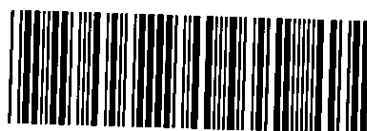


Registered Number: 6010295

PROPREC FOUR LIMITED

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

WEDNESDAY



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COMPANIES HOUSE

PROPREC FOUR LIMITED

COMPANY INFORMATION

DIRECTORS

P A Rackham
P A Rackham Jnr
S R Stuteley

SECRETARY

S R Stuteley

COMPANY NUMBER

6010295

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 FOUR LIMITED

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| Profit and loss account | 8 |
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| Notes to the financial statements | 10 - 15 |

PROPREC FOUR 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 holds 121 hectares of land at Kentford, 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 £77,777 (2007: £Nil).

The directors do not recommend the payment of a dividend (2007: £Nil).

PROPREC FOUR 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 FOUR LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROPREC FOUR LIMITED

We have audited the financial statements of Proprec Four 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.

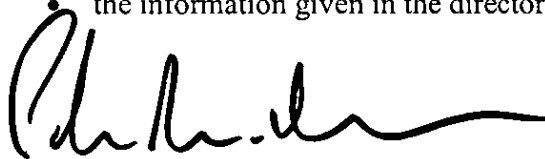
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

PROPREC FOUR LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROPREC FOUR
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 2008, 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.



PETERS ELWORTHY & MOORE

Chartered Accountants
Registered Auditors

Cambridge

Date: 1 June 2009

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

| | Note | Year to 31 December 2008 £ | Year to 31 December 2007 £ |
|--|------|-------------------------------------|-------------------------------------|
| TURNOVER | 1 | 24,123 | - |
| Cost of sales | | - | - |
| GROSS PROFIT | | 24,123 | - |
| Administrative expenses | | (18,210) | - |
| OPERATING PROFIT | 2 | 5,913 | - |
| Interest receivable | 4 | 690 | - |
| Interest payable | 5 | (84,380) | - |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (77,777) | - |
| TAX ON LOSS ON ORDINARY ACTIVITIES | 6 | - | - |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 11 | (77,777) | - |

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 FOUR LIMITED

BALANCE SHEET
As at 31 December 2008

| | Note | 2008 | | 2007 | |
|--|------|--------------------|-----------------|---------------|---------------|
| | | £ | £ | £ | £ |
| CURRENT ASSETS | | | | | |
| Stocks | 7 | 2,088,610 | | - | |
| Debtors | 8 | 10,372 | | 10,000 | |
| Cash at bank and in hand | | 149 | | - | |
| | | <u>2,099,131</u> | | <u>10,000</u> | |
| CREDITORS: amounts falling due within one year | 9 | <u>(2,166,908)</u> | | <u>-</u> | |
| NET CURRENT (LIABILITIES)/ASSETS | | | <u>(67,777)</u> | | <u>10,000</u> |
| TOTAL ASSETS LESS CURRENT (LIABILITIES)/ ASSETS | | | <u>(67,777)</u> | | <u>10,000</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | 10,000 | | 10,000 | |
| Profit and loss account | 11 | <u>(77,777)</u> | | <u>-</u> | |
| EQUITYSHAREHOLDERS' FUNDS | 12 | | <u>(67,777)</u> | | <u>10,000</u> |

The financial statements were approved by the board on ^{1st} 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 FOUR 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 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 £67,777. Included in creditors is £2,154,442 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 FOUR LIMITED

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

2. OPERATING PROFIT

The operating loss is stated after charging:

| | Year to 31 December 2008 £ | Year to 31 December 2007 £ |
|---|-------------------------------------|-------------------------------------|
| Auditors' remuneration: | | |
| - Fees payable to the company's auditors for the audit of the company's annual accounts | <u>2,500</u> | <u>-</u> |

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 2008 | Year to 31 December 2007 |
|-----------|--------------------------------|--------------------------------|
| Directors | <u>3</u> | <u>3</u> |

4. INTEREST RECEIVABLE

| | Year to 31 December 2008 £ | Year to 31 December 2007 £ |
|--------------------------|-------------------------------------|-------------------------------------|
| Bank interest receivable | <u>690</u> | <u>-</u> |
| | <u>690</u> | <u>-</u> |

PROPREC FOUR 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 loans from group undertakings | 84,380 | - |
| | <u>84,380</u> | <u>-</u> |

6. TAXATION

| | Year to 31 December 2008 £ | Year to 31 December 2007 £ |
|---|-------------------------------------|-------------------------------------|
| UK corporation tax charge on losses of the period | - | - |
| | <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:

| | Year to 31 December 2008 £ | Year to 31 December 2007 £ |
|--|-------------------------------------|-------------------------------------|
| (Loss) on ordinary activities before tax | <u>(77,777)</u> | - |
| Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 28% | (21,778) | - |
| Effects of: | | |
| Tax effect of expenses that are not deductible in determining taxable profit | 210 | - |
| Group relief surrendered for nil consideration | <u>21,568</u> | - |
| Current tax charge for year (see note above) | <u>-</u> | <u>-</u> |

PROPREC FOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

7. STOCKS

| | 2008 £ | 2007 £ |
|------------------|------------------|-----------|
| Stock properties | <u>2,088,610</u> | <u>-</u> |
| | <u>2,088,610</u> | <u>-</u> |

In the opinion of the directors the difference between purchase price of stocks and their replacement cost is not considered to be material. During the year operating lease rentals of £24,123 (2007: £Nil) were received from the use of stock properties.

8. DEBTORS

| | 2008 £ | 2007 £ |
|------------------------------------|---------------|---------------|
| Trade debtors | 2,875 | - |
| Social security and other taxes | 2,362 | - |
| Prepayments and accrued income | 5,135 | - |
| Amounts owed by group undertakings | <u>-</u> | <u>10,000</u> |
| | <u>10,372</u> | <u>10,000</u> |

All amounts are due within one year.

9. CREDITORS

Amounts falling due within one year

| | 2008 £ | 2007 £ |
|------------------------------------|------------------|-----------|
| Trade creditors | 1,166 | - |
| Amounts owed to group undertakings | 2,154,442 | - |
| Accruals and deferred income | <u>11,300</u> | <u>-</u> |
| | <u>2,166,908</u> | <u>-</u> |

PROPREC FOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

10. SHARE CAPITAL

| | 2008 | 2007 |
|--|---------------|---------------|
| | £ | £ |
| Authorised | | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |
| Alloted, 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 2008 | - |
| Loss for the year | <u>(77,777)</u> |
| At 31 December 2008 | <u>(77,777)</u> |

PROPREC FOUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2008 | 2007 |
|-----------------------------|-----------------|---------------|
| | £ | £ |
| Loss for the year | (77,777) | - |
| Opening shareholders' funds | 10,000 | 10,000 |
| Closing shareholders' funds | (67,777) | 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.

The company's directors are also directors of Paul Rackham Limited. During the year the company charged rent of £14,696 (2007: £nil) to Paul Rackham Limited. At the year end, deferred income of £6,531 (2007: £nil) from Paul Rackham Limited is included in accruals and deferred income.

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 Four 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.