

Wick Retail Limited

Report and Financial Statements

Year Ended

31 December 2008

Company number: SC299682

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Wick Retail Limited

Report and financial statements for the year ended 31 December 2008

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Directors

A C Gallagher
P Jacobs

Secretary and registered office

S A Burnett, 15 Atholl Crescent, Edinburgh, Scotland, EH3 8HA

Company number

SC299682

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Wick Retail Limited

Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

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

Principal activities

The principal activity of the company in the year under review was that of property investment.

The results for the year and financial position of the company are as shown in the annexed financial statements.

Market value of Investment Properties

At the year end, the company's investment properties were valued on an open market basis at £9,754,000 (2007 - £12,410,000) by the directors of the company.

Directors

The directors of the company during the year were:

A C Gallagher
P Jacobs

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which 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; 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.

Wick Retail Limited

Report of the directors for the year ended 31 December 2008 (continued)

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 purpose 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.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



**P Jacobs
Director**

Date: 20 October 2009

Wick Retail Limited

Independent auditor's report

To the shareholders of Wick Retail Limited

We have audited the financial statements of Wick Retail Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments 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.

Wick Retail Limited

Independent auditor's report (*continued*)

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.



BDO LLP

*Chartered Accountants
and Registered Auditors*
Gatwick
United Kingdom

Date: 22 October 2009

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

Wick Retail Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		656,821	660,611
Administrative expenses		7,242	1,319
Operating profit	2	649,579	659,292
Interest receivable and similar income		5,866	1,494
Interest payable and similar charges	3	(847,381)	(836,681)
Loss on ordinary activities before taxation		(191,936)	(175,895)
Taxation on profit from ordinary activities		48,374	-
Loss for the financial year after taxation		(143,562)	(175,895)

All amounts for the current and prior year relate to continuing activities.

	Note	2008 £	2007 £
Statement of total recognised gains and losses			
Loss for the financial year		(143,562)	(175,895)
Unrealised deficit on revaluation of investment properties	10	(2,656,000)	(2,141,475)
Total recognised gains and losses for the financial year		(2,799,562)	(2,317,370)

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

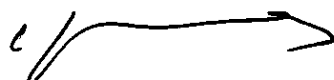
Wick Retail Limited

Balance sheet at 31 December 2008

<i>Company number: SC299682</i>	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	4		9,754,000		12,410,000
Current assets					
Debtors	5	93,527		121,958	
Cash at bank and in hand		67,738		207,965	
		<u>161,265</u>		<u>329,923</u>	
Creditors: amounts falling due within one year	6	<u>14,355,382</u>		<u>14,380,478</u>	
Net current liabilities			<u>(14,194,117)</u>		<u>(14,050,555)</u>
Net liabilities			<u>(4,440,117)</u>		<u>(1,640,555)</u>
Capital and reserves					
Called up share capital	7		1		1
Revaluation reserve	8		(3,961,789)		(1,305,789)
Profit and loss account	8		(478,329)		(334,767)
Shareholders' funds	10		<u>(4,440,117)</u>		<u>(1,640,555)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board and authorised for issue on 20 October 2009.


P Jacobs
Director

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

Wick Retail Limited

Notes forming part of the financial statements For the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings. The following principal accounting policies have been applied:

Basis of preparation

At 31 December 2008 the company had net liabilities of £4,440,117 and net current liabilities of £14,194,117.

The financial statements have been prepared on a going concern basis. In considering the appropriateness of the going concern assumption, the directors have taken into consideration the company's cash flow forecasts and the company's present level of funding. The shareholders have indicated that they will not withdraw the existing financial support to the company for at least a year from the date of approval of these financial statements. The directors are therefore confident that they have sufficient working capital and consider that adequate longer term funding will remain in place and consequently the company will continue as a going concern. No adjustments have been made to the carrying value of both assets and liabilities, that might be required should the going concern basis be inappropriate.

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 1985.

Turnover

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive into a lease by way of a payment, the incentive is treated as a reduction in rental income. The incentive is amortised on a straight-line basis over the period from term commencement to the date of the first rent review, in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period, the total rental income receivable for the period to the first rent review is recognised on a straight line basis from term commencement to the date of the first rent review, in accordance with UITF 28.

Investment properties

Until investment properties are complete they are included in the accounts at cost. Once completed, investment properties are revalued annually to open market value and no depreciation is provided.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount, which might otherwise have been shown, cannot reasonably be separately identified or quantified.

Wick Retail Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

1 Accounting policies (*continued*)

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 are not discounted.

Amortisation of loan issue costs

Costs incurred in respect of obtaining loan finance are included in other debtors and are amortised on a straight line basis over the term of the loan in proportion to the outstanding loan.

2 Operating profit

	2008 £	2007 £
This has been arrived at after charging:		
Audit services	3,400	3,250
	<u> </u>	<u> </u>

3 Interest payable and similar charges

	2008 £	2007 £
Bank interest	-	113,536
Interest payable on loans from related parties	847,381	723,145
	<u> </u>	<u> </u>
	847,381	836,681
	<u> </u>	<u> </u>

Wick Retail Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)

4 Tangible fixed assets

	Freehold investment properties £
Cost	
At 1 January 2008	12,410,000
Additions	-
Revaluation	(2,656,000)
	<hr/>
At 31 December 2008	9,754,000
	<hr/>
<i>Net book value</i>	
At 31 December 2008	9,754,000
	<hr/>
At 31 December 2007	12,410,000
	<hr/>

The directors are of the opinion that the value of the investment properties stated above is not materially different to the open market value.

On an historical cost basis these would have been included at an original cost of £13,715,789 (2007 - £13,715,789).

If the investment properties had been sold at 31 December 2008 then the company would crystallise a tax liability in the region of £Nil (2007 - £Nil).

5 Debtors

	2008 £	2007 £
Trade debtors	6,237	1,931
Other debtors	87,290	120,027
	<hr/>	<hr/>
	93,527	121,958
	<hr/>	<hr/>

6 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to related undertakings	14,179,841	14,180,431
Other tax and social security	30,443	32,976
Other creditors	37,885	59,858
Accruals and deferred income	107,213	107,213
	<hr/>	<hr/>
	14,355,382	14,380,478
	<hr/>	<hr/>

Wick Retail Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (continued)

7 Share capital

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

8 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2008	(1,305,789)	(334,767)
Loss for the year	-	(143,562)
Revaluation	(2,656,000)	-
At 31 December 2008	(3,961,789)	(478,329)

9 Related party disclosures

During the year, rent and fees of £54,399 (2007 - £54,548) were received from Carpetright plc, a company in which the ultimate controlling party of one of the joint venture partners held a material shareholding and interest.

Lord Harris and Martin Harris are both directors and shareholders of Harris Ventures Limited and Carpetright plc.

Harris Ventures Limited owns 50% of the share capital of Wick Property Investments Limited, the parent company.

10 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Loss for the financial year	(143,562)	(175,895)
Revaluation of investment properties	(2,656,000)	(2,141,475)
Net reduction in shareholders' funds	(2,799,562)	(2,317,370)
Opening shareholders' funds	(1,640,555)	676,815
Closing shareholders' funds	(4,440,117)	(1,640,555)

Wick Retail Limited

**Notes forming part of the financial statements
for the year ended 31 December 2008 (*continued*)**

11 Controlling party

The company is a wholly owned subsidiary of Wick Property Investments Limited which is controlled as a joint venture by Harris Ventures Limited and Ashflame Properties Limited.