

**Riverside 2 Limited**

**Directors' report and financial  
statements**

Registered number 4273751

31 December 2006



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

### Principal activities

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

### Business review

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

### Dividends

No dividends will be distributed for the year ended 31 December 2006 (2005 £nil)

### Directors and directors' interests

The directors who held office during the year were as follows

JF Carter  
ME Collier  
JP Hartley  
DI Wadsworth  
SL Houlston  
JA Emery

The directors who held office during the year did not hold any beneficial interest in the issued share capital of the company at 1 January 2006 or 31 December 2006

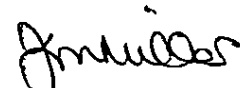
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



JPMiller  
Secretary

Sceptre House  
Sceptre Way  
Bamber Bridge  
PRESTON  
PR5 6AW

18 JULY 2007

## **Statement of directors' responsibilities in respect of the Directors' Report and 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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, 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 1985. 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.



## **KPMG LLP**

Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF  
United Kingdom

### **Independent Auditors' Report to the members of Riverside 2 Limited**

We have audited the financial statements of Riverside 2 Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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.

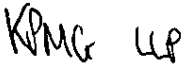
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

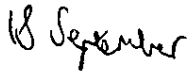
## **Independent auditors' report to the members of Riverside 2 Limited** *(continued)*

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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

  
**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

 2007

**Profit and loss account**  
*for the year ended 31 December 2006*

	<i>Note</i>	<b>2006</b>	2005
<b>Turnover</b>	<i>1</i>	-	1,419,700
Cost of sales		-	(1,403,296)
		<hr/>	<hr/>
<b>Gross profit</b>		-	16,404
Administrative expenses		-	(800)
Other income		2,516	-
		<hr/>	<hr/>
<b>Operating profit</b>		2,516	15,604
Interest receivable and other income		-	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	2,516	15,604
Taxation	<i>3</i>	(360)	(1,331)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>	<i>8</i>	2,156	14,273
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2006*

The company has no recognised gains or losses other than the result for the current and prior year

**Balance sheet**  
*at 31 December 2006*

	Note	2006 £	£	2005 £	£
<b>Current assets</b>					
Stock	4	1,526,938		1,471,469	
Debtors	5	7,031		914	
Cash at bank		-		13,938	
		<u>1,533,969</u>		<u>1,486,321</u>	
<b>Creditors</b> amounts falling due within one year	6	(1,516,540)		(1,471,048)	
<b>Net current assets</b>			<u>17,429</u>		<u>15,273</u>
<b>Net assets</b>			<u>17,429</u>		<u>15,273</u>
<b>Capital and reserves</b>					
Called up share capital	7	1,000		1,000	
Profit on a loss account	8	16,429		14,273	
<b>Shareholders' funds</b>			<u>17,429</u>		<u>15,273</u>

These financial statements were approved by the board of directors on **18 JULY** 2007 and were signed on its behalf by

  
Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

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

Under the Financial Reporting Standard for Small Entities the company is exempt from the requirement to prepare a cash flow statement

#### *Turnover*

Turnover represents the sale of development properties

#### *Stock*

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

#### *Taxation*

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date

### 2 Profit on ordinary activities before taxation

Profit is stated after charging

	2006 £	2005 £
Auditors' remuneration	950	800

### 3 Taxation

The tax charge on the profit on ordinary activities for the year was as follows

	2006 £	2005 £
UK corporation tax charged at 19%	360	1,331
<i>Factors affecting the tax charge for the current year</i>		
Profit on ordinary activities before taxation	2,516	15,604
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	478	2,965
Marginal relief	(118)	(1,634)
	360	1,331

## Notes (continued)

### 4 Stock

	2006 £	2005 £
Work in progress	1,526,938	1,471,469

### 5 Debtors

	2006 £	2005 £
Trade debtors	-	254
Other debtors	5,676	660
Prepayments	1,355	-
	<u>7,031</u>	<u>914</u>

### 6 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdraft	486,906	439,424
Amounts owed to parent companies	1,011,732	999,500
Accruals	9,716	25,920
Other creditors	7,826	4,874
Corporation tax	360	1,331
	<u>1,516,540</u>	<u>1,471,048</u>

### 7 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Ordinary A shares of £1 each	500	500
Ordinary B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
<i>Authorised, allotted, issued and fully paid</i>		
Ordinary 'A' shares of £1 each	500	500
Ordinary B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

## Notes (continued)

### 8 Reserves

	Profit and loss account £
At 1 January 2006	14,273
Profit for the year	2,156
At 31 December 2006	<u>16,429</u>