

Registered Number: 5733386

PROPREC ONE LIMITED

**DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

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PROPREC ONE LIMITED
COMPANY INFORMATION

DIRECTORS	P A Rackham P A Rackham Jnr S R Stuteley
SECRETARY	S R Stuteley
COMPANY NUMBER	5733386
REGISTERED OFFICE	Manor Farm Bridgham Norwich Norfolk NR16 2RX
AUDITORS	Deloitte & Touche LLP Chartered Accountants and Registered Auditors Cambridge United Kingdom
BANKERS	Lloyds TSB Bank Plc

PROPREC ONE LIMITED

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PROPREC ONE LIMITED

DIRECTORS' REPORT **For the year ended 31 December 2007**

The directors present their report and the financial statements for the year ended 31 December 2007. 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.

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. 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 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 dealing and development.

The company purchased 8.09 hectares of land and storage buildings at Colsterworth in July 2007, which it hopes will have significant development potential in the future.

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

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.

RESULTS & DIVIDENDS

The profit for the year, after taxation, amounted to £59,254 (2006 – £Nil).

The directors do not recommend the payment of a dividend (2006 – £Nil).

PROPREC ONE LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2007

DIRECTORS

The directors who served throughout the year were

P A Rackham
P A Rackham Jnr
S R Stuteley

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

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

11 April 2008

PROPREC ONE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROPREC ONE LIMITED

We have audited the financial statements of Proprec One Limited for the year ended 31 December 2007, 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.

PROPREC ONE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROPREC ONE 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 2007 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

Cambridge
United Kingdom

11 April 2008

PROPREC ONE LIMITED
PROFIT & LOSS ACCOUNT
For the year ended 31 December 2007

	Note	Year to 31 December 2007 £	7 March 2006 to 31 December 2006 £
TURNOVER	1	240,288	-
Cost of sales		-	-
GROSS PROFIT		240,288	-
Administrative expenses		(48,867)	-
OPERATING PROFIT	2	191,421	-
Interest receivable		49	-
Interest payable	4	(132,216)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,254	-
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	59,254	-

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 10 to 15 form part of these financial statements

PROPREC ONE LIMITED

BALANCE SHEET
As at 31 December 2007

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		158,848		-
CURRENT ASSETS					
Stocks	7	4,803,913		-	
Debtors	8	77,202		10,000	
Cash at bank and in hand		98,893		-	
		<u>4,980,008</u>		<u>10,000</u>	
CREDITORS: amounts falling due within one year	9	<u>5,069,602</u>		<u>-</u>	
NET CURRENT (LIABILITIES) ASSETS			<u>(89,594)</u>		<u>10,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			<u>69,254</u>		<u>10,000</u>
CAPITAL AND RESERVES					
Called up share capital	10		10,000		10,000
Profit and loss account	11		<u>59,254</u>		<u>-</u>
SHAREHOLDERS' FUNDS	12		<u>69,254</u>		<u>10,000</u>

The financial statements were approved by the board on *11 April 2008* and signed on its behalf.


S.R. Stuteley
Director

The notes on pages 10 to 15 form part of these financial statements

PROPREC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2007**

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 of property sales, rental 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. The directors consider there to be one business segment for reporting purposes, as the company conducts one business activity, being the sale and rental of properties.

1.4 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises the cost of acquisition of property, professional and planning fees and construction and infrastructure costs but excludes overheads. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling the properties.

1.5 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	-	20% straight line
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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 for deferred tax 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.

PROPREC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

2. OPERATING PROFIT

The operating profit is stated after charging.

	Year to 31 December 2007	7 March 2006 to 31 December 2006
	£	£
Depreciation of owned fixed assets	17,650	-
Auditors' remuneration		
- Fees payable to the company's auditors for the audit of the company's annual accounts	3,750	-
	<hr/>	<hr/>

3. STAFF COSTS

During the year and preceding period the company had no employees other than directors and the directors received no emoluments for their services to the company

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

	Year to 31 December 2007	7 March 2006 to 31 December 2006
	No	No
Directors	<hr/> 3	<hr/> 3

4. INTEREST PAYABLE

	Year to 31 December 2007	7 March 2006 to 31 December 2006
	£	£
On bank loans and overdrafts	25	-
On loans from group undertakings	132,191	-
	<hr/> 132,216	<hr/> -

PROPREC ONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

5. TAXATION

	Year to 31 December 2007 £	7 March 2006 to 31 December 2006 £
UK corporation tax charge on profit of the year	-	-

Factors affecting tax charge for period

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

	Year to 31 December 2007 £	7 March 2006 to 31 December 2006 £
Profit on ordinary activities before tax	59,254	-
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30%	17,776	-
Effects of:		
Expenses not deductible for tax purposes	5,295	-
Origination and reversal of timing differences	(33,792)	-
Group relief surrendered for nil consideration	10,721	-
Current tax charge for year (see note above)	-	-

Factors that may affect future tax charges

In March 2007 the UK government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008 The legislation was substantially enacted in June 2007 The effective tax rate for any current tax charge for the year ended 31 December 2008 would be reduced accordingly

PROPREC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

6. TANGIBLE FIXED ASSETS

	Plant & Machinery £
COST	
At 1 January 2007	-
Additions in year	<u>176,498</u>
At 31 December 2007	<u>176,498</u>
DEPRECIATION	
At 1 January 2007	-
Change for year	<u>17,650</u>
At 31 December 2007	<u>17,650</u>
NET BOOK VALUE	
At 31 December 2007	<u>158,848</u>
At 31 December 2006	<u>-</u>

7. STOCKS

	2007 £	2006 £
Stock properties	<u>4,803,913</u>	<u>-</u>

In the opinion of the directors the difference between the purchase price of stocks and their replacement cost is not considered to be material. During the year operating lease rentals of £240,288 were received from the use of stock properties.

8. DEBTORS

	2007 £	2006 £
Trade debtors	62,731	-
Amounts owing by Group undertakings	-	10,000
Prepayments and accrued income	<u>14,471</u>	<u>-</u>
	<u>77,202</u>	<u>10,000</u>

All amounts are due within one year

PROPREC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

9. CREDITORS

Amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	4,937,626	-
Accruals and deferred income	111,902	-
Social security and other taxes	20,074	-
	<u>5,069,602</u>	<u>-</u>

10. SHARE CAPITAL

	2007 £	2006 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11. RESERVES

Profit and loss account	£
At 1 January 2007	-
Profit retained for the year	<u>59,254</u>
At 31 December 2007	<u>59,254</u>

PROPREC ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the year	59,254	-
Issue of shares	-	10,000
Net increase in shareholders' funds	59,254	10,000
Opening shareholders' funds	10,000	-
Closing shareholders' funds	69,254	10,000

13. RELATED PARTY TRANSACTIONS

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 Proprec One 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

PROPREC ONE LIMITED

The additional information on pages 17 and 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.

PROPREC ONE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

		Year to 31 December 2007 £	7 March 2006 to 31 December 2006 £
	Page		
TURNOVER	18	240,288	-
Cost of sales	18	<u>-</u>	<u>-</u>
GROSS PROFIT		240,288	-
Less: OVERHEADS			
Administration expenses	18	<u>(48,867)</u>	<u>-</u>
OPERATING PROFIT		191,421	-
Interest receivable		49	-
Interest payable	18	<u>(132,216)</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>59,254</u>	<u>-</u>

PROPREC ONE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS

For the year ended 31 December 2007

	Year to 31 December 2007 £	7 March 2006 to 31 December 2006 £
TURNOVER		
Rent receivable - UK	240,288	-
	<u>240,288</u>	<u>-</u>
COST OF SALES		
Purchases	4,803,913	-
Closing stocks	(4,803,913)	-
	<u>-</u>	<u>-</u>
ADMINISTRATION EXPENSES		
Management charges	20,000	-
Site costs	2,984	-
Repairs and maintenance	819	-
Light, heat and power	233	-
Insurances	1,634	-
Legal and professional	1,750	-
Auditors' remuneration	3,750	-
Bank charges	20	-
Sundry expenses	27	-
Depreciation, plant and machinery	17,650	-
	<u>48,867</u>	<u>-</u>
INTEREST RECEIVABLE		
Bank interest receivable	49	-
	<u>49</u>	<u>-</u>
INTEREST PAYABLE		
Bank overdraft interest payable	25	-
Other interest payable	132,191	-
	<u>132,216</u>	<u>-</u>