

# **REGISTRAR'S COPY**

**COMPANY**

**NUMBER: 5320888**

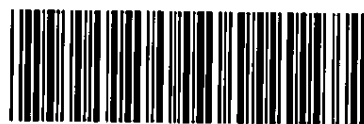
**Sackville Developments (Reading)Limited**

**Report and Financial Statements**

**Year Ended**

**31 March 2007**

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**BDO Stoy Hayward**  
Chartered Accountants

**Sackville Developments (Reading) Limited**

**Annual report and financial statements for the year ended 31 March 2007**

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Directors

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**Directors**

R J Madejski OBE DL  
M E Bracken  
J P Homan  
N Howe  
I M Wood-Smith  
I Smith

**Secretary and registered office**

I M Wood-Smith

River Wing, Latimer Park, Latimer, Chesham, Buckinghamshire HP5 1TU

**Company number**

5320888

**Auditors**

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading RG1 3EX

## **Sackville Developments (Reading) Limited**

### **Report of the directors for the year ended 31 March 2007**

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The directors present their report together with the audited financial statements for the year ended 31 March 2007

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the loss for the year

The directors do not recommend a dividend

#### **Principal activities, trading review and future developments**

The principal activity of the company is property development

The company is working on obtaining planning permission for its proposed redevelopment of its development site at Station Hill, a key site in the centre of Reading

#### **Directors**

The directors of the company during the year were

R J Madejski OBE DL

M E Bracken

J P Homan

N Howe

I M Wood-Smith

I Smith

#### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 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, 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

**Sackville Developments (Reading) Limited**

**Report of the directors for the year ended 31 March 2007 (*Continued*)**

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**Disclosure of information to auditors**

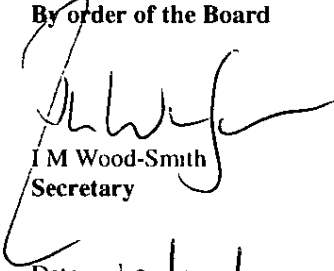
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

**Auditors**

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next 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**



I M Wood-Smith  
Secretary

Date 10/12/2007

## **Sackville Developments (Reading) Limited**

### **Report of the independent auditors**

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#### **To the shareholders of Sackville Developments (Reading) Limited**

We have audited the financial statements of Sackville Developments (Reading) Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Director's report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### **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.

**Sackville Developments (Reading) Limited**


**Report of the independent auditors (*Continued*)**

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**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 March 2007 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

A handwritten signature in black ink that reads "BDO Stoy Hayward LLP". The signature is written in a cursive, flowing style.

**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Reading

Date 10 December 2007

**Sackville Developments (Reading) Limited**

**Profit and loss account for the year ended 31 March 2007**

	Note	Year ended 31 March 2007 £	Period ended 31 March 2006 £
<b>Turnover</b>	2	<b>1,407,965</b>	1,922,228
Cost of sales		<b>348,310</b>	180,664
		<hr/>	<hr/>
<b>Gross Profit</b>		<b>1,059,655</b>	1,741,564
Administrative expenses		<b>246,983</b>	167,657
		<hr/>	<hr/>
<b>Operating profit</b>	5	<b>812,672</b>	1,573,907
Interest receivable		<b>29,251</b>	47,607
Interest payable and similar charges	6	<b>(2,297,031)</b>	(2,351,696)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(1,455,108)</b>	(730,182)
Taxation on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation</b>		<b>(1,455,108)</b>	(730,182)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current period are included in the profit and loss account

The notes on pages 7 to 12 form part of these financial statements

**Sackville Developments (Reading) Limited**

**Balance sheet at 31 March 2007**

	Note	2007 £	2007 £	2006 £	2006 £
<b>Current assets</b>					
Stocks and work in progress	8	31,854,327		30,917,250	
Debtors	9	261,897		207,675	
Cash at bank and in hand		315,124		3,140,980	
		<u>32,431,348</u>		<u>34,265,905</u>	
<b>Creditors, amounts falling due within one year</b>	10	<u>34,616,636</u>		<u>3,562,155</u>	
<b>Net current (liabilities) / assets</b>			<u>(2,185,288)</u>		<u>30,703,750</u>
<b>Creditors: amounts falling due after more than one year</b>	11		-		31,433,930
			<u>(2,185,288)</u>		<u>(730,180)</u>
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Profit and loss account	13		<u>(2,185,290)</u>		<u>(730,182)</u>
<b>Shareholders' deficit</b>			<u>(2,185,288)</u>		<u>(730,180)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board and authorised for issue on 10 December 2007

*Ian Smith*

I Smith  
Director

The notes on pages 7 to 12 form part of these financial statements



## Sackville Developments (Reading) Limited

### Notes forming part of the financial statements for the year ended 31 March 2007

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#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Cash flow statement*

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under section 247 of the Companies Act.

##### *Turnover*

Turnover represents rents and other property related income invoiced to tenants less value added tax.

##### *Stock and work in progress*

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises costs of acquisition and development including directly attributable fees and expenses. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

##### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

##### *Financial instruments*

The company uses derivative financial instruments to hedge the exposures to fluctuations in interest rates. Instruments accounted for as hedges are designated as a hedge at the inception of contracts. Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. Finance costs associated with debt issuance are capitalised within development costs on the balance sheet over the life of the instrument.

**Sackville Developments (Reading) Limited**

**Notes forming part of the financial statements for the Year Ended 31 March 2007 (Continued)**

**2 Turnover**

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

**3 Employees**

The company had no employees during the period other than the directors

**4 Directors**

None of the directors received any emoluments for their services as directors during the year

**5 Operating profit**

	2007 £	2006 £
This has been arrived at after charging		
Auditors' remuneration	5,000	4,500

**6 Interest payable and similar charges**

	2007 £	2006 £
Bank loan	1,720,759	1,765,652
Other loan	576,272	586,044
	<b>2,297,031</b>	<b>2,351,696</b>

**7 Taxation on profit from ordinary activities**

There is no tax charge for the current year or prior period

The tax assessed for the year is calculated at a composite rate that is different from the standard rate of corporation tax in the UK. The differences are explained below

**Sackville Developments (Reading) Limited****Notes forming part of the financial statements for the year ended 31 March 2007 (Continued)****7 Taxation on loss from ordinary activities (Continued)**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<b>(1,455,108)</b>	<b>(730,182)</b>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 30%)	<b>(436,532)</b>	<b>(219,055)</b>
Effects of		
Expenses not deductible for tax purposes	<b>12,339</b>	-
Group relief surrendered	<b>139,021</b>	-
Unrelieved tax losses	<b>112,290</b>	219,055
Other short term timing differences	<b>172,882</b>	-
Current tax charge for year	<b>-</b>	<b>-</b>

**8 Stocks and work in progress**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Land held for development and work in progress	<b>31,854,327</b>	<b>30,917,250</b>

**9 Debtors**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Unpaid share capital	<b>2</b>	<b>2</b>
Trade debtors	<b>154,640</b>	32,757
Other debtors	<b>107,255</b>	174,916
	<b>261,897</b>	<b>207,675</b>

All amounts shown under debtors fall due for payment within one year

**Sackville Developments (Reading) Limited**

Notes forming part of the financial statements for the year ended 31 March 2007 (*Continued*)

**10 Creditors: amounts falling due within one year**

	2007 £	2006 £
Bank loan (secured)	24,177,406	-
Other loan	8,455,000	-
Amounts due to group companies	-	2,333,445
Amounts due to related companies	-	18,224
Taxation	17,543	15,976
Other creditors	71,570	66,365
Accruals	1,606,594	921,074
Deferred income	288,522	207,071
	<u>34,616,635</u>	<u>3,562,155</u>

**11 Creditors: amounts falling due after more than one year**

	2007 £	2006 £
Bank loan (secured)	-	22,978,930
Other loan	-	8,455,000
	<u>-</u>	<u>31,433,930</u>

The bank loan is secured on the company's freehold land and buildings

	2007 Bank loan £	2007 Other loan £	2006 Bank loan £	2006 Other loan £
In more than two years but not more than five	-	-	22,978,930	8,455,000
	<u>-</u>	<u>-</u>	<u>22,978,930</u>	<u>8,455,000</u>

The bank loan matures 22 March 2008. The company is currently negotiating the refinance of these loans with various funding providers.

# **Sackville Developments (Reading) Limited**

Notes forming part of the financial statements for the year ended 31 March 2007 *(Continued)*

## **11 Creditors: amounts falling due after more than one year *(Continued)***

The company also has a loan from the majority shareholder of the ultimate parent company, Sackville Property Developments Limited. This loan is subordinated to the bank loan. The initial drawdown under this loan was for £8,150,000, followed by further draw downs amounting to £750,000 and £305,000 respectively. The value of this loan at the balance sheet date was £8,455,000. The subordinated shareholder loan bears interest at 2% above bank base rate per annum. The interest on this loan is being accrued and will be paid in full at the redemption of the loan.

The company has entered into interest rate swap contracts to manage the interest rate risk arising from bank loans, with terms matching those of the loans to which they relate.

The bank and other loans are secured on the company's freehold land and buildings.

## **12 Share capital**

	2007 Number	Authorised 2007 £	2006 Number	2006 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	2007 Number	Allotted, called up and unpaid 2007 £	2006 Number	2006 £
Ordinary shares of £1 each	2	2	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## **13 Reserves**

	Profit and loss account £
At 1 April 2006	(730,182)
Loss for the period	(1,455,108)
	<u>          </u>
At 31 March 2007	(2,185,290)
	<u>          </u>

## Sackville Developments (Reading) Limited

Notes forming part of the financial statements for the year ended 31 March 2007 (Continued)

### 14 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Loss for the period	(1,455,108)	(730,182)
Allotment of shares	-	2
	<hr/>	<hr/>
	(1,455,108)	(730,180)
Opening shareholders' funds	(730,180)	-
	<hr/>	<hr/>
Closing shareholders' funds	(2,185,288)	(730,180)
	<hr/>	<hr/>

### 15 Related party transactions

The company has a loan arrangement with the majority shareholder of the ultimate parent company. The key terms of the loan are summarised in note 11 above.

During the year, management charges amounting to £139,250 (2006 £149,494) were charged by Sackville Property Developments Limited, the ultimate parent company. At 31 March 2007, £60,277 (2006 £149,494) was due by the company to Sackville Property Developments Limited in respect of management charges.

In addition, net expenses were incurred amounting to £4,510 by the company and recharged to Sackville Property Management Limited, a related company. At 31 March 2007, £4,510 was due from Sackville Property Management Limited.

During the period, total fees of £23,722 (2006 £101,789) were charged by Field Seymour Parkes, a legal firm in which I M Wood-Smith is a partner. At 31 March 2007 and 31 March 2006, there were no outstanding balances with Field Seymour Parkes.

### 16 Ultimate parent company

At 31 March 2007 the company's ultimate parent company was Sackville Property Developments Limited which is the parent of both the smallest and largest groups of which the company is a member.

The ultimate controlling party is R J Madajski OBE DL.

**Sackville Developments (Reading) Limited**

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The page which follows does not  
form part of the statutory  
financial statements of the company

**Sackville Developments (Reading) Limited**

**Detailed profit and loss account for the period ended 31 March 2007**

	Year ended 31 March 2007 £	Year ended 31 March 2007 £	Period ended 31 March 2006 £	Period ended 31 March 2006 £
<b>Turnover</b>		<b>1,407,966</b>		<b>1,922,229</b>
Cost of sales		<b>348,310</b>		<b>180,664</b>
<b>Gross profit</b>		<b>1,059,656</b>		<b>1,741,564</b>
<b>Administrative expenses</b>				
Management charge payable	<b>139,250</b>		149,494	
Letting agent fees	<b>32,856</b>		3,198	
Accountancy fees	<b>29,200</b>		6,729	
Legal and professional fees	<b>32,505</b>		14,907	
PR and advertising	-		1,250	
Sundry expenses	<b>13,173</b>		1,181	
Other income	-		(9,102)	
		<b>246,984</b>		<b>167,657</b>
<b>Profit on ordinary activities before interest and taxation</b>		<b>812,672</b>		<b>1,573,907</b>
Interest receivable		<b>29,251</b>		<b>47,607</b>
Interest payable and similar charges		<b>(2,297,031)</b>		<b>(2,351,696)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(1,455,108)</b>		<b>(730,182)</b>