

Registered Number: 5733406

PROPREC TWO LIMITED

**DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009**

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PROPREC TWO LIMITED

COMPANY INFORMATION

DIRECTORS	P A Rackham P A Rackham Jnr S R Stuteley
SECRETARY	S R Stuteley
COMPANY NUMBER	5733406
REGISTERED OFFICE	Manor Farm Bridgham Norwich Norfolk NR16 2RX
AUDITORS	Peters Elworthy & Moore Chartered Accountants and Statutory Auditors Cambridge United Kingdom
BANKERS	Lloyds TSB Bank Plc

PROPREC TWO LIMITED

CONTENTS

	Page
Directors' report	4 - 5
Auditors' report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10 - 15
Additional information	16 - 18

PROPREC TWO LIMITED

DIRECTORS' REPORT **For the year ended 31 December 2009**

The directors present their report and the financial statements for the year ended 31 December 2009. This report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006

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 2006. 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 holds 4.73 hectares of land at Stoke Holy Cross, 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 loss for the year, after taxation, amounted to £21,360 (2008 Loss £120,607)

The directors do not recommend the payment of a dividend (2008 Nil)

PROPREC TWO LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2009

DIRECTORS

The directors who served throughout the year were

P A Rackham
P A Rackham Jnr
S R Stuteley

AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. A resolution to authorise the Directors to determine the auditors' remuneration will be proposed at the forthcoming Annual General Meeting.

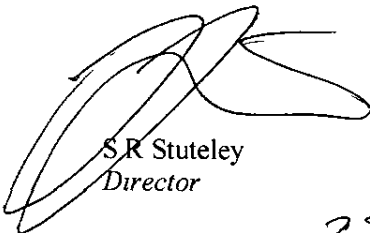
Disclosure of information to auditors

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 s418 of the Companies Act 2006.

Approved by the Board of Directors
And signed on behalf of the Board


S R Stuteley
Director

25/03/2010

PROPREC TWO LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPREC TWO LIMITED

We have audited the financial statements of Proprec Two Limited for the year ended 31 December 2009 Which comprise the profit and loss account and the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 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 Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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



Roger Guthrie (Senior statutory auditor)

for and on behalf of

PETERS ELWORTHY & MOORE

Chartered Accountants and Statutory Auditor

Salisbury House
Station Road
Cambridge
CB1 2LA

Date *25 March 2010*

PROPREC TWO LIMITED
PROFIT & LOSS ACCOUNT
For the year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	1	300	302
COST OF SALES		-	(100,000)
		<hr/>	<hr/>
GROSS LOSS		300	(99,698)
Administrative expenses		(13,175)	(13,155)
OPERATING LOSS	2	(12,875)	(112,853)
Interest receivable	4	2	17
Interest payable	5	(8,487)	(7,771)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(21,360)	(120,607)
TAX ON LOSS ON ORDINARY ACTIVITIES	6	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	(21,360)	(120,607)
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the profit and loss account

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

PROPREC TWO LIMITED

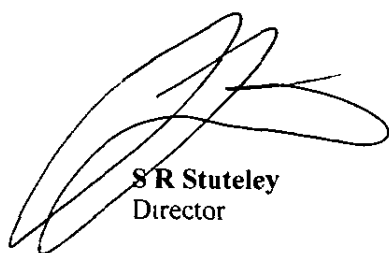
REGISTERED
NUMBER
5733406

BALANCE SHEET
As at 31 December 2009

	Note	2009 £	2008 £
CURRENT ASSETS			
Stocks	7	114,822	114,822
Debtors	8	71	137
Cash at bank and in hand		1,264	1,026
		<u>116,157</u>	<u>115,985</u>
CREDITORS: amounts falling due within one year	9	<u>198,922</u>	<u>177,390</u>
NET CURRENT LIABILITIES		<u>(82,765)</u>	<u>(61,405)</u>
TOTAL LIABILITIES LESS CURRENT ASSETS, BEING NET LIABILITIES		<u>(82,765)</u>	<u>(61,405)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100,000	100,000
Profit and loss account	11	<u>(182,765)</u>	<u>(161,405)</u>
SHAREHOLDERS' FUNDS	12	<u>(82,765)</u>	<u>(61,405)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The financial statements were approved by the board on 25/03/2010 and signed on its behalf



S R Stuteley
Director

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

PROPREC TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2009

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 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

1.6 Leases

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

1.7 Going Concern

At the year end the company has net liabilities of £82,765. Included in creditors is £195,816 owed to the parent company. The parent company has undertaken not to recall this loan in the foreseeable future and consequently the accounts are prepared on the going concern basis

PROPREC TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

2. OPERATING LOSS

The operating loss is stated after charging

	2009 £	2008 £
Auditors' remuneration		
- Fees payable to the company's auditors for the audit of the company's annual accounts	<u>3,000</u>	<u>2,500</u>

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	<u>-</u>	<u>-</u>

During the year no directors received any emoluments from the company in respect of their services to the company (2008 £nil)

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

	2009	2008
Directors	<u>3</u>	<u>3</u>

PROPREC TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

4. INTEREST RECEIVABLE

	2009 £	2008 £
Other interest receivable	<u>2</u>	<u>17</u>

5. INTEREST PAYABLE

	2009 £	2008 £
On loans from group undertakings	<u>8,487</u>	<u>7,771</u>

6. TAXATION

	2009 £	2008 £
UK corporation tax charge on losses of the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for year

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

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(21,360)</u>	<u>(120,607)</u>
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28%	<u>(5,981)</u>	<u>(33,770)</u>
Effects of:		
Group relief surrendered for nil consideration	<u>5,981</u>	<u>33,770</u>
Current tax charge for year (see note above)	<u>-</u>	<u>-</u>

PROPREC TWO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

7. STOCKS

	2009 £	2008 £
Stock properties	<u>114,822</u>	<u>114,822</u>

8. DEBTORS

	2009 £	2008 £
Trade debtors	-	-
Other debtors		
Prepayments and accrued income	<u>71</u>	<u>137</u>
	<u>71</u>	<u>137</u>

All amounts are due within one year

9. CREDITORS

Amounts falling due within one year

	2009 £	2008 £
Social security and other taxes	-	-
Amounts owed to group undertakings	195,816	175,009
Accruals and deferred income	<u>3,106</u>	<u>2,381</u>
	<u>198,922</u>	<u>177,390</u>

PROPREC TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

10. SHARE CAPITAL

	2009	2008
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Alloted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11. RESERVES

Profit and loss account	£
At 1 January 2009	(161,405)
Loss retained for the year	<u>(21,360)</u>
At 31 December 2009	<u>(182,765)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Loss for the year	(21,360)	(120,607)
Net (decrease in) addition to shareholders' funds	<u>(21,360)</u>	<u>(120,607)</u>
Opening shareholders' funds	<u>(61,405)</u>	59,202
Closing shareholders' funds	<u>(82,765)</u>	<u>(61,405)</u>

PROPREC TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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 Two 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 TWO 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 TWO LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2009

	Page	Year to 31 December 2009 £	Year to 31 December 2008 £
TURNOVER	18	300	302
Cost of sales	18	<u>-</u>	<u>(100,000)</u>
GROSS (LOSS)/PROFIT		300	(99,698)
Less: OVERHEADS			
Administration expenses	18	(13,175)	(13,155)
OPERATING LOSS		<u>(12,875)</u>	<u>(112,853)</u>
Interest receivable	18	2	17
Interest payable	18	<u>(8,487)</u>	<u>(7,771)</u>
LOSS FOR THE YEAR		<u>(21,360)</u>	<u>(120,607)</u>

PROPREC TWO LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
For the year ended 31 December 2009

	2009 £	2008 £
TURNOVER		
Rent receivable - UK	<u>300</u>	<u>302</u>
	2009 £	2008 £
COST OF SALES		
Opening stocks	114,822	214,822
Closing stocks	<u>(114,822)</u>	<u>(114,822)</u>
	<u>-</u>	<u>100,000</u>
	2009 £	2008 £
ADMINISTRATION EXPENSES		
Management charges	10,000	10,000
Repairs and maintenance	-	-
Bank charges	-	-
Insurances	160	190
Legal and professional	-	450
Auditors' remuneration	3,000	2,500
Sundry expenses	<u>15</u>	<u>15</u>
	<u>13,175</u>	<u>13,155</u>
	2009 £	2008 £
INTEREST RECEIVABLE		
Bank interest receivable	<u>2</u>	<u>17</u>
	2009 £	2008 £
INTEREST PAYABLE		
Group interest payable	<u>8,487</u>	<u>7,771</u>