

**Sackville Properties (Normanton)
Limited**

Report and Financial Statements

Year Ended

31 March 2012

Company Number 06273907



Sackville Properties (Normanton) Limited

Report and financial statements for the year ended 31 March 2012

Contents

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

I M Wood-Smith
I Smith

Secretary and registered office

I M Wood-Smith, 1 London Street, Reading, Berkshire, RG1 4QW

Company number

06273907

Auditors

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

Sackville Properties (Normanton) Limited

Report of the directors for the year ended 31 March 2012

The directors present their report together with the audited financial statements for the year ended 31 March 2012

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 investment, principally industrial and commercial properties

On 30 July 2007, the company acquired the Diversey Lever Building at South Normanton. The acquisition was funded by a loan from the immediate parent company

During the year the group continued to be in breach of the covenants set out in its bank facility agreement. The facility was also due to expire on 17th July 2012. Following discussions with the group's bankers they have expressed their intent to extend the group's facilities to no later than December 2013, in order to facilitate the orderly restructuring of the group's property portfolio

Use of financial instruments

The company has funded its property acquisitions by way of inter-group loans from the immediate parent company. The management of the interest rate risk is co-ordinated by the immediate parent company through the use of interest rate hedges

Directors

The following directors served during the year

I M Wood-Smith

I Smith

M E Bracken (resigned 18 July 2011)

J P Homan (resigned 18 July 2011)

Sackville Properties (Normanton) Limited

Report of the directors for the year ended 31 March 2012 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board



I Smith
Director

19 December 2012

Sackville Properties (Normanton) Limited

Independent auditor's report

TO THE MEMBERS OF SACKVILLE PROPERTIES (NORMANTON) LIMITED

We have audited the financial statements of Sackville Properties (Normanton) Limited for the year ended 31 March 2012 which comprise the profit and loss account, 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 auditor's 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 statement of directors' responsibilities, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 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.

Sackville Properties (Normanton) Limited

Independent auditor's report (continued)

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company recorded a loss of £1,157,330 (2011 - £31,097) for the year, had net current liabilities of £13,515,035 (2011 - £13,507,705), and had net liabilities of £5,165,035 (2011 - £4,007,705) at the balance sheet date.

The company is dependent on its immediate parent company, the bankers of that company and the ultimate controlling party for financial support. The immediate parent company's banking facilities have expired, and even though the bank have expressed their intention to continue to support the group there is no guarantee that funding will not be withdrawn as a result. A withdrawal of the group's banking facilities may mean the group would be unable to continue to trade unless the immediate parent company is able to secure additional funding. The group's directors are confident that they will be able to secure such funding as will be required to enable the group to continue to trade for the foreseeable future. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue to trade as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matters 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.

BDO LLP

Christopher Pooles, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

19 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Sackville Properties (Normanton) Limited

Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	956,272	956,147
Gross Profit		956,272	956,147
Administrative expenses		48,019	66,191
Impairment of investment property		1,150,000	-
Operating (loss)/profit	5	(241,747)	889,956
Interest payable and similar charges	6	(915,592)	(921,070)
Interest receivable		9	17
Loss on ordinary activities before taxation		(1,157,330)	(31,097)
Taxation on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation	12	(1,157,330)	(31,097)

All amounts relate to continuing activities

The notes on pages 7 to 11 form part of these financial statements

Sackville Properties (Normanton) Limited

Balance sheet at 31 March 2012

<i>Company Number 06273907</i>	<i>Note</i>	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	8		8,350,000		9,500,000
Current assets					
Debtors	9	337,905		339,195	
Creditors: amounts falling due within one year	10	<u>13,852,940</u>		<u>13,846,900</u>	
Net current liabilities			<u>(13,515,035)</u>		<u>(13,507,705)</u>
			<u>(5,165,035)</u>		<u>(4,007,705)</u>
Capital and reserves					
Called up share capital	11		2		2
Revaluation reserve	12		-		(3,960,752)
Profit and loss account	12		<u>(5,165,037)</u>		<u>(46,955)</u>
Shareholders' deficit			<u>(5,165,035)</u>		<u>(4,007,705)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved by the Board and authorised for issue on 19 December 2012



I Smith
Director

The notes on pages 7 to 11 form part of these financial statements

Sackville Properties (Normanton) Limited

Notes forming part of the financial statements for the year ended 31 March 2012

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:

Going concern

The financial statements have been prepared on a going concern basis. The company recorded a loss of £1,157,330 (2011 - £31,097) for the year, had net current liabilities of £13,515,035 (2011 - £13,507,705), and had net liabilities of £5,165,035 (2011 - £4,007,705) at the balance sheet date.

The group is headed by Sackville Properties Limited, and is funded through the immediate parent company, Sackville Property Investments Limited ("SPIL"), by that company's bankers and the ultimate controlling party.

During the year SPIL continued to breach its banking covenants for which no waiver has been obtained. The facility agreement was due to expire on 17 July 2012. However, subsequent to this date the bank has continued to support the group and has expressed its intentions to continue to do so for a period no later than December 2013 in order to facilitate the restructuring of the group. However there is no formal agreement in place. There is therefore no guarantee that funding will not be withdrawn. A withdrawal of banking facilities may mean the group would be unable to continue to trade unless SPIL is able to secure additional funding to support the company.

The ultimate controlling party loan was also due for repayment on 17 July 2012. Subsequent to this date the directors have received notification from the ultimate controlling party of his intention not to call in his loan for at least 12 months from the date of these accounts.

The directors have considered the cash flow requirement for the group for a period including twelve months from the date of the approval of these financial statements. The directors consider that, provided the bank continues to support the group, the company and the group will have sufficient cash resources during this period to pay its liabilities as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis. However, as at the date of approval of these financial statements, there is no formal bank agreement in place and therefore the bank has the right to call in its loan. As such, there remains a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements (revised 1996)" not to prepare a cash flow statement on the grounds that it is a "small" company under the Companies Act 2006.

Turnover

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

Sackville Properties (Normanton) Limited

Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Investment properties

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 2006 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

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.

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 year other than the directors.

4 Directors

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

5 Operating (loss)/profit

	2012 £	2011 £
This has been arrived at after charging		
Auditors' remuneration	3,100	3,000
	<hr/>	<hr/>

6 Interest payable and similar charges

	2012 £	2011 £
Other group loan	915,592	921,070
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Sackville Properties (Normanton) Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

7 Taxation on loss from ordinary activities

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on loss of the year	-	-
The tax assessed for the year differs from the standard rate of corporation tax in the UK The differences are explained below		
	2012 £	2011 £
Loss on ordinary activities before tax	(1,157,330)	(31,097)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(300,906)	(8,707)
Effects of		
Expenses not deductible for tax purposes	299,000	42
Unrelieved tax losses and other deductions	1,906	8,665
Current tax charge for year	-	-

The company has an unrecognised deferred tax asset of £16,858 (2011 - £17,616) in respect of tax losses of approximately £70,243 (2011 - £62,913) The deferred tax asset has not been recognised as in the opinion of the directors there is insufficient evidence of the recoverability

8 Tangible assets

	Investment properties £
<i>Cost or valuation</i>	
At 1 April 2011	9,500,000
Revaluations	(1,150,000)
At 31 March 2012	8,350,000

On 30 July 2007, the company acquired the Diversey Lever Unit at South Normanton

The investment properties were revalued by the directors as at 31 March 2012

The historical cost net book value of investment properties is

	2012 £
Historical cost net book value	13,460,752

Sackville Properties (Normanton) Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

9 Debtors

	2012 £	2011 £
Unpaid share capital	2	2
Trade debtors	-	7,139
Group companies	325,615	316,828
Prepayments	12,288	15,226
	<u>337,905</u>	<u>339,195</u>

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

10 Creditors: amounts falling due within one year

	2012 £	2011 £
Deferred income	224,615	224,245
Other taxation	90,725	85,055
Other loan – group company	13,537,600	13,537,600
	<u>13,852,940</u>	<u>13,846,900</u>

The acquisition of the property on 30 July 2007 was funded by an inter-group loan from the company's immediate parent company. The loan is secured on the company's property portfolio.

The management of the interest risk is undertaken by the immediate parent company.

The loan is subject to cross guarantees and the property portfolio is used as security for loans to other members of the group.

The loan bears interest at the same rate as the underlying loan.

11 Share capital

	2012 Number	2012 £	2011 Number	2011 £
<i>Allotted, called up and unpaid</i> Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Sackville Properties (Normanton) Limited

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 31 March 2011	(3,960,752)	(46,955)
Loss for year	-	(1,157,330)
Transfer of deficit on revaluation of properties arising in prior periods	3,960,752	(3,960,752)
	<hr/>	<hr/>
At 31 March 2012	-	(5,165,037)
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' deficit

	2012 £	2011 £
Loss for the financial year	(1,157,330)	(31,097)
	<hr/>	<hr/>
Net deductions to shareholders' deficit	(1,157,330)	(31,097)
Opening shareholders' deficit	(4,007,705)	(3,976,608)
	<hr/>	<hr/>
Closing shareholders' deficit	(5,165,035)	(4,007,705)
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14 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions with members of the group headed by Sackville Properties Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

15 Ultimate parent company and controlling party

At 31 March 2012 the company's ultimate parent company was Sackville Properties Limited which is the parent of largest group of which the company is a member Sackville Property Investments Limited is the company's immediate parent company However, this company does not prepare consolidated financial statements

Copies of the consolidated financial statements of Sackville Properties Limited are available from Companies House

The ultimate controlling party is Sir R J Madejski OBE, DL