

Croudance properties

FINANCIAL REPORT 2008

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COMPANIES HOUSE

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DIRECTORS AND OFFICERS

DIRECTORS

A.B. Ratcliffe (Chairman)

P.N.B. Cole BSc MRICS (Managing Director)

J.G. Cook BSc (Property Director)

SECRETARY AND REGISTERED OFFICE

D. Beard FCCA MAAT

1 Wellington House, Birkheads Road, Reigate, Surrey, RH2 0AU.

BANKERS

National Westminster Bank Plc

HSBC Bank Plc

AUDITOR

Humphrey & Co., Chartered Accountants,

7-9 The Avenue, Eastbourne, East Sussex, BN21 3YA.

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Shareholders' funds fell during 2008 by £14.96m to £38.66m, a decrease of 27.9% on 2007;
- Property portfolio value fell by £4.9m to £57.69m, a decrease of 7.82% on 2007. The Group purchased two properties during the year, both of which were associated with other properties within the company's portfolio;
- Rents receivable were up by £0.27m, to £4.51m, an increase of 6.35%;
- Profit before taxation was £1.11m;
- Dividends paid were £2.09m;
- The company had external borrowings of £7.68m at the year end.

REDEVELOPMENT AND REFURBISHMENT

Since the year end we have completed the redevelopment of part of our site in Gloucester, which adds a greater profile to the whole site. On the site of an old industrial building, a terrace of seven trade counter units and a stand alone unit of 20,000sq.ft. have been built. The scheme was initiated on the back of two units being pre-let and we have since let a third unit. As part of the works we have invested in the infrastructure of the estate by separating the main services where possible from the adjoining Unilever site. This will be valuable for future occupation and development of both the existing and proposed buildings on the site.

Further refurbishment has been carried out at Minworth although current market conditions have led to us retaining a few older buildings in unrefurbished condition for letting at lower rents.

The highlight of the year was the completion of the hotel in Hounslow, which is let to Accor Economy Hotels UK Limited trading as an Etap Hotel, and since the year end we have let part of the ground floor to Tesco Stores Limited.

SALES AND PURCHASES

The opportunity to purchase 0.8 acres of land adjoining the site entrance at Gloucester arose during the year. This was seen to be strategic to the overall development of our site and will be built on when a suitable user is identified.

We also purchased the car park adjoining our office building in Maidstone during the year. This building had been let to Maidstone Borough Council for over 20 years and, while we consider future plans, it was felt that the extra road frontage would enhance the site.

MARKET CONDITIONS

The last quarter of the year saw the sharpest decline in property values ever recorded and this carried on into the first quarter of 2009. There was little market activity, either buying or selling, and year end valuations were heavily marked down by external Valuers. Following the serious upheaval in the banking world finance was difficult to obtain and sales needed by companies to retain cash flow or meet banking targets were some of the few transactions.

Even having regard to the world economic difficulties the Company retained its cash flow from rents received although it is clear that the difficulties are not over for the occupational market. Rents are likely to come under more pressure during 2009.

OUTLOOK FOR 2009

Despite a very poor start to the year there are signs that the economy is now stabilising and a market is beginning to return for Prime property. Finance is however still very difficult to obtain and accordingly it is unlikely that values will recover much in the current year. It is even more important therefore at this time to concentrate on collecting rents and maintaining the cash flow of the company.

CHAIRMAN'S STATEMENT (CONTINUED)

COMPANY AND EMPLOYEES

The Company has renewed funding from its Bank with a three year facility, which will enable it to survive the current turmoil and take advantage of opportunities that may arise. On behalf of the shareholders, I would like to thank the Directors and Staff for their hard work and efforts that have been instrumental in achieving this position.



A B Ratcliffe
Chairman

13th October 2009

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31st December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activities continued to be property investment and development in England. A detailed review of the Group's activities is included in the Chairman's Statement.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation was £794,000 (2007 - £1,333,000).

During the year dividends of £2,084,000 were paid (2007 - £797,000).

DIRECTORS

The directors who served during the year were:

A.B. Ratcliffe	-	Chairman
P.N.B. Cole	-	Managing Director
J.G. Cook	-	Property Director

RISK MANAGEMENT

The Group is principally funded by equity and normal business cash flows and it is the directors' policy to utilise financial instruments under strictly controlled risk conditions.

The directors have considered the Group's exposure to price, credit, liquidity and cashflow risk

and do not consider these to have a material impact when assessing the assets, liabilities and overall financial position of the Group.

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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent;
- (iii) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT (CONTINUED)

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.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

The directors, having been notified of the resignation of Baker Tilly UK Audit LLP, have resolved that Humphrey & Co. be appointed successor auditor, in accordance with the provisions of the Companies Act 2006, s485.

By Order of the Board



David Beard

Secretary, Croudace Properties Ltd

Registered No. 469394

1 Wellington House, Birkheads Road,
Reigate, Surrey, RH2 0AU

13th October 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROUDACE PROPERTIES LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Croudace Properties Limited for the year ended 31st December 2008 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, the group and parent company statements of recognised gains and losses, and related notes, set out on pages 9 to 25. These financial statements have been prepared under 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 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 AUDITOR

The directors' responsibilities for preparing the Annual Report and 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 the information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and 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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CROUDACE PROPERTIES LIMITED (CONTINUED)

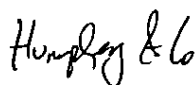
BASIS OF AUDIT OPINION (CONTINUED)

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.

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 group's and the parent company's affairs as at 31st December 2008 and of the group's profit 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.



Humphrey & Co.

Registered Auditor

Chartered Accountants

7-9 The Avenue, Eastbourne,
East Sussex, BN21 3YA.

16th October 2009

STATEMENT OF ACCOUNTING POLICIES

(1) Basis of accounting

The accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings and investments and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

(2) Basis of consolidation

The group accounts include the accounts of the Company and of all its subsidiary undertakings made up to the balance sheet date.

(3) Investments

In the group's and Company's accounts, investments are stated at cost less provision where necessary. In the Company's accounts, investments in subsidiary undertakings are stated at the nominal value of shares allotted on acquisition revalued to net assets. The revaluation surplus is credited to revaluation reserve.

(4) Turnover

Turnover is the amount receivable in the normal course of business from gross rental income, the sale of property by property dealing subsidiary undertakings and the value of work executed on development contracts.

(5) Tangible fixed assets

a) Investment properties

All investment properties are valued each year by Chartered Surveyors who are employees of the

group, and any surpluses or deficits are carried to a revaluation reserve. On the disposal of an investment property any balance relating to that property held in the revaluation reserve is transferred to realised reserves.

No depreciation is provided in respect of investment properties as explained in note 9a.

Interest and other outgoings on properties held for or in the course of development, less rents receivable from those properties, are capitalised in the group accounts on the following bases:

i) Where the development is financed by a specific borrowing the amount of interest arising is capitalised.

ii) Where the development is financed partly or wholly out of group facilities, interest on the group funds required to finance the costs incurred is capitalised at a rate which reflects the short term borrowing costs to the group.

iii) Other costs including attributable overheads are capitalised as incurred.

Interest and other outgoings that are not capitalised are written off to revenue.

A property will cease to be in the course of development at the earliest of:

i) The property becoming fully let.

ii) The rents receivable exceeding the outgoings.

iii) Six months after practical completion.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

b) Other tangible assets

Depreciation is provided at rates calculated to write off all the cost on a straight line basis over their estimated useful lives as follows:

Fixtures and fittings -	3-5 years
Computer equipment -	1-2 years
Motor vehicles -	5 years

(6) Stocks

Properties held for development and resale are valued at the lower of cost, including interest where appropriate, and net realisable value.

(7) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(8) Revaluation reserve

Surpluses and deficits arising on the revaluation of tangible fixed assets are carried to a non-distributable reserve known as the revaluation reserve. On the disposal of a revalued tangible fixed asset the surplus or deficit on prior valuation is carried to the profit and loss account and prior year valuation surpluses or deficits are transferred to retained profit.

(9) Pension schemes

The group previously contributed to a contributory defined benefit pension and life assurance scheme. Annual contributions at a rate determined by a practising actuary were paid by the group to trustees and were charged to the profit and loss account so as to spread the pension cost over the remaining service lives of eligible employees. The group's employees who were members of this scheme have all drawn retirement benefits and subsequently the group has no further participation or liability to the scheme.

The group also contributes to a money purchase group personal pension scheme. These contributions are charged to the profit and loss account as incurred.

No funds are invested in nor lent to group companies.

(10) Operating leases

Rental payments under operating leases are charged to the profit and loss account as incurred.

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

	Notes	2008 £,000	2007 £,000
1 Turnover	2	4,509	4,240
2 Cost of sales	3	(1,856)	(1,557)
3 Gross profit		2,653	2,683
4 Administrative expenses		(994)	(805)
5 Operating profit		1,659	1,878
6 Profit on sales of investment properties		-	82
7 Interest receivable and similar income	4	199	182
8 Interest payable and similar charges	5	(749)	(290)
9 Profit on ordinary activities before taxation	2 & 6	1,109	1,852
10 Tax on profit on ordinary activities	8	(315)	(519)
11 Profit on ordinary activities after taxation		£794	£1,333

Movements on reserves are shown on pages 23 and 24.

The above results relate to continuing activities.

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31ST DECEMBER 2008**

	2008 £,000	2007 £,000
Profit on ordinary activities after taxation	794	1,333
Unrealised deficit on revaluation of investment properties	(13,666)	(128)
Total recognised gains / (losses) since last annual report	<u>£(12,872)</u>	<u>£1,205</u>

GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £,000	2007 £,000
Balance as at 31st December 2007	53,616	53,208
Profit on ordinary activities after taxation	794	1,333
Dividends paid	(2,084)	(797)
Other recognised gains less losses for the year	(13,666)	(128)
Balance as at 31st December 2008	<u>£38,660</u>	<u>£53,616</u>

GROUP HISTORICAL COST PROFITS

	2008 £,000	2007 £,000
Profit on ordinary activities before taxation	1,109	1,852
Realisation of revaluation gains of previous years	-	58
Historical cost (loss) / profit on ordinary activities before taxation	<u>£1,109</u>	<u>£1,910</u>
Historical cost retained (loss) / profit for the year	<u>£(1,290)</u>	<u>£594</u>

PARENT COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST DECEMBER 2008

	2008 £,000	2007 £,000
Profit on ordinary activities after taxation	794	3,957
Unrealised deficit on revaluation of investments and investment properties	(13,666)	(2,752)
Total recognised gains and losses since last annual report	<u>£(12,872)</u>	<u>£1,205</u>

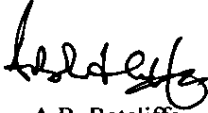
PARENT COMPANY RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £,000	2007 £,000
Balance as at 31st December 2007	53,616	53,208
Profit on ordinary activities after taxation	794	3,957
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Other recognised gains less losses for the year	(13,666)	(2,752)
Balance as at 31st December 2008	<u>£38,660</u>	<u>£53,616</u>

GROUP BALANCE SHEET AT 31ST DECEMBER 2008

	Notes	2008 £,000	2007 £,000
Fixed assets			
1 Investment properties	9a	57,695	62,591
2 Other tangible assets	9b	91	114
3 Total fixed assets		<u>57,786</u>	<u>62,705</u>
Current assets			
4 Debtors	10	1,548	1,326
5 Cash at bank and in hand		<u>1,181</u>	<u>8,727</u>
6		2,729	10,053
7 Creditors: amounts falling due within one year	11	<u>(20,843)</u>	<u>(18,130)</u>
8 Net current liabilities		<u>(18,114)</u>	<u>(8,077)</u>
9 Total assets less current liabilities		39,672	54,628
10 Provisions for liabilities and charges	12	<u>(1,012)</u>	<u>(1,012)</u>
11 Net assets		<u><u>£38,660</u></u>	<u><u>£53,616</u></u>
Capital and reserves			
12 Called up share capital	13	6,243	6,243
13 Revaluation reserve	14b	8,525	22,191
14 Profit and loss account	14c	<u>23,892</u>	<u>25,182</u>
15 Shareholders' funds		<u><u>£38,660</u></u>	<u><u>£53,616</u></u>


Approved, authorised for issue and signed on behalf of the Board on 13th October 2009


A.B. Ratcliffe
Chairman

PARENT COMPANY BALANCE SHEET AT 31ST DECEMBER 2008

	Notes	2008 £,000	2007 £,000
Fixed assets			
1 Investment properties	9a	57,695	62,591
2 Other tangible assets	9b	91	114
3 Investments	9c	-	-
4 Total fixed assets		<u>57,786</u>	<u>62,705</u>
Current assets			
5 Debtors	10	1,548	1,326
6 Cash at bank and in hand		<u>1,181</u>	<u>8,727</u>
7		2,729	10,053
8 Creditors: amounts falling due within one year	11	<u>(20,843)</u>	<u>(18,130)</u>
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11 Provisions for liabilities and charges	12	<u>(1,012)</u>	<u>(1,012)</u>
12 Net assets		<u>£38,660</u>	<u>£53,616</u>
Capital and reserves			
13 Called up share capital	13	6,243	6,243
14 Revaluation reserve	14d	8,525	22,191
15 Profit and loss account	14e	<u>23,892</u>	<u>25,182</u>
16 Shareholders' funds		<u>£38,660</u>	<u>£53,616</u>

Approved, authorised for issue and signed on behalf of the Board on 13th October 2009


A.B. Ratcliffe
Chairman

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

	Cash flow notes	2008 £,000	2008 £,000	2007 £,000	2007 £,000
Net cash inflow from operating activities	(1)		2,784		1,970
Returns on investments and servicing of finance					
Interest received		199		182	
Interest paid		(749)		(290)	
Net cash (outflow) / inflow from returns on investments and servicing of finance			(550)		(108)
Taxation					
Corporation tax paid			(263)		(650)
			1,971		1,212
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(12)		(55)	
Acquisition of investment properties		(8,770)		(8,459)	
Proceeds on disposal of tangible fixed assets		-		3	
Proceeds on disposal of investment properties		-		146	
Purchase of investments		-		-	
Net cash outflow from capital expenditure and financial investment			(8,782)		(8,365)
Equity dividends paid			(2,084)		(797)
Cash outflow before financing			(8,895)		(7,950)
Financing					
New short term borrowings			7,681		-
Repayment of loans from shareholders and related parties			(6,332)		15,843
(Decrease) / Increase in cash for the year	(2)		£ (7,546)		£ 7,893

NOTES TO THE GROUP CASH FLOW STATEMENT

	2008 £,000	2007 £,000
(1) Reconciliation of operating profit to net cash flow from operating activities		
Net income from properties	2,653	2,683
Administrative and other expenses	(994)	(805)
Operating profit	1,659	1,878
Depreciation plus loss on disposal of fixed assets	36	26
Other movements arising from operations:		
(Increase) / decrease in debtors	(223)	31
Increase in creditors	1,312	35
Net cash inflow from operating activities	£2,784	£1,970
(2) Analysis of changes in cash and net debt	At 31st December 2007 £,000	Cash flow At 31st December 2008 £,000
Cash at bank and in hand	£ 8,727	£ (7,546)

NOTES TO THE ACCOUNTS

1. Parent company profit and loss account

The company has taken advantage of the exemption in Section 230 of the Companies Act 1985 not to present its own profit and loss account. That part of the consolidated profit for the year after tax which is dealt with in the parent company's accounts is £794,000 (2007 - £1,333,000).

2. Turnover and profit

	Turnover	Turnover	Profit	Profit
	2008	2007	2008	2007
	£,000	£,000	£,000	£,000
Analysis of turnover and profit on ordinary activities before taxation is as follows:				
Rental income - UK	4,509	4,240	1,109	1,770
Profit on sales of investment properties	-	-	-	82
	<u>£4,509</u>	<u>£4,240</u>	<u>£1,109</u>	<u>£1,852</u>

All turnover and profit on ordinary activities relate to continuing activities.

3. Cost of sales	2008	2007
	£,000	£,000
Rents payable	16	16
Property outgoings	1,840	1,541
	<u>£1,856</u>	<u>£1,557</u>

4. Interest receivable and similar income	2008	2007
	£,000	£,000
Operational	<u>£199</u>	<u>£182</u>

NOTES TO THE ACCOUNTS (CONTINUED)

5.	Interest payable and similar charges	2008	2007
		£,000	£,000
	Bank	57	75
	Related parties	692	214
	Other	-	1
		<u>£749</u>	<u>£290</u>

6.	Profit on ordinary activities before taxation	2008	2007
		£,000	£,000
	Profit on ordinary activities before taxation is stated after charging:		
	Staff costs (See note 7)	874	760
	Auditors' remuneration - audit	8	14
	- all other services	-	1
	Depreciation	36	26

7.	Staff costs	2008	2007
		£,000	£,000
	Staff costs comprise:		
	Salaries	733	613
	Social Security costs	93	80
	Other pension contributions	48	67
		<u>£874</u>	<u>£760</u>

The average number of persons employed by the Group during the year was 8 (2007 – 7).

	2008	2007
	£,000	£,000
Directors' remuneration excluding pension contributions	<u>£526</u>	<u>£477</u>
The Directors' remuneration included:		
Highest paid Director	<u>£272</u>	<u>£251</u>

Retirement benefits are being paid to one director under the defined benefit scheme.

NOTES TO THE ACCOUNTS (CONTINUED)

8. Tax on profit on ordinary activities	2008	2007
	£,000	£,000

The tax charge is based on the profit for the year and comprises:

Corporation tax at the rate of 28.5% (2007 - 30%)	315	543
Deferred taxation (See note 12)	-	(24)
	<u>£315</u>	<u>£519</u>

Reconciliation of tax charge:

Profit per profit and loss account	1,109	1,852
Tax at 28.5%	315	556
Disallowable expenditure	-	8
Effect of timing differences	-	(13)
Other adjustments	-	(8)
Current tax charge	<u>£315</u>	<u>£543</u>

9. Fixed assets

9a. Investment properties	Freehold	Long leasehold	Freehold awaiting development	Total
Group and Company	£,000	£,000	£,000	£,000
Valuation at 31st December 2007	56,525	5,566	500	62,591
Additions	8,770	-	-	8,770
Deficit on valuation	(12,405)	(1,161)	(100)	(13,666)
Valuation at 31st December 2008	<u>£52,890</u>	<u>£4,405</u>	<u>£400</u>	<u>£57,695</u>

All properties were valued by Chartered Surveyors who are employees of the Group. The portfolio has been valued on the basis of Market Value at 31st December 2008, that is to say, the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In accordance with SSAP 19 investment properties are revalued at each balance sheet date on this basis, any surplus or deficit being carried to the revaluation reserve. Accordingly, such interests are not depreciated, as required by the Companies Act 1985, as this would conflict in the directors' opinion, with the requirement to give a true and fair view. The amount of depreciation that might otherwise have been shown cannot be quantified.

The cost of investment properties in both the Group's and the Company's accounts includes interest paid amounting to £1,283,000 (2007 - £1,283,000). The historical cost of investment properties including capitalisations is estimated to be £49,170,000 (2007 - £40,400,000) in the Group's and the Company's accounts.

NOTES TO THE ACCOUNTS (CONTINUED)

9b. Other tangible fixed assets	Office equipment	Motor vehicles	Total
Group and Company	£,000	£,000	£,000
Cost:			
At 31st December 2007	19	139	158
Additions	13	-	13
Disposals	(1)	-	(1)
At 31st December 2008	31	139	170
Depreciation:			
At 31st December 2007	11	33	44
Provision for the year	8	28	36
Eliminated on disposals	(1)	-	(1)
At 31st December 2008	18	61	79
Net book values:			
At 31st December 2008	£13	£78	£91
At 31st December 2007	£8	£106	£114
9c. Fixed asset investments	Company 2008 £	Company 2007 £	
Subsidiary undertaking:			
Shares at valuation at 31st December 2008	£100	£100	

The subsidiary undertaking is Croudace Properties Developments Limited, which is wholly owned, and is currently dormant. The Company's holding comprises ordinary shares.

NOTES TO THE ACCOUNTS (CONTINUED)

10. Debtors	Group 2008 £,000	Group 2007 £,000	Company 2008 £,000	Company 2007 £,000
Trade debtors	758	593	758	593
Amounts owed by parent undertaking	471	515	471	515
Other debtors	187	131	187	131
Prepayments and accrued income	132	87	132	87
	<u>£1,548</u>	<u>£1,326</u>	<u>£1,548</u>	<u>£1,326</u>

11. Creditors	Group 2008 £,000	Group 2007 £,000	Company 2008 £,000	Company 2007 £,000
Amounts falling due within one year:				
Bank loans and overdraft	7,681	-	7,681	-
Trade creditors	155	57	155	57
Amounts owed to other related parties	9,511	15,843	9,511	15,843
Corporation tax	225	173	225	173
Other taxation and social security	145	226	145	226
Other creditors	1,158	626	1,158	626
Accruals and deferred income	1,968	1,205	1,968	1,205
	<u>£20,843</u>	<u>£18,130</u>	<u>£20,843</u>	<u>£18,130</u>

12. Provisions for liabilities and charges	Group 2008 £,000	Group 2007 £,000	Company 2008 £,000	Company 2007 £,000
Deferred taxation:				
Balance at 31st December 2007	1,012	1,036	1,012	1,036
Transfer (to) / from profit and loss account	-	(24)	-	(24)
Balance at 31st December 2008	<u>£1,012</u>	<u>£1,012</u>	<u>£1,012</u>	<u>£1,012</u>
The deferred tax balance relates to:				
Excess of capital allowances over depreciation	<u>£1,012</u>	<u>£1,012</u>	<u>£1,012</u>	<u>£1,012</u>

There is no liability to taxation if the investment properties were realised at valuation.

NOTES TO THE ACCOUNTS (CONTINUED)

13. Called up share capital	Number of shares	£
Ordinary shares of 25p each		
Authorised at 31st December 2007 and 31st December 2008	25,600,000	£6,400,000
Issued and fully paid at 31st December 2007 and 31st December 2008	24,973,950	£6,243,487
14. Reserves		
Group:		
14a. Of total reserves shown in the Balance Sheet, the following amounts are realised or otherwise:	2008 £,000	2007 £,000
Realised: Profit and loss account	23,892	25,182
Unrealised: Revaluation reserve	8,525	22,191
Total reserves	£32,417	£47,373
14b. Revaluation reserve		
Balance at 31st December 2007	22,191	22,377
Deficit on valuation of investment properties	(13,666)	(128)
Transfer to profit and loss account on sale of investment properties	-	(58)
Balance at 31st December 2008	£8,525	£22,191
The revaluation reserve arises from the surplus on valuation of investment properties.		
14c. Profit and loss account		
Balance at 31st December 2007	25,182	24,588
Retained (loss) / profit for the year	(1,290)	536
Transfer from revaluation reserve on sale of investment properties	-	58
Balance at 31st December 2008	£23,892	£25,182

NOTES TO THE ACCOUNTS (CONTINUED)

Company:

14d. Revaluation reserve	2008 £,000	2007 £,000
Balance at 31st December 2007	22,191	25,001
Deficit on valuation of investment properties	(13,666)	(128)
Transfer to profit and loss account on sale of investment properties	-	(58)
Deficit on valuation of subsidiary undertaking	-	(2,624)
Balance at 31st December 2008	<u>£8,525</u>	<u>£22,191</u>

The revaluation reserve arising from the surplus on valuation of investment properties is £8,525,000 (2007 - £22,191,000).

14e. Profit and loss account	2008 £,000	2007 £,000
Balance at 31st December 2007	25,182	21,964
Profit for the year	794	3,957
Transfer from revaluation reserve on sale of investment properties	-	58
Dividends paid	(2,084)	(797)
Balance at 31st December 2008	<u>£23,892</u>	<u>£25,182</u>

15. Guarantees and other financial commitments

15a. Leasing commitments

Rents payable in the next year under leases for land and buildings which expire:	Group 2008	Group 2007	Company 2008	Company 2007
Beyond five years	<u>£15,925</u>	<u>£15,925</u>	<u>£15,925</u>	<u>£15,925</u>

15b. Capital commitments

The Company has contracted for capital expenditure of £2,452,000 (2007 - £4,649,000).

NOTES TO THE ACCOUNTS (CONTINUED)

15c. Pension arrangements

The group's employees are entitled to become members of a group personal pension scheme. Some employees had accrued pension benefits in a final salary scheme operated by Croudace Homes Group Limited. Additional disclosures required in respect of the final salary scheme are shown in the financial statements of that company. The group is unable to identify its share of the underlying assets and liabilities of the scheme for which the latest actuarial valuation was at 1st April 2004. The last member of the final salary scheme that was employed by the company began to draw retirement benefits in 2008 and the company has no further liability to the scheme.

The pension cost for the year was £48,000 (2007 - £67,000), being £nil (2007 - £24,000) for the defined benefit scheme and £48,000 (2007 - £43,000) for the money purchase group personal pension scheme.

16. Ultimate parent company

The company's immediate and ultimate parent company is Croudace Properties Group Limited. The company is included in the consolidated accounts of that company.

17. Related party transactions

The Company was owed £471,000 as at 31st December 2008 (2007 - £515,000) by its parent company, Croudace Properties Group Limited.

The Company paid interest of £692,000 (2007 - £214,000) to the shareholders of Croudace Properties Group Limited, and other family members, on loans made during the year. The balance owing, including accrued interest, as at 31st December 2008 was £9,511,000 (2007 - £15,843,000).

The shareholders of Croudace Properties Group Limited have material shareholding interests in Croudace Homes Group Limited. Croudace Homes In Partnership Limited and Croudace Homes Limited, subsidiaries of Croudace Homes Group Limited, were tenants of Croudace Properties Limited. Rents received during the year were £46,000 (2007 - £53,000) and £101,000 (2007 - £110,000) respectively. In addition, Croudace Properties Limited purchased a land site from Croudace Homes Limited during 2007 for £3,100,000.

A.B. Ratcliffe is a director and shareholder of Croudace Properties Group Limited and Croudace Homes Group Limited.