

Registration number 00528657

St. Modwen Investments Limited
Annual report and financial statements
for the year ended 30 November 2007

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St. Modwen Investments Limited

Directors' report for the year ended 30 November 2007

The directors present their report and the financial statements for the year ended 30 November 2007

This report is prepared in accordance with the special provisions under section 246(4) of the Companies Act 1985 relating to small companies

Principal activity and review of the business

The principal activity of the company is that of property investment

The directors consider that the result for the year and the future prospects are satisfactory. No changes are envisaged.

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of a final dividend (2006 £nil)

Directors and their interests

The following were directors of the company during the year, none of whom had any interest in the shares of the company.

T P Haywood

W A Oliver

The relevant interests of Messrs Haywood and Oliver in the shares of the ultimate parent company are disclosed in the directors' report of that company.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

St. Modwen Investments Limited

**Directors' report
for the year ended 30 November 2007**

Directors' responsibilities - 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each director at the date of approval of this report confirms 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 steps necessary to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Auditors

Deloitte & Touche LLP, our newly appointed Auditors, have conducted the audit for the year ended 30 November 2007 and have expressed a willingness to remain in office. A resolution to reappoint Deloitte & Touche LLP will be put forward at the Annual General Meeting.

This report was approved by the Board on 25/9/08 and signed on its behalf by



**J Messent
Secretary**

St. Modwen Investments Limited

**Independent auditors' report to the shareholders of
St. Modwen Investments Limited**

We have audited the company's financial statements for the year ended 30 November 2007 which comprise the Profit and loss account, the Balance sheet, the Statement of total recognised gains and losses and the related notes 1 to 16. 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 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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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.

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.

St. Modwen Investments Limited

**Independent auditors' report to the shareholders of
St. Modwen Investments Limited - 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 30 November 2007 and of its 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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham, United Kingdom

Date: 25/9/08

St. Modwen Investments Limited

**Profit and loss account
for the year ended 30 November 2007**

		2007	2006
	Notes	£	£
Turnover	2	1,277,551	1,338,855
Cost of sales		(75,091)	(86,521)
Gross profit		<u>1,202,460</u>	<u>1,252,334</u>
Operating profit	3	1,202,460	1,252,334
Profit on sale of fixed assets		-	37,000
Profit on ordinary activities before interest		<u>1,202,460</u>	<u>1,289,334</u>
Interest receivable and similar income		579	377
Interest payable and similar charges	4	(346,028)	(299,823)
Profit on ordinary activities before taxation		<u>857,011</u>	<u>989,888</u>
Tax on profit on ordinary activities	5	(252,917)	(301,027)
Retained profit for the year	12	<u>604,094</u>	<u>688,861</u>

All amounts derive from continuing activities

**Statement of total recognised gains and losses
for the year ended 30 November 2007**

	2007	2006
	£	£
Profit on ordinary activities after taxation	604,094	688,861
Unrealised surplus on revaluation of investment properties	(1,529,652)	2,763,703
Corporation taxation on realisation of prior years' revaluation surpluses	-	6,482
Total recognised gains and losses relating to the year	<u>(925,558)</u>	<u>3,459,046</u>

The notes on pages 7 to 14 form an integral part of these financial statements.

St. Modwen Investments Limited

**Balance sheet
as at 30 November 2007**

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		22,335,000		22,460,000
Current assets					
Debtors	7	5,240,885		2,819,184	
Cash at bank and in hand		638,562		3,585,174	
		<u>5,879,447</u>		<u>6,404,358</u>	
Creditors: amounts falling due within one year	8	<u>(524,754)</u>		<u>(237,899)</u>	
Net current assets			<u>5,354,693</u>		<u>6,166,459</u>
Total assets less current liabilities			27,689,693		28,626,459
Creditors: amounts falling due after more than one year	9		(5,156,000)		(5,156,000)
Provisions for liabilities	10		<u>(173,073)</u>		<u>(184,281)</u>
Net assets			<u>22,360,620</u>		<u>23,286,178</u>
Capital and reserves					
Called up share capital	11		5,000,000		5,000,000
Revaluation reserve	12		12,343,638		13,873,290
Profit and loss account	12		5,016,982		4,412,888
Shareholders' funds	13		<u>22,360,620</u>		<u>23,286,178</u>

The financial statements were approved by the Board on 25/9/08 and signed on its behalf by



T P Haywood
Director

The notes on pages 7 to 14 form an integral part of these financial statements.

St. Modwen Investments Limited

Notes to the financial statements for the year ended 30 November 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets in accordance with applicable United Kingdom company law and accounting standards

However, compliance with SSAP 19 "Accounting for investment properties" requires departure from the Companies Act 1985 relating to depreciation and an explanation of the departure is given below

1.2. Turnover and profit recognition

Turnover represents sales of development properties, rental income recognised on a straight line basis to the first break point in the lease, and other recoveries. Turnover and profit on development properties is recognised on legal completion of sale

1.3. Tangible fixed assets and depreciation

Depreciation is not provided on investment properties which are subject to annual revaluations

1.4. Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or temporary deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principal 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 not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

1.5. Interest

Interest incurred on properties in the course of development, whether for sale or retention as investments, is charged to the profit and loss account on an accruals basis

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

1.6. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

1.7 Cash flow statement

The company is a 100% subsidiary of St Modwen Properties PLC. Its cash flows are included in that company's consolidated cash flow statement. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement

2. Turnover

The total turnover of the company for the year has been derived wholly in the UK

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

3. Operating profit

3.1 Audit fees

Auditors' remuneration was borne by its parent company, St Modwen Properties PLC. The amounts borne were as follows

	2007	2006
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts	2,000	2,000
Fees payable to the company's auditors for other services to the company – Tax services	1,000	1,000
	<u>3,000</u>	<u>3,000</u>

The 2007 fees were payable to Deloitte & Touche LLP, the 2006 fees were payable to the incumbent auditors Ernst & Young LLP.

3.2 Information regarding directors and employees

None of the directors received any remuneration during the year (2006 £Nil). The company had no employees (2006 nil) and is managed by its ultimate parent company, St Modwen Properties PLC.

The remuneration of the directors is paid by other group undertakings for both the current financial year and the prior financial year and no part of their remuneration is specifically attributable to their services to this company.

4. Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank loans	<u>346,028</u>	<u>299,823</u>

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

5. Tax on profit on ordinary activities

Analysis of charge in year	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2006 19%)	257,000	864
Adjustments in respect of previous periods	7,125	510
Group relief	-	298,063
Total current tax charge	264,125	299,437
Deferred tax		
Timing differences, origination and reversal	1,077	1,539
Effect of change in tax rate on opening liability	(12,285)	51
Total deferred tax	(11,208)	1,590
Tax on profit on ordinary activities	252,917	301,027

Factors affecting tax charge for year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before taxation	857,011	989,888
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK at 30% (2006 30%)	257,103	296,966
Effects of:		
Capital allowances for period in excess of depreciation	(1,000)	(1,539)
Adjustments to tax charge in respect of previous periods	7,125	510
Rate adjustment	-	(500)
Disallowed expenditure	-	4,000
Other	897	-
Current tax charge for period	264,125	299,437

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

5. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years. No provision has been made for deferred tax on gains recognised on revaluing investment properties to market value. Such tax would become payable only if the properties were sold. The total amount unprovided is £2,580,437 (2006 £3,340,475)

Full payment is made for group relief surrendered between related undertakings

The UK Government announced that they would reduce the corporation tax rate for large companies to 28% with effect from 1st April 2008. Accordingly, deferred tax adjustments have been restated to 28% as this is the rate at which they are expected to reverse

6. Tangible fixed assets

	Freehold investment properties £	Long leasehold investment properties £	Total £
Cost or valuation			
At 1 December 2006	4,955,000	17,505,000	22,460,000
Additions	1,404,652	-	1,404,652
Revaluation	(59,374)	(1,470,278)	(1,529,652)
At 30 November 2007	6,300,278	16,034,722	22,335,000
Net book values			
At 30 November 2007	6,300,278	16,034,722	22,335,000
At 30 November 2006	4,955,000	17,505,000	22,460,000

Long leasehold investment properties were revalued as at 30 November 2007 by King Sturge & Co, Chartered Surveyors in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of open market value.

Tangible fixed assets included at a valuation would have been included on a historical cost basis at

	2007 £	2006 £
Freehold investment properties	4,482,812	3,078,160
Long leasehold investment properties	5,508,550	5,508,550
Cost and net book value	9,991,362	8,586,710

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

7. Debtors	2007	2006
	£	£
Trade debtors	61,772	-
Amounts owed by parent undertakings	5,164,624	2,615,172
Other debtors	-	31
Prepayments and accrued income	14,489	203,981
	<u>5,240,885</u>	<u>2,819,184</u>
8. Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors	38,213	63,967
Corporation tax	257,864	864
Social security and other taxes	13,787	-
Other creditors	82,801	64,474
Accruals and deferred income	132,089	108,594
	<u>524,754</u>	<u>237,899</u>
9. Creditors: amounts falling due after more than one year	2007	2006
	£	£
Bank loan	<u>5,156,000</u>	<u>5,156,000</u>

The bank loan is repayable on 30 April 2013. Interest is payable on the bank loan at 1.25% above LIBOR plus an element to cover Bank of England MCA costs.

The bank loan is secured by fixed charges over the properties owned by the company.

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

10. Provision for deferred taxation	2007	2006
	£	£
Accelerated capital allowances	173,073	184,281
	<u>173,073</u>	<u>184,281</u>
Provision at 1 December 2006	184,281	
Deferred tax charge in profit and loss account	1,077	
Reduction of deferred tax provision to 28%	(12,285)	
Provision at 30 November 2007	<u>173,073</u>	
No provision has been made for deferred tax on gains recognised On revaluing investment properties to market value Such tax would become payable only if the properties were sold The total amount unprovided is £2,580,437 (2006 £3,340,475)		
11. Share capital	2007	2006
	£	£
Authorised equity		
5,000,000 Ordinary shares of 1 each	5,000,000	5,000,000
Allotted, called up and fully paid equity		
5,000,000 Ordinary shares of 1 each	5,000,000	5,000,000
12. Reserves	Revaluation reserve	Profit and loss account
	£	£
At 1 December 2006	13,873,290	4,412,888
Deficit on revaluation of property	(1,529,652)	
Retained profit for the year	-	604,094
At 30 November 2007	<u>12,343,638</u>	<u>5,016,982</u>

St. Modwen Investments Limited

**Notes to the financial statements
for the year ended 30 November 2007**

13. Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the year	604,094	688,861
Other recognised gains and losses	(1,529,652)	2,770,185
Net addition to shareholders' funds	<u>(925,558)</u>	<u>3,459,046</u>
Opening shareholders' funds	23,286,178	19,827,132
Closing shareholders' funds	<u><u>22,360,620</u></u>	<u><u>23,286,178</u></u>

14. Contingent liabilities

The company has guaranteed the bank loans and overdrafts of certain fellow group subsidiaries, which at 30 November 2007 amounted to £27,161,671 (2006 £18,488,096)

15. Related party transactions

As the company is wholly owned by the group, it has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other companies in the group

16. Ultimate parent undertaking

The ultimate parent company is St Modwen Properties PLC, a company registered in England. Copies of the Group report and accounts of St Modwen Properties PLC are available from the Registered Office at 7 Ridgeway, Quinton Business Park, Birmingham, B32 1AF. This is the largest and smallest group into which this company is consolidated.