

Registered Number: 4530306

**ROSSFLEET BRIGG LIMITED**

**DIRECTORS' REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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# **ROSSFLEET BRIGG LIMITED**

## **COMPANY INFORMATION**

<b>DIRECTORS</b>	P A Rackham P A Rackham Jnr S R Stuteley
<b>SECRETARY</b>	S R Stuteley
<b>COMPANY NUMBER</b>	4530306
<b>REGISTERED OFFICE</b>	Manor Farm Bridgham Norwich Norfolk NR16 2RX
<b>AUDITORS</b>	Deloitte & Touche LLP Chartered Accountants and Registered Auditors Cambridge United Kingdom
<b>BANKERS</b>	Lloyds TSB Bank Plc

# **ROSSFLEET BRIGG LIMITED**

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## **ROSSFLEET BRIGG LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2006**

The directors present their report and the financial statements for the year ended 31 December 2006. This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

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

The loss for the year in the company represents expenses incurred in maintaining the Brigg property pending securing short-term tenants with a view to ultimate disposal.

The financial instruments of the company principally comprise short-term debtors and creditors. The company does not trade in financial instruments and neither uses, nor trades, in derivative financial instruments.

The company is funded by its parent company at a commercial interest rate.

#### **RESULTS & DIVIDENDS**

The loss for the year, after taxation, amounted to £144,751 (2005 - Loss £129,790).

The directors do not recommend the payment of a dividend (2005 - Nil).

## ROSSFLEET BRIGG LIMITED

### DIRECTORS' REPORT For the year ended 31 December 2006

#### DIRECTORS

The directors who served throughout the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	31/12/06	1/1/06
P A Rackham	-	-
P A Rackham Jnr	-	-
S R Stuteley	-	-

#### ADDITIONAL INFORMATION RE DIRECTORS

The directors have beneficial interests in the shares of the holding company, Property Recycling Group plc, at 31 December 2006 as follows:

	Ordinary shares of £1 each	
	31/12/06	1/1/06
P A Rackham	7,949,076	7,949,076
P A Rackham Jnr	5,341,224	5,341,224
S R Stuteley	90,000	90,000

In addition, Stephen Stuteley is interested as trustee in 7,425,212 (2005 - 7,425,212) ordinary shares in the holding company. Included within this number are 2,115,512 (2005 - 2,115,512) ordinary shares, which are also counted within Paul Rackham Jnr's beneficial interest shown above.

#### AUDITORS

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

#### **Disclosure of information to auditors**

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so 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 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.

**ROSSFLEET BRIGG LIMITED**

**DIRECTORS' REPORT**  
**For the year ended 31 December 2006**

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

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



S R Stuteley  
*Director*

9 March 2007

## **ROSSFLEET BRIGG LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROSSFLEET BRIGG LIMITED**

We have audited the financial statements of Rossfleet Brigg Limited for the year ended 31 December 2006, which comprise the profit and loss account, the balance sheet, and the related notes 1 to 14. 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 judgements 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.

**ROSSFLEET BRIGG LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ROSSFLEET BRIGG LIMITED**

**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 31 December 2006 and of its 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  
Cambridge  
United Kingdom

9 March 2007



**ROSSFLEET BRIGG LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2006**

	Note	2006 £	2005 £
<b>TURNOVER</b>	1	<b>18,341</b>	7,378
<i>Administrative expenses</i>		<u>(97,033)</u>	<u>(89,495)</u>
<b>OPERATING LOSS</b>	2	<b>(78,692)</b>	(82,117)
Interest receivable		<b>48</b>	102
Interest payable	4	<u>(66,107)</u>	<u>(47,775)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(144,751)</b>	(129,790)
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	5	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	11	<u><b>(144,751)</b></u>	<u>(129,790)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 11 to 15 form part of these financial statements.

# ROSSFLEET BRIGG LIMITED

## BALANCE SHEET As at 31 December 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	6	412	577
<b>CURRENT ASSETS</b>			
Stocks	7	752,346	735,437
Debtors	8	20,658	5,821
Cash at bank and in hand		<u>5,678</u>	<u>653</u>
		778,682	741,911
<b>CREDITORS:</b> amounts falling due within one year	9	<u>(1,332,239)</u>	<u>(1,150,882)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(553,557)</u>	<u>(408,971)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(553,145)</u>	<u>(408,394)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>(553,245)</u>	<u>(408,494)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	12	<u>(553,145)</u>	<u>(408,394)</u>

The financial statements were approved by the board on 9 March 2007 and signed on its behalf.



**S R Stuteley**  
Director

The notes on pages 11 to 15 form part of these financial statements.

## **ROSSFLEET BRIGG LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2006**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

##### **1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

##### **1.3 Turnover**

Turnover comprises property rentals and other goods and services, which fall within the company's ordinary activities, exclusive of Value Added Tax. All turnover arose from within the United Kingdom.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	15% straight line
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##### **1.5 Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value.

##### **1.6 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.

Provision is made in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **1.7 Leases**

Rentals received under leases are recorded according to the terms of the lease.

# ROSSFLEET BRIGG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

### 2. OPERATING LOSS

The operating loss is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets:		
- owned by the company	165	669
Auditors' remuneration	<u>7,500</u>	<u>7,500</u>

During the year, no director received any emoluments from the company in respect of their services for the company (2005 - £nil).

### 3. STAFF COSTS

Staff costs were as follows:

	2006 £	2005 £
Wages and salaries	13,699	10,013
Social security costs	<u>1,114</u>	<u>811</u>
	<u>14,813</u>	<u>10,824</u>

The average monthly number of employees, including directors, during the year was as follows:

	2006	2005
Directors	3	3
Security	<u>1</u>	<u>1</u>
	<u>4</u>	<u>4</u>

### 4. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	42	138
On other loans	-	7,737
On loans from group undertakings	<u>66,065</u>	<u>39,900</u>
	<u>66,107</u>	<u>47,775</u>

### 5. TAXATION

	2006 £	2005 £
UK corporation tax on losses of the year	<u>-</u>	<u>-</u>

# ROSSFLEET BRIGG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

### 5. TAXATION (continued)

#### Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	2006 £	2005 £
Loss on ordinary activities before tax	<u>(144,751)</u>	<u>(129,790)</u>
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2005 - 30%)	(43,425)	(38,937)
<b>Effects of:</b>		
Group relief surrendered for nil consideration	42,616	26,293
Capital allowances for period in (excess)/deficit of depreciation	(4)	83
Utilisation of tax losses	-	12,561
Expenses not deductible for tax purposes	<u>813</u>	<u>-</u>
<b>Current tax charge for year (see note above)</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

The company has available tax losses of approximately £317,150, (2005: £320,500) to carry forward for use against future trading profits generated from the same trading activity.

A deferred tax asset has not been recognised relating to tax losses in respect of the current trade. The amount of the asset not recognised is £95,145 (2005 - £96,150). The asset will be recovered when there are sufficient taxable profits of the current trade in subsequent accounting periods.

### 6. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2006	1,100	1,100	2,200
Assets written off	(1,100)	-	(1,100)
At 31 December 2006	<u>-</u>	<u>1,100</u>	<u>1,100</u>
<b>Depreciation</b>			
At 1 January 2006	1,100	523	1,623
Assets written off	(1,100)	-	(1,100)
Charge for year	-	165	165
At 31 December 2006	<u>-</u>	<u>688</u>	<u>688</u>
<b>Net book value</b>			
At 31 December 2006	<u>-</u>	<u>412</u>	<u>412</u>
At 31 December 2005	<u>-</u>	<u>577</u>	<u>577</u>

**ROSSFLEET BRIGG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2006

**7. STOCKS**

	2006 £	2005 £
Stock properties	<u>752,346</u>	<u>735,437</u>

The difference between purchase price of stocks and their replacement cost is not material. During the year operating lease rentals of £18,099 (2005 - £6,603) were received from the use of stock properties.

**8. DEBTORS**

	2006 £	2005 £
Trade debtors	8,564	-
Other debtors	6,877	905
Prepayments and accrued income	<u>5,217</u>	<u>4,916</u>
	<u>20,658</u>	<u>5,821</u>

All amounts are due within one year.

**9. CREDITORS**

**Amounts falling due within one year**

	2006 £	2005 £
Trade creditors	8,699	503
Amounts owed to group undertakings	1,307,248	1,141,900
Social security and other taxes	531	514
Accruals and deferred income	<u>15,761</u>	<u>7,965</u>
	<u>1,332,239</u>	<u>1,150,882</u>

**10. SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Alloted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# ROSSFLEET BRIGG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2006

### 11. RESERVES

Profit and loss account	£
At 1 January 2006	(408,494)
Loss retained for the year	<u>(144,751)</u>
At 31 December 2006	<u>(553,245)</u>

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2006 £	2005 £
Loss for the year	<u>(144,751)</u>	<u>(129,790)</u>
Net increase in shareholders' deficit	(144,751)	(129,790)
Opening shareholders' deficit	<u>(408,394)</u>	<u>(278,604)</u>
Closing shareholders' deficit	<u>(553,145)</u>	<u>(408,394)</u>

### 13. RELATED PARTY TRANSACTIONS

The company was charged a management fee of £10,000 in 2005 by Paul Rackham Limited in the period prior to becoming a subsidiary of Property Recycling Group plc. The company's directors are also directors of Paul Rackham Limited. Interest was charged by Paul Rackham Limited on a loan in 2005 up to the date of repayment of £7,737. There were no transactions with Paul Rackham Limited during 2006.

The company has taken advantage of the exemption granted by paragraph 3(c) of the Financial Reporting Standard 8 not to disclose related party transactions with fellow group companies.

### 14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a fully owned subsidiary of Property Recycling Group plc, a company registered in England and Wales. The immediate and ultimate controlling party of Rossfleet Brigg Limited is Property Recycling Group plc. Copies of the group financial statements of Property Recycling Group plc are available from the Registered Office at Manor Farm, Bridgham, Norwich NR16 2RX.

## **ROSSFLEET BRIGG LIMITED**

The additional information on pages 17 to 18 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.



**ROSSFLEET BRIGG LIMITED**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2006

	Page	2006 £	2005 £
<b>TURNOVER</b>	18	18,341	7,378
<b>Less: OVERHEADS</b>			
Administration expenses	18	(97,033)	(89,495)
<b>OPERATING LOSS</b>		<u>(78,692)</u>	<u>(82,117)</u>
Interest receivable	18	48	102
Interest payable	18	<u>(66,107)</u>	<u>(47,775)</u>
<b>LOSS FOR THE YEAR</b>		<u>(144,751)</u>	<u>(129,790)</u>

**ROSSFLEET BRIGG LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS**

**For the year ended 31 December 2006**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>TURNOVER</b>		
Sales - UK	<u><b>18,341</b></u>	<u><b>7,378</b></u>
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>ADMINISTRATION EXPENSES</b>		
Management charge	<b>40,000</b>	40,000
Staff salaries	<b>14,813</b>	10,824
Light and heat	<b>10,370</b>	6,741
Water	<b>12,436</b>	12,133
Fuel	<b>286</b>	324
Estate fees	<b>2,128</b>	2,035
Waste disposal	<b>349</b>	1,283
Telephone and fax	<b>736</b>	706
Legal and professional	<b>6,010</b>	2,434
Auditors' remuneration	<b>7,500</b>	7,500
Bank charges	<b>10</b>	87
Insurances	<b>1,577</b>	2,756
Repairs and maintenance	<b>653</b>	1,983
Sundry expenses	<b>-</b>	20
Depreciation - motor vehicles	<b>-</b>	504
Depreciation - plant and machinery	<b>165</b>	165
	<u><b>97,033</b></u>	<u><b>89,495</b></u>
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<u><b>48</b></u>	<u><b>102</b></u>
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	<b>42</b>	138
Group interest payable	<b>66,065</b>	39,900
Other loan interest payable	<b>-</b>	7,737
	<u><b>66,107</b></u>	<u><b>47,775</b></u>