

Crossco Limited

**Annual report and financial statements
for the year ended 31 October 2008**

Registered number 05073141

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Crossco Limited

Annual report and financial statements

for the year ended 31 October 2008

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Crossco Limited

Directors' report for the year ended 31 October 2008

The directors present their annual report together with the audited financial statements of the company for the year ended 31 October 2008.

Principal activities

The principal activity of the company is investment in limited partnerships dealing with the ownership and letting of commercial property.

Business review and future developments

The trading position of the company is satisfactory. The directors are in a suitable position to take advantage of any possible business opportunities and look forward with confidence to the future.

Results and dividends

The results for the year are set out on page 4. The directors do not recommend the payment of a dividend (2007: £nil).

Post balance sheet events

The details of all post balance sheet events are set out in note 11.

Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as confirmation has been received stating that amounts owed to related parties will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

I Imrie	(resigned 10 March 2009)
DH Biesterfeld	(resigned 10 March 2009)
GE Noble	(appointed 10 March 2009; resigned 20 May 2009)
CJ Gill	(resigned 16 December 2007)
L Norman	(appointed 20 May 2009)
JC Barnsley	(appointed 10 March 2009)

Statement of directors' responsibilities

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). The financial statements are required by law to 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.

Crossco Limited

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Disclosure of information to auditors

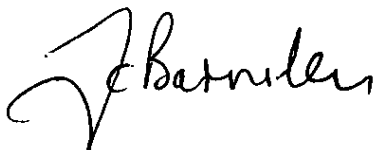
Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



JC Barnsley
Director

28 August 2009

Crossco Limited

Independent auditors' report to the members of Crossco Limited

We have audited the financial statements of Crossco Limited for the year ended 31 October 2008 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 31 October 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

28 August 2009

Crossco Limited

Profit and loss account for the year ended 31 October 2008

		2008	2007
	Note	£'000	£'000
Administrative expenses		(1)	-
Income from participating interests		406	1,174
Profit on ordinary activities before taxation	1	405	1,174
Tax on profit on ordinary activities	2	(117)	-
Profit for the financial year	7	288	1,174

All amounts relate to continuing operations.

The company has no recognised gains or losses other than those included in the results above, and therefore no statement of recognised gains and losses has been prepared.

There is no difference between the reported profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Crossco Limited

Balance sheet as at 31 October 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	3	20,000	20,000
Current assets			
Debtors	4	1,673	1,768
Creditors: amounts falling due within one year	5	(19,206)	(19,589)
Net current liabilities		(17,533)	(17,821)
Total assets less current liabilities		2,467	2,179
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account	7	2,467	2,179
Total shareholders' funds	8	2,467	2,179

The financial statements on pages 4 to 12 were approved by the board of directors on 28 August 2009 and are signed on its behalf by:



JC Barnsley
Director

Crossco Limited

Statement of accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as confirmation has been received stating that amounts owed to related parties will not be required to be repaid within a period of at least 12 months from the signing of these financial statements unless the company has the financial resources to do so.

Consolidation

The financial statements contain information about Crossco Limited as an individual company and do not contain consolidated financial information as the parent of a group. For the periods ended 31 October 2008 and 31 October 2007, the company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its then parent, Falcombe Holdings Limited, a company registered in England.

Investment income

The company is a limited partner in the partnerships which are held as investments. The limited partners are entitled to a share of profits, in proportion to their capital contributions, once the profits have been attributed to the general partner and the preferred partner, who is entitled to the lower of the profit after taxation or 8% of its capital contribution. These amounts are recognised in the period to which they relate.

Segmental reporting

The directors of the company consider that the company has one geographical and business segment and therefore is not required to produce additional segmental disclosure. All the activities of the company fall into the principal activity as stated within the directors' report and the activities arise wholly in the United Kingdom.

Taxation

Current 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 results 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.

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 taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the year in which timing differences reverse, based on taxation rates and laws substantively enacted at the balance sheet date.

Crossco Limited

Investments

Investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 "cash flow statements" (revised 1996) to prepare a cash flow statement, as at 31 October 2008, it was a wholly owned subsidiary of Falcombe Holdings Limited and its cash flows are included within the consolidated accounts of that company which are publicly available.

Crossco Limited

Notes to the financial statements for the year ended 31 October 2008

1 Profit on ordinary activities before taxation

The audit fee in the current and prior year has been borne by the parent company.

There were no employees employed by the company during the year or in the prior year.

None of the directors received any emoluments for their services to the company (2007: £nil).

2 Tax on profit on ordinary activities

	2008	2007
a) Analysis of the charge in the year	£'000	£'000
Current tax		
Total current tax	117	-
Tax on profit on ordinary activities	117	-

b) Factors affecting the tax charge for the year

The tax assessed for the year is equal to (2007: lower than) the standard rate of corporation tax in the UK of 28.83% (2007: 30%). The differences are explained below:

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation	405	1,174
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.83% (2007: 30%)	117	352
Effects of:		
Group relief claimed not paid	-	(352)
Current tax charge for the financial year	117	-

(c) Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced as part of the March 2008 budget statement. Certain of these changes were enacted in the 2008 Finance Act on 21 July 2008. The impact of these changes has been recognised in these financial statements.

There are no other factors which are expected to significantly affect the future tax charge.

No provision has been made for gains recognised on revaluing property to its market value before being transferred to the limited partnerships. Such tax would become payable only if the property was sold by the limited partnerships to which it was transferred. The total amount unprovided is £1,898,000 (2007: £1,898,000) based on the valuation of the properties contributed into Candama Investors Limited Partnership and Derandd Investment Partners Limited Partnership.

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3 Investments

a) Investments in subsidiary undertakings

£

Cost and net book amount

At 1 November 2007 and 31 October 2008

100

The company owns 100% of the ordinary share capital of Crossco No. 4 Unlimited. The principal activity of the company is property management and the company is registered in England and trades in the UK.

The directors believe that the carrying value of the investment is supported by its underlying net assets.

b) Investments in participating interests

£'000

Cost and net book amount

At 1 November 2007 and 31 October 2008

20,000

Details of investments in participating interests are as follows:

Name	Country of registration and operation	Principal activity
Candama Investors Limited Partnership	England	Property investment
Derandd Investment Partners Limited Partnership	England	Property investment

The company is a limited partner in both of these partnerships.

The company holds 36% of the capital of Candama Investors Limited Partnership, and 36% of the capital of Derandd Investment Partners Limited Partnership, based on capital contributions. As the company does not exert significant influence over the investments, they are held as trade investments.

The objective of the partnerships is to carry on the business of property investment. Under the terms of the partnership agreement:

The general partner of each limited partnership is entitled to first charge on the profit of the limited partnership in each accounting period a sum equal to 0.1% of the profit of the period subject to a minimum of £5,000. These amounts are recognised in the period to which they relate. The limited partners are entitled to a share of profits, in proportion to their capital contributions, once the profits have been attributed to the general partner and the preferred partner, who is entitled to the lower of the profit after taxation or 8% of its capital contribution.

The profit for the year ended 31 October 2008 for Candama Investors Limited Partnership was £995,000 (2007: £1,901,000) and the capital and reserves held by the Partnership as at 31 October 2008 was £31,957,000 (2007: £31,423,000).

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4 Investments (continued)

The profit for the year ended 31 October 2008 for Derandd Investment Partners Limited Partnership was £1,107,000 (2007: £1,673,000) and the capital and reserves held by the Partnership as at 31 October 2008 was £32,949,000 (2007: £32,295,000).

The company was entitled to a profit share of £175,000 (2007: £628,000) in the Candama Investors Limited Partnership, and £231,000 (2007: £546,000) in the Derandd Investment Partners Limited Partnership in the financial year.

The directors believe that the carrying values of the investments are supported by their underlying net assets.

5 Debtors

	2008	2007
	£'000	£'000
Amounts owed by group undertakings	1	-
Amounts owed by related parties	1,672	1,768
	1,673	1,768

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Amounts owed by related parties are unsecured, interest free and repayable on demand.

6 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts owed to group undertakings	19,089	19,589
Corporation tax	117	-
	19,206	19,589

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

As at 31 October 2008 the company had given a cross guarantee on the obligations by fellow group undertakings under a facilities agreement with the Group's bankers. At 31 October 2008 the liability was £nil (2007: £nil).

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7 Called up share capital

	2008	2007
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
100 ordinary shares of £1 each	100	100

8 Profit and loss account

	£'000
At 1 November 2007	2,179
Profit for the financial year	288
At 31 October 2008	2,467

9 Reconciliation of movements in shareholders' funds

	2008	2007
	£'000	£'000
Profit for the financial year	288	1,174
Opening shareholders' funds	2,179	1,005
Closing shareholders' funds	2,467	2,179

10 Ultimate parent undertaking

The immediate parent undertaking as at 31 October 2008 was Falcombe, a company registered in England. The ultimate parent undertaking at 31 October 2008 was Falcombe Holdings Limited, a company registered in England. Falcombe Holdings Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 October 2008. The consolidated financial statements of Falcombe Holdings Limited can be obtained from the Company secretary, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE99 1SB.

Further details have been provided in note 11 to these accounts.

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11 Related party transactions

Transactions with other Falcombe Holdings Limited group companies are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 "Related party disclosures", as the consolidated accounts of Falcombe Holdings Limited, in which the company is included, are publicly available from that company's registered office.

Amounts owed by related parties are shown in note 4.

12 Post balance sheet events

On 10 March 2009, the ultimate parent undertaking and controlling party changed, by way of a demerger under Section 110 of the Insolvency Act 1986. As a result of this demerger, the directors no longer consider there to be a controlling party and the ultimate and immediate parent undertaking is Sugar Beach Limited.

As part of this demerger, the company disposed of its investment in the following:

Crossco No. 4 Unlimited