

Crossco Limited

**Directors' report and financial
statements**

Registered number 05073141

Year ended 31 October 2011



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Officers and professional advisors

The board of directors

JC Barnsley
RW Jefferson
TMS Wooldridge

Company secretary

Prima Secretary Limited

Registered office

First Floor Earl Grey House
75-85 Grey Street
Newcastle Upon Tyne
NE1 6EF

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors have pleasure in presenting their report and financial statements of the company for the year ended 31 October 2011

Principal activities and business review

The principal activity of the company is to hold an interest in Limited Partnerships dealing with the ownership and letting of commercial properties

Results and dividends

The results for the year are set out on page 6. The directors do not recommend payment of a dividend (2010 £nil)

Directors

The directors who served during the year were as follows

JC Barnsley

L Norman (resigned 29 March 2012)

RW Jefferson (appointed 29 March 2012)

TMS Wooldridge (appointed 29 March 2012)

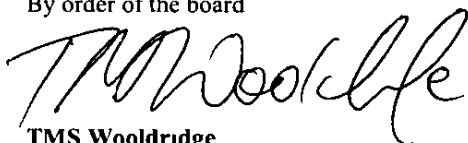
Disclosure of information to auditors

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

Auditor

Baker Tilly LLP resigned as auditors during the year and KPMG were appointed to fill the vacancy arising. In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



TMS Wooldridge
Director

First Floor Earl Grey House
75-85 Grey Street
Newcastle Upon Tyne
NE1 6EF

31 May 2012

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 LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Crossco Limited

We have audited the financial statements of Crossco Limited for the year ended 31 October 2011 as set out on pages 6 to 14. 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 auditor

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, 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 (APB's) Ethical Standards for Auditor.

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/private.cfm

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 October 2011 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

Independent auditor's report to the members of Crossco Limited *(continued)*

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



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

31 May 2012

Profit and loss account
for the year ended 31 October 2011

	<i>Note</i>	2011 £	2010 £
Administration expenses	2	(63,371)	(29,381)
Operating loss		(63,371)	(29,381)
Net loss from investment in limited partnerships	6	(2,617,367)	(391,744)
Interest payable and similar charges	3	(845)	(4,281)
Interest receivable and similar income	4	296,875	265,625
Profit on ordinary activities before taxation		(2,384,708)	(159,781)
Tax on profit on ordinary activities	5	(22,537)	(13,505)
Loss for the financial year		(2,407,245)	(173,286)

The operating loss for the year arises from the company's continuing operations

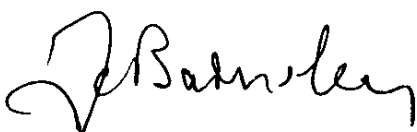
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Balance sheet
as at 31 October 2011

	<i>Notes</i>	2011 £	2010 £
Fixed assets			
Investments	6	21,449,000	21,449,000
Current assets			
Debtors	7	17,283,968	15,109,042
Cash at bank and in hand		14,132	126,738
		17,298,100	15,235,780
Creditors, amounts falling due within one year	8	(7,806,244)	(3,377,760)
Net current assets		9,491,856	11,858,020
Total assets less current assets		30,940,856	33,307,020
Creditors: amounts falling due after more than one year	9	(21,393,763)	(21,352,682)
Net assets		9,547,093	11,954,338
Capital and reserves			
Called up share capital	10	71,710	71,710
Share premium	11	10,081,344	10,081,344
Profit and loss account	11	(605,961)	1,801,284
Shareholders' funds	12	9,547,093	11,954,338

These financial statements were approved by the board of directors on 21 May 2012 and were signed on its behalf by

JC Barnsley
Director



Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the company's resources and the challenges presented by the current economic climate, the directors are confident that the company has sufficient cash flows to meet its liabilities as they fall due for a least one year from the date of approval of the accounts.

Cash flow statement

The company qualifies as a small company as defined by the Companies Act 2006 and as such, under the provision of Financial Reporting Standard No 1 (Revised), "Cash flow statements", is exempt from the requirements to publish a cash flow statement.

Investments

Investments are included in the financial statements at cost. Provision for impairment will be made where necessary.

Investment income/expense

The company is a limited partner in the partnerships which are held as investments. The limited partners are entitled to a share of the profits/losses, in proportion to their capital contributions, once the profits/losses have been attributable to the general partner and preferred partner, who is entitled to the lower of the attributable profit/loss or 8% of its capital contribution. These amounts are recognised in the period to which they relate. Where a partnership makes a loss which the company is required to reimburse a corresponding liability is recorded.

Interest

Interest payable and receivable is recognised in the profit and loss account as it falls due.

2 Operating loss

Operating loss is stated after charging

	2011 £	2010 £
Auditor's remuneration	-	-

The auditor's remuneration is borne by a related company.

3 Interest payable and similar charges

	2011 £	2010 £
Bank interest	-	104
Other interest	845	4,177
	<u>845</u>	<u>4,281</u>

4 Interest receivable and similar income

	2011 £	2010 £
Other income (note 13)	295,875	265,625

Notes (continued)

5 Taxation

	2011 £	2010 £
<i>Corporation tax</i>		
Current tax	-	81,120
Adjustment in respect of prior year	22,537	(67,615)
	<u>22,537</u>	<u>13,505</u>
Total current tax	22,537	13,505
	<u>22,537</u>	<u>13,505</u>
Tax on profit on ordinary activities	22,537	13,505
	<u>22,537</u>	<u>13,505</u>

The tax assessed for the period is higher (2010 higher) than the standard rate of corporation tax in the UK. The difference is explained below.

	2011 £	2010 £
Loss on ordinary activities before tax	(2,384,708)	(159,781)
	<u>(2,384,708)</u>	<u>(159,781)</u>
Loss on ordinary activities multiplied by the standard rate of tax in the UK 26.83% (2010 28%)	(639,817)	(44,739)
<i>Effects of</i>		
Expenses not deductible for tax purposes	246,810	-
Capital transactions	-	125,859
Adjustments to tax charge in respect of previous periods	22,537	(67,615)
Other timing differences	393,007	-
	<u>22,537</u>	<u>13,505</u>
Current tax charge for the period	22,537	13,505
	<u>22,537</u>	<u>13,505</u>

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 and a further reduction to 25% with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and the 26.83% above therefore represents a blended rate.

Notes *(continued)*

6 Investments

	Investments in limited partnerships £
31 October 2010 and 31 October 2011	21,449,000

The company owns a 39% investment in Candama Investors Limited Partnership and a 36% investment in Derandd Investment Partners Limited Partnership and MMO Investors Limited Partnership. The principal activity of these Partnerships is to carry on a commercial property investment business in the United Kingdom.

The company's share of the results from its limited partnership investments was as follows:

	2011 £	2010 £
Candama Investors Limited Partnership	(5,407)	-
Derandd Investment Partners Limited Partnership	(2,736,635)	(576,034)
MMO Investors Limited Partnership	124,675	184,290
	<hr/>	<hr/>
Net loss from Limited partnership investments	(2,617,367)	(391,744)

The company has recognised this net share of loss from limited partnership investments in the profit and loss account with a corresponding entry in debtors or creditors.

Notes (continued)

7 Debtors

	2011 £	2010 £
Amounts owed by limited partnerships	7,231,838	7 010 807
Amounts owed by related parties	9,250,919	7,297,024
Other debtors	801,211	801,211
	<u>17,283,968</u>	<u>15,109,042</u>

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	5,360	4,495
Corporation tax	-	81,120
Amounts owed to limited partnerships	2,731,903	-
Amounts owed to related parties	3,881,031	2,135,463
Other creditors	1,187,950	1,156,682
	<u>7,806,244</u>	<u>3,377,760</u>

9 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to related parties	21,393,763	21 352,682
	<u>21,393,763</u>	<u>21 352,682</u>

10 Share capital

	2011 £	2010 £
<i>Allotted called up and fully paid</i>		
180 ordinary shares of £1 each	180	180
7,152,954 deferred ordinary shares of £0.01	71,530	71,530
	<u>71,710</u>	<u>71,710</u>

The deferred ordinary shares carry no voting rights and have no rights to dividends or capital payment in the event of a winding up of the company

Notes (continued)

11 Reserves

	Share Premium £	Profit and loss account £
At 31 October 2010	10,081,344	1,801,284
Loss for the year	-	(2,407,245)
At 31 October 2011	10,081,834	(605,961)

12 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	11,954,338	12,127,624
Loss for the financial year	(2,407,245)	(173,286)
Closing shareholders' funds	9,547,093	11,954,338

13 Related party transactions

During the year ended 31 October 2011, the company undertook the following transactions with its related parties

During the year ended 31 October 2011, the company undertook the following transactions with the following partnership of which JC Barnsley is also a director of its General Partner

	Transactions in		Amounts due from		Amounts due to	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
MNFI GP Limited						
Loans received	1,662,235	-	-	-	3,797,698	2,135,463

During the year ended 31 October 2011, the company undertook the following transactions with the following estate of which JC Barnsley is also an executor

	Transactions in		Amounts due from		Amounts due to	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Executor of Michael Noble Estate						
Loans received	41,081	-	-	-	21,393,763	21,352,682

Notes (continued)

13 Related party transactions (continued)

During the year ended 31 October 2011, the company undertook the following transactions with the following companies of which JC Barnsley is a director

	Transactions in		Amounts due from		Amounts due to	
	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£
Birkswell Holdings Limited						
Loans made	-	-	6,250,000	6,250,000	-	-
Interest receivable on loans	295,875	265,625	678,884	382,008	-	-
	<u>295,875</u>	<u>265,625</u>	<u>678,884</u>	<u>382,008</u>	<u>-</u>	<u>-</u>

During the year ended 31 October 2011 the company undertook the following transactions with the following companies of which JC Barnsley and TMS Wooldridge are directors

	Transactions in		Amounts due from		Amounts due to	
	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£
API Limited						
Loans made	-	-	75,655	100,000	-	-
Management fees payable	1,250	-	-	-	-	-
	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reger Holding Limited						
Payments received on accounts	-	-	833,333	-	-	-
	<u>-</u>	<u>-</u>	<u>833,333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stampflat Limited						
Payments received on accounts	-	-	-	-	83,333	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,333</u>	<u>-</u>
Jolan Piccadilly Limited						
Payments on account	-	-	1,413,047	565,016	-	-
	<u>-</u>	<u>-</u>	<u>1,413,047</u>	<u>565,016</u>	<u>-</u>	<u>-</u>

Notes (continued)

13 Related party transactions (continued)

During the year ended 31 October 2011, the company undertook the following transactions with the following Limited partnerships

	Transactions in		Amounts due from		Amounts due to	
	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£
Candama Investors LP						
Attributable shares of results	(5,407)	-	542,641	555,020	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Derandd Investment Partnership LP						
Attributable shares of results	(2,736,635)	(576,934)	-	4,732	2,731,903	-
Loans made	-	1,016,735	6,428,948	6,016,735	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
MMO Investors LP						
Attributable shares of results	124,675	184,290	260,249	184,290	-	-
Distributions received	-	-	-	250,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Immediate and ultimate controlling party

The directors do not consider there to be an ultimate controlling party. The directors consider Jolan Limited, a company incorporated in Jersey, to be the immediate parent undertaking.