

STERLING PROPERTY DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2013



LB GROUP
Chartered Accountants & Statutory Auditor
1 Vicarage Lane
Stratford
London
E15 4HF

STERLING PROPERTY DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

CONTENTS	PAGES
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the shareholders	3 to 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 12
The following pages do not form part of the financial statements	
Detailed profit and loss account	14
Notes to the detailed profit and loss account	15

STERLING PROPERTY DEVELOPMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J K Farrell
J M Bottomley
Mrs M D R Cardenoso Saenz de Miera
Mr A P C Farrell

Company secretary

J M Bottomley

Registered office

One America Square
Crosswall
London
EC3N 2SG

Auditor

LB Group
Chartered Accountants
& Statutory Auditor
1 Vicarage Lane
Stratford
London
E15 4HF

Bankers

Barclays Bank Plc
180 Oxford Street
United Kingdom House
London
W1D 1EA

STERLING PROPERTY DEVELOPMENTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company for property development subsidiaries.

DIRECTORS

The directors who served the company during the year were as follows:

J K Farrell
J M Bottomley
Mrs M D R Cardenoso Saenz de Miera
Mr A P C Farrell

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- ☐ select suitable accounting policies and then apply them consistently;
- ☐ make judgements and accounting estimates that are reasonable and prudent;
- ☐ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STERLING PROPERTY DEVELOPMENTS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

AUDITOR

LB Group are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- ☐ so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- ☐ each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
One America Square
Crosswall
London
EC3N 2SG

Signed by order of the directors



J M BOTTOMLEY
Company Secretary

Approved by the directors on 17 September 2014

STERLING PROPERTY DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STERLING PROPERTY DEVELOPMENTS LIMITED

YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Sterling Property Developments Limited for the year ended 31 December 2013. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its profit for the year then ended;
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

STERLING PROPERTY DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STERLING PROPERTY DEVELOPMENTS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ☐ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ☐ the financial statements are not in agreement with the accounting records and returns; or
- ☐ certain disclosures of directors' remuneration specified by law are not made; or
- ☐ we have not received all the information and explanations we require for our audit; or
- ☐ the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



TM LAKE (Senior Statutory Auditor)
For and on behalf of
LB GROUP
Chartered Accountants
& Statutory Auditor

1 Vicarage Lane
Stratford
London
E15 4HF

.....23 September 2014

STERLING PROPERTY DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER		—	—
Administrative expenses		(14,612)	36,934
Other operating income	2	(69,075)	(41,703)
OPERATING PROFIT	3	83,687	4,769
Profit on disposal of fixed assets		2,177,230	—
		2,260,917	4,769
Interest receivable		268,874	273,740
Interest payable and similar charges		(145,086)	(139,106)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,384,705	139,403
Tax on profit on ordinary activities		—	—
PROFIT FOR THE FINANCIAL YEAR		2,384,705	139,403
Balance brought forward		913,863	774,460
Balance carried forward		3,298,568	913,863

The notes on pages 8 to 12 form part of these financial statements.

STERLING PROPERTY DEVELOPMENTS LIMITED

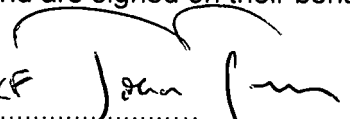
BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Investments	4	<u>3,650,967</u>	<u>2,863,784</u>
CURRENT ASSETS			
Debtors	5	5,065,143	6,271,693
Development property	6	1,572,058	—
Cash at bank		<u>5,286,549</u>	<u>5,235,478</u>
		11,923,750	11,507,171
CREDITORS: Amounts falling due within one year	7	<u>12,273,649</u>	<u>13,454,592</u>
NET CURRENT LIABILITIES		<u>(349,899)</u>	<u>(1,947,421)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>3,301,068</u></u>	<u><u>916,363</u></u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	2,500	2,500
Profit and loss account		<u>3,298,568</u>	<u>913,863</u>
SHAREHOLDERS' FUNDS		<u><u>3,301,068</u></u>	<u><u>916,363</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the directors and authorised for issue on, and are signed on their behalf by:

x JKF  x
J K FARRELL

Company Registration Number: 02937933

The notes on pages 8 to 12 form part of these financial statements.

STERLING PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Development

The development property is stated at the lower of cost and net realisable value.

Group accounts

Under section 238 of the Companies Act 2006, the company has taken advantage of the exemption from preparing group accounts, by virtue of its being a small group. The company and its subsidiaries all form part of a small group and therefore no consolidated accounts are prepared for the group. Accordingly the financial statements present information about the company as an individual and not about its group.

2. OTHER OPERATING INCOME

	2013 £	2012 £
Management charges receivable	475	—
Other operating income	68,600	41,703
	<u>69,075</u>	<u>41,703</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2013 £	2012 £
Directors' remuneration	—	—
Auditor's fees	3,675	3,375
	<u>3,675</u>	<u>3,375</u>

STERLING PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

4. INVESTMENTS

	Subsidiary Undertakings	Listed Investments	Total
	£	£	£
COST			
At 1 January 2013	1,358,215	1,505,569	2,863,784
Additions	4	2,470,274	2,470,278
Disposals	(106,965)	(1,576,130)	(1,683,095)
At 31 December 2013	<u>1,251,254</u>	<u>2,399,713</u>	<u>3,650,967</u>
NET BOOK VALUE			
At 31 December 2013	<u>1,251,254</u>	<u>2,399,713</u>	<u>3,650,967</u>
At 31 December 2012	<u>1,358,215</u>	<u>1,505,569</u>	<u>2,863,784</u>

The following companies were 100% owned by Sterling Property Developments Limited and are all registered in England and Wales:

Mossford Limited
Moonlane Limited
Goldpark Limited
Robert Fraser 20th Development Company Limited

The principal activity of the above companies is that of property development. The shares were sold to Larchstone Limited, a fellow group company, during the year ended 31 December 2013.

The market value of the listed investments as at 31 December 2013 was £3,164,634 (2012: £2,095,505).

5. DEBTORS

	2013 £	2012 £
Amounts owed by group undertakings	2,047,811	3,036,669
Other debtors	<u>3,017,332</u>	<u>3,235,024</u>
	<u>5,065,143</u>	<u>6,271,693</u>

6. DEVELOPMENT PROPERTY

	2013 £	2012 £
Property held for development	<u>1,572,058</u>	<u>—</u>

STERLING PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

7. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Amounts owed to group undertakings	8,373,569	9,670,211
Other taxation	201	—
Other creditors	3,899,879	3,784,381
	<u>12,273,649</u>	<u>13,454,592</u>

Included in other creditors is a £1,358,215 5.5% loan stock, issued on 30 December 1994. At 31 December 2013 £516,254 remained outstanding. The interest rate on the loan stock is 4% over Barclays bank base rate and is repayable on demand.

The loan stock is secured by way of a legal mortgage over all the property and assets of the subsidiary companies and a floating charge over the Company's property assets and undertakings.

STERLING PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

8. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRSSE not to disclose transactions with parent undertaking and subsidiary undertakings.

As at 31 December 2013, the company was owed the following amount by fellow group undertakings:

	2013 £	2012 £
Valewood Properties Limited	-	199,421
Robert Fraser 16th Development Co Limited	-	398,843
Frenbury Properties (Retford) Limited	-	797,686
Retford International (No 1) Limited	-	199,421
Openport	414,716	385,906
Sterling Property Trust Limited	1,407,989	1,055,392
Larchstone Limited	225,106	-

As at 31 December 2013, the company owed the following amount to fellow group undertakings:

	2013 £	2012 £
Sterling Property Holdings Limited	6,513,175	9,424,302
Sterling Property Trust Limited	1,059,028	-
Goldpark Limited	123,845	11,345
Robert Fraser 20th Development Co Limited	123,845	11,345
Larchstone Limited	314,570	14,000
Mossford Limited	119,553	119,553
Moonlane Limited	119,553	119,553

The company is controlled by Mr J K Farrell, the director and shareholder. As at 31 December 2013, the company owed Mr J K Farrell the sum of £3,315,717 (2012: £3,170,227) in respect of loan stock and the interest accrued thereon. This is included in other creditors.

As at 31 December 2013, Mr J F Farrell was also owed the sum of £580,966 (2012: £580,966). The loan is interest free and repayable on demand. This is included in other creditors.

9. SHARE CAPITAL

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £0.01 each	<u>250,000</u>	<u>2,500</u>	<u>250,000</u>	<u>2,500</u>

STERLING PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

10. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Sterling Property Holdings Limited, which is registered in England and Wales.

Copies of the accounts will be obtainable from Companies House and One America Square, London EC3N 2SG.

The ultimate controlling party is Mr J K Farrell.