

**Company Registration No. 4330385 (England and Wales)**

**BORISSA LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# **BORISSA LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	C L Tippet T J Flanagan	(Appointed 14 September 2007) (Appointed 27 March 2008)
<b>Secretary</b>	A Davies	
<b>Company number</b>	4330385	
<b>Registered office</b>	Park House 26 North End Road London NW11 7PT	
<b>Auditors</b>	DTE Business Advisory Services Limited Chartered Accountants and Registered Auditors Park House 26 North End Road London NW11 7PT	
<b>Bankers</b>	HSBC Bank Plc Harry Weston Road Binley Coventry CV3 2TQ	
	Irish Nationwide Building Society 18 Donegall Square East Belfast BT1 5HE	
<b>Solicitors</b>	Howard Kennedy 19 Cavendish Square London W1A 2AW	

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# **BORISSA LIMITED**

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# **BORISSA LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and financial statements for the year ended 31 December 2007

### **Principal activities**

The principal activity of the company during the year was that of property investment and management

### **Results and dividends**

The results for the year are set out on page 5

The directors do not recommend payment of an ordinary dividend

### **Directors**

The following directors have held office since 1 January 2007

C L Tippet	(Appointed 14 September 2007)
R A Bourne	(Resigned 14 September 2007)
T J Flanagan	(Appointed 27 March 2008)

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that DTE Business Advisory Services Limited be re-appointed as auditors of the company will be put to the Annual General Meeting

### **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 then apply them consistently,
- make judgements and 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 proper accounting records that 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 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

# **BORISSA LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007**

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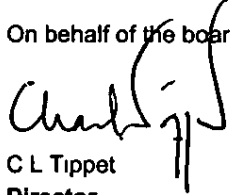
### **Statement of disclosure to auditor**

(a) so far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and

(b) 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

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

On behalf of the board



C L Tippet

Director

26/06/2008

# **BORISSA LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF BORISSA LIMITED**

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We have audited the financial statements of Borissa Limited for the year ended 31 December 2007 set out on pages 5 to 14. 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 the directors and auditors**

The directors' responsibilities for preparing 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 on page 1.

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 judgements 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.

# **BORISSA LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE SHAREHOLDERS OF BORISSA LIMITED**

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#### **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 31 December 2007 and of its loss for the year then ended,
- the information given in the directors' report is consistent with the financial statements, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

*DTE Business Advisory Services Ltd*

**DTE Business Advisory Services Limited**

Chartered Accountants and Registered Auditors

Park House

26 North End Road

London

NW11 7PT

*27 June 2008*

# BORISSA LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	205,897	3,496,262
Cost of sales		-	(2,905,738)
<b>Gross profit</b>		<b>205,897</b>	<b>590,524</b>
Administrative expenses		(17,598)	(30,228)
<b>Operating profit</b>	3	<b>188,299</b>	<b>560,296</b>
Other interest receivable and similar income	4	494	238
Interest payable and similar charges	5	(227,429)	(195,408)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(38,636)</b>	<b>365,126</b>
Tax on (loss)/profit on ordinary activities	6	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>	11	<b>(38,636)</b>	<b>365,126</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account



# BORISSA LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	7		3,300,000		3,300,000
<b>Current assets</b>					
Debtors	8	41,185		35,900	
Cash at bank and in hand		1,057		7,012	
		<u>42,242</u>		<u>42,912</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,452,397)</u>		<u>(3,414,431)</u>	
<b>Net current liabilities</b>			<u>(3,410,155)</u>		<u>(3,371,519)</u>
<b>Total assets less current liabilities</b>			<u>(110,155)</u>		<u>(71,519)</u>
<b>Capital and reserves</b>					
Called up share capital	10		1		1
Profit and loss account	11		<u>(110,156)</u>		<u>(71,520)</u>
<b>Shareholders' funds</b>	12		<u>(110,155)</u>		<u>(71,519)</u>

Approved by the Board and authorised for issue on

26/06/2008



C L Tippet  
Director

# **BORISSA LIMITED**

## **CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	£	2007 £	£	2006 £
<b>Net cash inflow from operating activities</b>		100,453		177,175
<b>Returns on Investments and servicing of finance</b>				
Interest received	494		238	
Interest paid	(227,429)		(195,408)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(226,935)		(195,170)
<b>Net cash outflow before management of liquid resources and financing</b>		(126,482)		(17,995)
<b>Financing</b>				
Intra-group loans	112,091		17,037	
Other new short term bank loans	8,436		5,162	
<b>Net cash inflow from financing</b>		120,527		22,199
<b>(Decrease)/increase in cash in the year</b>		(5,955)		4,204

# BORISSA LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1 Reconciliation of operating profit to net cash inflow from operating activities		2007	2006
		£	£
Operating profit		188,299	560,296
Decrease in stocks		-	2,693,443
Increase in debtors		(5,285)	(692)
(Decrease)/increase in creditors within one year		(82,561)	224,128
Adjustment for stock transfer		-	(3,300,000)
<b>Net cash inflow from operating activities</b>		<b>100,453</b>	<b>177,175</b>

2 Analysis of net debt	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	7,012	(5,955)	-	1,057
Debt				
Intra-group loans	(145,991)	(112,091)	-	(258,082)
Debts falling due within one year	(2,783,396)	(8,436)	-	(2,791,832)
	(2,929,387)	(120,527)	-	(3,049,914)
<b>Net debt</b>	<b>(2,922,375)</b>	<b>(126,482)</b>	<b>-</b>	<b>(3,048,857)</b>

3 Reconciliation of net cash flow to movement in net debt	2007	2006
	£	£
(Decrease)/increase in cash in the year	(5,955)	4,204
Cash inflow from increase in debt	(120,527)	(22,199)
<b>Movement in net debt in the year</b>	<b>(126,482)</b>	<b>(17,995)</b>
Opening net debt	(2,922,375)	(2,904,380)
<b>Closing net debt</b>	<b>(3,048,857)</b>	<b>(2,922,375)</b>

# **BORISSA LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

These financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continued support from the company's bankers, certain creditors, other related companies and its immediate parent company. If the company were unable to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The directors have considered the period ahead and anticipate a small loss for 2008 and a small profit in 2009. The directors have received assurances from its immediate parent and related undertakings that continued funding will be provided to support the company for the foreseeable future. It is on this scenario that the financial statements have been prepared on a going concern basis.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover represents rents receivable and amounts derived from ordinary activities net of VAT.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets comprise investment properties.

Investment properties are stated at their open market valuation at the balance sheet date. Net surpluses are credited to the revaluation reserve. Any deficit arising on revaluation which is expected to be permanent is written off to the profit and loss account. Other deficits on revaluation not expected to be permanent are taken to the statement of total recognised gains and losses.

In accordance with SSAP19, no depreciation or amortisation is provided in respect of the investment properties. The treatment of the company's investment properties is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### **1.5 Deferred taxation**

The accounting policy in respect of deferred tax is in accordance with the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

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.

## BORISSA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

#### 2 Turnover

	Turnover 2007 £	2006 £
<b>Class of business</b>		
Rents receivable and related income	205,897	196,262
Sales due to property transfer	-	3,300,000
	<u>205,897</u>	<u>3,496,262</u>

Turnover for the year has been derived from the company's principal activities wholly undertaken in the United Kingdom. Turnover for the previous year includes a sale arising from the transfer of property previously held within trading stock, to fixed assets, at open market value.

#### 3 Operating profit

	2007 £	2006 £
Operating profit is stated after charging		
Auditors' remuneration	2,400	2,000
	<u>2,400</u>	<u>2,000</u>

#### 4 Investment income

	2007 £	2006 £
Bank interest	494	238
	<u>494</u>	<u>238</u>

#### 5 Interest payable

	2007 £	2006 £
On bank loans and overdrafts	227,429	195,408
	<u>227,429</u>	<u>195,408</u>

# BORISSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 6 Taxation

	2007 £	2006 £
<b>Current tax charge</b>	-	-
<b>Factors affecting the tax charge for the year</b>		
(Loss)/profit on ordinary activities before taxation	(38,636)	365,126
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	(11,591)	109,538
Effects of		
Non deductible expenses	412	4,279
Tax losses utilised	-	(58,611)
Group relief	-	(55,206)
Unrelieved losses carried forward	11,179	-
	11,591	(109,538)
<b>Current tax charge</b>	-	-

The company has estimated losses of £ 65,000 (2006 £ 27,785) available for carry forward against future trading profits

The company has an unprovided deferred tax asset amounting to £19,500 (2006 £8,336) relating to tax losses carried forward

On the basis of these financial statements no provision has been made for corporation tax

### 7 Tangible fixed assets

	Investment properties £
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	3,300,000

The directors were of the opinion at 31 December 2007, that the open market valuation of the freehold investment properties had not materially altered since their last external valuation in July 2007

No depreciation is provided in respect of these properties

On a historical cost basis, these would have been included at an original cost of £3.3m (2006 £3.3m) and aggregate depreciation of £Nil

# BORISSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

<b>8 Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Other debtors	550	-
Prepayments and accrued income	40,635	35,900
	<u>41,185</u>	<u>35,900</u>

<b>9 Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	2,791,832	2,783,396
Trade creditors	17,083	21,317
Amounts owed to parent and fellow subsidiary undertakings	258,082	145,991
Taxes and social security costs	6,073	6,038
Other creditors	134,687	208,125
Accruals and deferred income	244,640	249,564
	<u>3,452,397</u>	<u>3,414,431</u>

The bank loans amounting to £2,791,832 (2006 £2,783,396) bear interest at a rate of LIBOR plus 2.25% and are secured by a mortgage debenture, a first legal charge over the assets and property of the company, and by a personal guarantee given by R A Bourne (see Note 16)

At 31 December 2007, the total secured creditors amounted to £2,791,832 (2006 £2,783,396)

<b>10 Share capital</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

# BORISSA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	(71,520)
Loss for the year	(38,636)
Balance at 31 December 2007	<u>(110,156)</u>

### 12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss)/Profit for the financial year	(38,636)	365,126
Opening shareholders' funds	<u>(71,519)</u>	<u>(436,645)</u>
Closing shareholders' funds	<u>(110,155)</u>	<u>(71,519)</u>

### 13 Contingent liabilities

The company has provided guarantees in connection with the bank loans of a fellow subsidiary. The amount outstanding under these arrangements in connection with that fellow subsidiary at the balance sheet date was £3,330,863 (2006 £3,320,854).

### 14 Employees

#### Number of employees

There were no employees during the year apart from the directors.

### 15 Ultimate parent company

The immediate parent company is Happybadge Projects Limited, a company registered in England and Wales. The ultimate parent company is Bourne Capital Properties Limited, a company registered in Cyprus.

Happybadge Projects Limited prepares group financial statements and copies can be obtained from Park House, 26 North End Road, London NW11 7PT.



## **BORISSA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007**

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#### **16 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the immediate parent company

Included in other creditors is an amount of £134,687 (2006 £134,687) owed to Robourne Limited, a company in which R A Bourne has an interest

The director has provided a personal guarantee in relation to a bank facility granted to this company and another fellow subsidiary in which he is a director up to an aggregate of £1,000,000 (2006 £1,000,000)

The ultimate controlling party is R A Bourne by virtue of his beneficial interest in a trust that has a material interest in the ultimate parent company