**	121
Amounts owed to group companies	**1,961**	2,169
Other creditors	**-**	22
Accruals and deferred income	**1,178**	1,162
	56,417	54,812

The bank overdraft is part of a group facility of £150 million *(2009 £150 million)* with the Bank of Scotland Plc The facility is secured by a fixed and floating charge over the assets of the Frasers Property (UK) Limited group, the company's parent undertaking Interest on this facility is charged at 1 8% over LIBOR

12 Share capital

	2010	2009
	£000	£000
Allotted called up and fully paid		
1 052 632 Ordinary shares of 1 pence each	**11**	11

13 Profit and loss account

	2010	2009
	£000	£000
Opening balance	**6,468**	6,015
(Loss)/profit for the year	**(55)**	453
Closing balance	**6,413**	6,468

Notes *(continued)*

14 Reconciliation of movement in equity shareholders' funds

	2010	2009
	£000	£000
(Loss)/profit for the year	**(55)**	453
Net movement in shareholders' funds	**(55)**	453
Opening equity shareholders funds	**6,479**	6,026
Closing equity shareholders funds	**6,424**	6,479

15 Ultimate controlling party

The company is a wholly owned subsidiary of Frasers Property Developments Limited, a company registered in England and Wales

The ultimate parent and controlling company is Frasers and Neave, Limited, a company registered in Singapore Copies of these financial statements can be requested from Frasers and Neave, Limited, 438 Alexandra Road, Alexandra Point, Singapore 119958

The smallest group for which consolidated financial statements are prepared is headed by Frasers Property (UK) Limited Copies of the financial statements of Frasers Property (UK) Limited can be requested from 81 Cromwell Road, London, SW7 5BW

16 Related party transactions

As the company is a subsidiary of Frasers Property (UK) Limited the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group