SQ3 LIMITED

Directors' report and financial statements

For the year ended 31 December 2009
Registered number 04416359

Directors' report and financial statements

Contents

Directors' report

The directors have pleasure in submitting their report together with the financial statements of the company for the year ended 31 December 2009

Principal activities

The principal activity of the company is that of property development

Results and dividends

The company made a profit for the year after tax of £13,615 (2008 £12,179 of profit) There was no dividend paid in the year (2008 £350,000)

Directors

The directors of the company during the year were

PH Miller
MD Rutterford
EM Young
A Sutherland
DW Borland
JM Jackson (Resigned 18th September 2009)
M Wood (Resigned 29th May 2009)

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 he ought to have taken as a director to make himself 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 LLP will therefore continue in office

On behalf of the Board

A Sutherland
Director
7/7/10

28 Dover Street
London
W1S 4NA

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 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 judgements 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 LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the directors of SQ3 Limited

We have audited the financial statements of SQ3 Limited for the year ended 31 December 2009 set out on pages 4 to 9 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 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 auditors
As explained more fully in the Directors Responsibilities Statement set out on page 2, 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 31 December 2009 and of its profit 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 Director's 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

M Ross (Senior Statutory Auditor) 7/7/10 Date
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Profit and loss account

For the year ended 31 December 2009

	Notes	**2009** **£**	2008 £
Turnover	2	-	200,000
Cost of sales		**(1,526)**	(192,671)
Gross (loss)/profit		**(1,526)**	7,329
Administrative expenses		**(648)**	(1,740)
Operating (loss)/profit		**(2,174)**	5,589
Interest receivable	5	**15,789**	6,983
Profit on ordinary activities before taxation	4	**13,615**	12,572
Tax on profit on ordinary activities	6	-	(393)
Profit for the financial year		**13,615**	12,179

There have been no recognised gains or losses other than the profit for the above financial years

The profit for the year has been derived from continuing activities

The notes on pages 6 to 9 form part of these financial statements

Balance sheet
at 31 December 2009

	Note	2009	2008
		£	£
Current assets			
Debtors	7	**128**	1,040
Cash at bank		**45,375**	34,896
		45,503	35,936
Creditors: amounts falling due within one year	8	**(938)**	(4,986)
Net current assets		**44,565**	30,950
Net assets		**44,565**	30,950
Capital and reserves			
Called up share capital	9	**2**	2
Profit & loss account	10	**44,563**	30,948
Shareholders' funds	11	**44,565**	30,950

These financial statements were approved by the board of directors on 7th July 2010 and were signed on its behalf by

Andrew Sutherland

Director

Eric Young

Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules

The company has completed and sold its property development Having reviewed the company's cash flow forecasts, the directors are satisfied the company has sufficient resources available to it to be able to continue to fund the company's operations and accordingly, the financial statements continue to be prepared on a going concern basis

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes 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

Development work in progress

Development work in progress is carried at cost plus attributable overheads or net realisable value if lower

2. Turnover

Turnover represents the sale of property, rental income and sale of tools Turnover is stated net of Value Added Tax

3 Remuneration of directors

There were no emoluments paid to directors during the year

4 Profit on ordinary activities before taxation	2009	2008
	£	£
This is stated after charging		
Auditors' remuneration Audit of these financial statements	**1,500**	1,500

Notes (cont'd)

5 Interest receivable

	2009	2008
	£	£
Bank interest receivable	**23**	6,983
Other interest	**15,766**	-
	15,789	6,983

6. Taxation

	2009	2008
	£	£
Analysis of charge in year		
UK Corporation tax		
Current tax on income for the year	**-**	393
Tax on profit on ordinary activities	**-**	393

Factors affecting the tax charge for the current year
The current tax charge for the year is the same as (*2008 same as*) the lower rate of corporation tax in the UK 21% (*2008 19 75%*) The differences are explained below

	2009	2008
Current tax reconciliation	**£**	£
Profit on ordinary activities before tax	**13,615**	12,572
Current tax at 21% (*2008 19 75%*)	**2,859**	2,483
Effects of		
Prior Year Adjustment	-	(2,090)
Non taxable income	**(3,311)**	-
Tax losses not recognised	**452**	-
Total current tax charge (see above)	**-**	393

Notes (cont'd)

7. Debtors

	2009	2008
	£	£
Other debtors Amounts due to Group Companies	-	1,040
VAT	128	-
	128	1,040

8 Creditors: amounts falling due within one year

	2009	2008
	£	£
Accruals and deferred income	938	2,377
Taxation	-	2,609
	938	4,986

Notes (cont'd)

9 Share capital

	2009 £	2008 £
Authorised		
Ordinary shares of £1	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**2**	2

10. Profit and loss account

	2009 £
At beginning of year	**30,948**
Profit for the year	**13,615**
At end of year	**44,563**

11. Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Profit for the year	**13,615**	12,179
Opening shareholders' funds	**30,950**	368,771
Dividend paid	-	(350,000)
Closing shareholders' funds	**44,565**	30,950

12 Related party disclosures

The company is a joint venture between The Miller Group Limited and Rutterford Limited