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Registered Number: 5733386

**PROPREC ONE LIMITED**

**DIRECTORS' REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

WEDNESDAY



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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**

Peters Elworthy & Moore  
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 2008**

The directors present their report and the financial statements for the year ended 31 December 2008. 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 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 £63,889 (2007 – £59,254).

A dividend of £50,000 (2007: £nil) was paid during the year.

**PROPREC ONE LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 31 December 2008**

**DIRECTORS**

The directors who served throughout the year were:

P A Rackham  
P A Rackham Jnr  
S R Stuteley

**AUDITORS**

Peters Elworthy & Moore were appointed auditors after the balance sheet date. A resolution to re-appoint Peters Elworthy & Moore as the Company's auditors and to authorise the Directors to determine the auditors' remuneration will be proposed at the forthcoming Annual General Meeting.

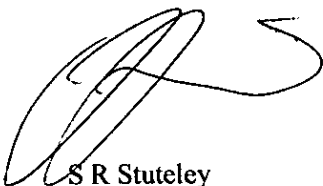
**Disclosure of information to auditors**

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 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

1 June 2009

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

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We have audited the financial statements of Proprec One Limited for the year ended 31 December 2008, set out on pages 8 to 15. These financial statements have been prepared in accordance with 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 transactions with the company 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 the information in the financial statements.

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

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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 December 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.



**PETERS ELWORTHY & MOORE**

Chartered Accountants  
Registered Auditors

Cambridge

Date: 1 June 2009

**PROPREC ONE LIMITED**  
**PROFIT & LOSS ACCOUNT**  
For the year ended 31 December 2008

	Note	Year to 31 December 2008 £	Year to 31 December 2007 £
<b>TURNOVER</b>	1	<b>454,875</b>	240,288
Cost of sales		-	-
<b>GROSS PROFIT</b>		<b>454,875</b>	240,288
Administrative expenses		(135,783)	(48,867)
<b>OPERATING PROFIT</b>	2	<b>319,092</b>	191,421
Interest receivable	4	211	49
Interest payable	5	(251,903)	(132,216)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>67,400</b>	59,254
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<b>(3,717)</b>	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	13	<b>63,683</b>	59,254

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

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

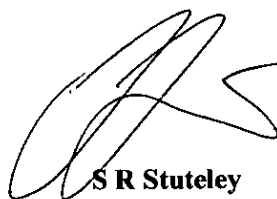


**PROPREC ONE LIMITED**

**BALANCE SHEET**  
**As at 31 December 2008**

	Note	2008		2007	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		123,548		158,848
<b>CURRENT ASSETS</b>					
Stocks	9	4,805,913		4,803,913	
Debtors	10	207,204		77,202	
Cash at bank and in hand		9,065		98,893	
		<u>5,022,182</u>		<u>4,980,008</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>5,062,793</u>		<u>5,069,602</u>	
<b>NET CURRENT (LIABILITIES)</b>			<u>(40,611)</u>		<u>(89,594)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>			<u>82,937</u>		<u>69,254</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		10,000		10,000
Profit and loss account	13		<u>72,937</u>		<u>59,254</u>
<b>SHAREHOLDERS' FUNDS</b>	14		<u>82,937</u>		<u>69,254</u>

The financial statements were approved by the board on <sup>1<sup>st</sup></sup> June 2009 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 2008**

#### **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.

##### **1.7 Leases**

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

**PROPREC ONE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2008**

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	Year to 31 December 2008 £	Year to 31 December 2007 £
Depreciation of owned fixed assets	35,300	17,650
Auditors' remuneration		
- Fees payable to the company's auditors for the audit of the company's annual accounts	2,500	3,750
	<hr/>	<hr/>

**3. STAFF COSTS**

During the year and preceding year 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 2008 No	Year to 31 December 2007 No
Directors	3	3
	<hr/>	<hr/>

**4. INTEREST RECEIVABLE**

	Year to 31 December 2008 £	Year to 31 December 2007 £
Bank interest receivable	209	49
Other interest receivable	2	-
	<hr/>	<hr/>
	211	49
	<hr/>	<hr/>

**PROPREC ONE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2008

**5. INTEREST PAYABLE**

	Year to 31 December 2008 £	Year to 31 December 2007 £
On bank loans and overdrafts	29	25
On loans from group undertakings	<u>251,874</u>	<u>132,191</u>
	<u>251,903</u>	<u>132,216</u>

**6. TAXATION**

	Year to 31 December 2008 £	Year to 31 December 2007 £
UK corporation tax charge on profit of the year	-	-
Prior year adjustment	3,511	-
Deferred tax (note 17)	<u>206</u>	<u>-</u>
	<u>3,717</u>	<u>-</u>

**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 (28%). The differences are explained below:

	Year to 31 December 2008 £	Year to 31 December 2007 £
Profit on ordinary activities before tax	<u>67,400</u>	<u>59,254</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28%	18,872	17,776
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,509	5,295
Origination and reversal of timing differences	(12,189)	(33,792)
Group relief surrendered for nil consideration	-	10,721
Group relief claimed	(12,192)	-
Prior year adjustment	<u>3,511</u>	<u>-</u>
<b>Current tax charge for prior year (see note above)</b>	<u>3,511</u>	<u>-</u>

**PROPREC ONE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2008

**7. DIVIDENDS**

**On equity shares**

	2008 £	2007 £
Total dividends paid at £5.00 per share (2007: £nil)	<u>50,000</u>	<u>-</u>

**8. TANGIBLE FIXED ASSETS**

	Plant & Machinery £
<b>COST</b>	
At 1 January 2008	176,498
Additions in year	<u>-</u>
At 31 December 2008	<u>176,498</u>
<b>DEPRECIATION</b>	
At 1 January 2008	17,650
Change for year	<u>35,300</u>
At 31 December 2008	<u>52,950</u>
<b>NET BOOK VALUE</b>	
At 31 December 2008	<u>123,548</u>
At 31 December 2007	<u>158,848</u>

**9. STOCKS**

	2008 £	2007 £
Stock properties	<u>4,805,913</u>	<u>4,803,913</u>

**10. DEBTORS**

	2008 £	2007 £
Trade debtors	189,060	62,731
Prepayments and accrued income	<u>18,144</u>	<u>14,471</u>
	<u>207,204</u>	<u>77,202</u>

All amounts are due within one year.

**PROPREC ONE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2008

**11. CREDITORS**

**Amounts falling due within one year**

	2008 £	2007 £
Amounts owed to group undertakings	4,921,403	4,937,626
Accruals and deferred income	123,170	111,902
Social security and other taxes	<u>18,220</u>	<u>20,074</u>
	<u>5,062,793</u>	<u>5,069,602</u>

**12. SHARE CAPITAL**

	2008 £	2007 £
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**13. RESERVES**

<b>Profit and loss account</b>	<b>£</b>
At 1 January 2008	59,254
Profit retained for the year	63,683
Dividends paid (note 7)	<u>(50,000)</u>
At 31 December 2008	<u>72,937</u>

**PROPREC ONE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2008**

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2008 £	2007 £
Profit for the year	63,683	59,254
Dividends paid (note 7)	(50,000)	-
Net increase in shareholders' funds	<u>13,683</u>	<u>59,254</u>
Opening shareholders' funds	<u>69,254</u>	<u>10,000</u>
Closing shareholders' funds	<u>82,937</u>	<u>69,254</u>

**15. 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.

**16. 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.

**15. DEFERRED TAX**

The following are the deferred tax assets/liabilities recognised by the Company and movements thereon during the current and prior reporting period

At 1 January 2007 and at 1 January 2008	-
Prior year charge to income	206
Charge to income	<u>-</u>
At 31 December 2008	<u>206</u>

Deferred tax has been calculated based on a tax rate of 28%.