

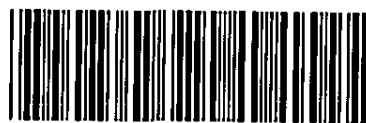
# **SALFORD PARTICIPATIONS LIMITED**

**Registered Number 1960878**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

WEDNESDAY



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# **SALFORD PARTICIPATIONS LIMITED**

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## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009**

### **Principal activities**

The Company's principal activity is the acquisition and active management of property assets. The Company's only property was sold during 2004, and thereafter the Company ceased to trade.

### **Results and dividends**

The Company's results for the year under review are as detailed in the statement of comprehensive income shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £nil).

### **Directors**

The Directors who served during the year were as follows:

#### **Name**

P E Mackey  
A D J Moffat  
T G Thorp  
S D M Cook

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

### **Supplier payment policy**

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

### **Disclosure of information to auditors**

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

# SALFORD PARTICIPATIONS LIMITED

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## REPORT OF THE DIRECTORS (continued)

### Auditors

KPMG Audit plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

### Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditor in relation to the financial statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



S Owen  
Secretary

22 April 2010

Registered Office  
8 Canada Square  
London  
E14 5HQ

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALFORD PARTICIPATIONS LIMITED**

We have audited the financial statements of Salford Participations Limited for the year ended 31 December 2009 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 set out on page 2, 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 (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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 results for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.



**WEJ Holland (Senior Statutory Auditor)**  
for and on behalf of **KPMG Audit Plc**, Statutory Auditor  
*Chartered Accountants*  
8 Salisbury Square  
London  
EC4Y 8BB

Date 22 April 2010

# SALFORD PARTICIPATIONS LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2009

	Notes	2009 £	2008 £
Financial income	2	-	135
<b>Profit before taxation</b>		-	135
Income tax expense	6	-	(38)
<b>Profit for the year</b>		-	97
<b>Total comprehensive income</b>		-	97

The results of the Company are derived entirely from discontinued operations

# SALFORD PARTICIPATIONS LIMITED

## BALANCE SHEET as at 31 December 2009

	Notes	2009 £	2008 £
<b>Assets</b>			
Trade and other receivables	7	218,830	218,868
<b>Total current assets</b>		<u>218,830</u>	<u>218,868</u>
<b>Liabilities</b>			
Income tax payable	6	-	(38)
<b>Total current liabilities</b>		<u>-</u>	<u>(38)</u>
<b>Net assets</b>		<u>218,830</u>	<u>218,830</u>
<b>Equity</b>			
Issued share capital	9	2	2
Retained earnings		<u>218,828</u>	<u>218,828</u>
<b>Total equity</b>		<u>218,830</u>	<u>218,830</u>

The financial statements were approved by the Board of Directors on 22 April 2010 and signed on its behalf by

  
P J Mackey  
Director

Company Registered Number 1960878

# SALFORD PARTICIPATIONS LIMITED

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## CASH FLOW STATEMENT for the year ended 31 December 2009

	Notes	2009 £	2008 £
<b>Operating activities</b>			
Profit before tax		-	135
Adjustments for			
Interest receivable		-	(135)
Decrease in trade receivables		38	11
		<hr/>	<hr/>
<b>Cash generated from operations</b>		38	11
Interest received		-	135
Income tax paid		(38)	(146)
		<hr/>	<hr/>
<b>Cash flows from operating activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		-	-
Cash and cash equivalents at 1 January		-	-
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>		-	-
		<hr/>	<hr/>

# SALFORD PARTICIPATIONS LIMITED

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## STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2009

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 January 2009	2	218,828	218,830
Profit for the year	-	-	-
<b>Balance at 31 December 2009</b>	<b>2</b>	<b>218,828</b>	<b>218,830</b>
Balance at 1 January 2008	2	218,731	218,733
Profit for the year	-	97	97
<b>Balance at 31 December 2008</b>	<b>2</b>	<b>218,828</b>	<b>218,830</b>



# SALFORD PARTICIPATIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

### 1. Accounting policies

#### (a) *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the EU ("Adopted IFRSs"). The principal accounting policies of the Company are set out below and have been consistently applied to all the years presented, unless otherwise stated.

#### (b) *Basis of preparation*

The financial statements are prepared on a historical cost basis and are presented in Sterling.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following amendment to standards and interpretations relevant to the Company for the year ended 31 December 2009, have been applied in preparing these financial statements:

- Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires the Company to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. There has been no impact on the current or prior period resulting from the adoption of this standard.
- The Company has applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

The following amendment to interpretations relevant to the Company, but not yet effective for the year ended 31 December 2009, has not been applied in preparing these financial statements:

- IFRIC 17 Distributions of Non-cash Assets to Owners

#### (c) *Income tax*

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

# SALFORD PARTICIPATIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 1 Accounting policies (continued)

#### (c) *Income tax (continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

#### (d) *Revenue*

Gross rental income comprises rental income recognised on an accruals basis. Amounts received from tenants in respect of early surrender of leases are recognised on receipt. Revenue from the sale of trading properties is recognised upon unconditional exchange of contracts with the buyer.

#### (e) *Financial instruments*

The Company classifies its financial instruments in the following categories: loans and receivables and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Directors determine the classification of its financial instruments at initial recognition.

##### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

##### *Financial Liabilities*

Financial liabilities within the scope of IAS 39 are classified as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and inter group payables.

#### (f) *Financial risk management*

##### *Financial risk factors*

The Company has no significant exposure to credit, market or liquidity risk due to the nature of the Company's business. Transactions are generally funded by way of capital and debt obtained from the parent or other group company.

The Board provides principles for overall risk management, and the businesses have consistent policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, and the use of financial instruments.

There have been no material changes in the Company's exposures to risks or process to manage their risks since the previous period.

# SALFORD PARTICIPATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 2. Financial income

	2009 £	2008 £
Interest income	-	135
	<u>-</u>	<u>135</u>

### 3. Directors' remuneration

The Directors' emoluments are borne by a group undertaking in both years. It is not practicable to allocate costs to Salford Participations Limited for the services performed by the Directors in relation to the Company.

### 4. Auditors' remuneration

The auditors' remuneration for the current financial year is £1,100 (2008: £1,100) and, for the current and previous financial year, has been borne by a group undertaking.

### 5. Employees

The Company had no employees during the current or previous financial year.

### 6a. Income tax expense

	2009 £	2008 £
<i>Current tax</i>		
UK corporation tax		
- on current year profit	-	38
<b>Tax expense</b>	<u>-</u>	<u>38</u>

The UK corporation tax rate to the Company was 28% (2008: 28.5%).

### 6b. Reconciliation of effective tax rate

	2009 £	%	2008 £	%
Taxation at UK corporation tax rate of 28% (2008: 28.5%)	-	-	38	28.5
<b>Overall tax expense</b>	<u>-</u>	<u>-</u>	<u>38</u>	<u>28.5</u>

### 6c. Factors affecting future current and total tax charges

There are no factors which are expected to have a significant effect on future current and total tax charges.

# SALFORD PARTICIPATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

<b>7</b>	<b>Trade and other receivables</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Amounts due from group undertakings	218,830	218,868
		<b>218,830</b>	<b>218,868</b>

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 8

### **8 Financial instruments**

#### **8.1 Classification of financial instruments**

The accounting policies for financial instruments have been applied to the line items below

<b>As at 31 December 2009</b>	<b>Loans and Receivables</b>	<b>Other Financial Liabilities</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<u>Financial Assets</u>			
Trade and other receivables	218,830	-	218,830
<b>As at 31 December 2008</b>	<b>Loans and Receivables</b>	<b>Other Financial Liabilities</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<u>Financial Assets</u>			
Trade and other receivables	218,868	-	218,868
<u>Financial Liabilities</u>			
Income tax payable	-	(38)	(38)

#### **8.2 Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's profit and loss, or the value of its holdings of financial instruments. The objective is to minimise market risk through managing and controlling the risk to acceptable parameters, while optimising the return on risk.

The Company has no significant exposure to market risk.

#### **Interest rate risks**

The Company has no exposure to interest rate risks as it does not have any interest bearing borrowings.

#### **Currency risks**

The Company has no exposure to currency risks as it does not deal in foreign currencies.

# SALFORD PARTICIPATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 8.3 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only significant credit exposure is to fellow group companies. The maximum exposure to credit risk is represented by the carrying amount of trade receivables at the balance sheet date.

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk is managed as only banks and financial institutions with a minimum rating of 'A' are accepted.

### 8.4 Liquidity risk

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding.

The Company has no exposure to liquidity risk, as there are no current or long term liabilities outstanding.

### 8.5 Fair values versus carrying amounts

As at 31 December 2009 and 2008 the fair value of financial assets and liabilities (as disclosed in note 8.1) equal their respective carrying amount.

### 8.6 Capital management

Salford Participations Limited is a member of the HSBC Specialist Investments Limited group of companies, and capital management is performed at group level.

### 9. Share capital

	2009 £	2008 £
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2

### 10. Related party transactions

2009 Related Party	Amount of transaction £	Balance at 31 December 2009 £	Details of transactions
Parent	-	218,830	General services
2008 Related Party	Amount of transaction £	Balance at 31 December 2008 £	Details of transactions
Parent	11	218,868	General services

# SALFORD PARTICIPATIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 11 Parent undertakings

The Company's immediate parent company is HSBC Property Investments Limited, which is incorporated in England and Wales

The Company's ultimate controlling party as defined under International Accounting Standard 24 'Related Party Disclosures' (IAS 24) is HSBC Holdings plc, which is incorporated in England and Wales

The smallest and largest group in which the financial statements of the Company are consolidated is HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, 8 Canada Square, London E14 5HQ

