

AIS Property Limited

Directors' report and financial statements

For the year ended 30 June 2008

Registered number 2100445

TUESDAY



AQG617U5

A37

03/03/2009

252

COMPANIES HOUSE

AIS PROPERTY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The directors have pleasure in submitting their report and audited financial statements for the year ended 30 June 2008.

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 Company's 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 a 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.

ACTIVITIES

The principal activity of the Company is that of a property investment company.

REVIEW OF BUSINESS

Progress on the letting of Cranmore Place has been affected by the deterioration in both the economy and the property market. However, heads of terms have now been agreed with a tenant for one suite and discussions continue with other prospects.

During the year, the Company made a loss before tax of £408,934 (2007 £274,231) which was in line with expectations.

DIRECTORS

The following have been directors of the Company during the year:

J M Harding	(Chairman)
S A Cooper	(Managing)
A H Smith	

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 or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

FINANCIAL INSTRUMENTS

The directors have considered the Company's financial risk management objectives and policies in relation to interest rate risk, cash flow risk, credit risk, liquidity risk and foreign currency risk and have set out the objectives and policies in note 13 of the financial statements.

AIS PROPERTY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008 (continued)

RESULTS AND DIVIDENDS

The results for the year are set out in detail on page 4.

The directors do not recommend a dividend on the ordinary shares (2007 £nil).

AUDITORS

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.



By Order of the Board
A P Harper
Secretary

Cranmore Park
Cranmore Avenue
Shirley
Solihull
West Midlands
B90 4LF

23 December 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIS PROPERTY LIMITED

We have audited the financial statements (the 'financial statements') of AIS Property Limited for the year ended 30 June 2008 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 directors' report and 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 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 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.

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 30 June 2008 and of its loss 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.

VIPAT LLP

KPMG LLP
Chartered Accountants
Registered Auditor
2 Cornwall Street
Birmingham
B3 2DL

16 February 2009

AIS PROPERTY LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Notes</u>	2008 £	2007 £
Administration expenses		(134,650)	(203,919)
Operating loss		(134,650)	(203,919)
Interest receivable and similar income	3	-	147,405
Interest payable and similar charges	3	(274,284)	(217,717)
		(274,284)	(70,312)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(408,934)	(274,231)
Taxation	4	-	-
RETAINED LOSS FOR THE YEAR	11	£(408,934)	£(274,231)

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES FOR THE YEAR ENDED 30 JUNE 2008

	<u>Notes</u>	2008 £	2007 £
Loss for the year		(408,934)	(274,231)
Unrealised loss on revaluation of property	5	(401,147)	-
Total recognised losses relating to the year	11	£(810,081)	£(274,231)

The result for the year arises from the Company's continuing operations.


There is no difference between the above result and that prepared on an unmodified historical cost basis.

The notes on pages 6 to 10 form part of these financial statements.

AIS PROPERTY LIMITED**BALANCE SHEET AS AT 30 JUNE 2008**

	<u>Notes</u>	2008 £	2007 £
FIXED ASSETS			
Tangible assets	1 & 5	5,983,229	6,255,139
DEBTORS	6	367,732	106,911
CREDITORS: amounts falling due within one year	7	(2,377,097)	(1,500,800)
NET CURRENT LIABILITIES		(2,009,365)	(1,393,889)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,973,864	4,861,250
CREDITORS: amounts falling due after more than one year	8	(2,273,386)	(2,350,691)
		£1,700,478	£2,510,559
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit & loss account	11	2,101,525	2,510,459
Revaluation reserve	11	(401,147)	-
SHAREHOLDERS' FUNDS	12	£1,700,478	£2,510,559

These financial statements were approved by the board of directors on 23 December 2008 and signed on its behalf by:



S A Cooper

Director

The notes on pages 6 to 10 form part of these financial statements.

AI5 PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis of accounting, modified to include the revaluation of freehold land and buildings, in accordance with applicable accounting standards.

The Company has taken advantage of the exemption conferred within FRS 1 not to prepare a cashflow statement as it is a wholly owned subsidiary of a UK group which includes a group cashflow statement in the consolidated accounts of the parent undertaking.

TANGIBLE FIXED ASSETS

Investment properties are properties held with the intention of earning rental income and are stated initially at cost less any provision for impairment. Subsequently they are carried at open market value. Cost includes directly attributable finance costs arising during the construction period.

Other tangible fixed assets are written off over the period of their expected useful lives, on a straight line basis, as follows:

Fixtures and equipment	-	25% per annum
------------------------	---	---------------

TAXATION

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date except as allowed by FRS 19 as detailed below. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

DEBENTURES

The debenture holders are entitled upon redemption to a premium, which is calculated by way of a formula set out in the debenture trust deed. This premium is principally based upon the increase in the value of the property owned by the parent company, on an open market value basis with vacant possession. Provision for the premium is made in these financial statements based on the estimated value of the property at the final redemption date. The premium is charged to the profit and loss account evenly over the remaining term the debentures are in issue.

2. PARENT COMPANY

The ultimate parent company is Associated Independent Stores Limited, incorporated in Great Britain. Copies of the financial statements of the parent company can be obtained from Sheward House, Cranmore Avenue, Shirley, Solihull, West Midlands B90 4LF.

The smallest and largest group in which the results of the Company are consolidated is that headed by Associated Independent Stores Limited.

AI5 PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

3. LOSS ON ORDINARY ACTIVITIES

	2008	2007
	£	£
a. The loss for the year is stated after charging the following items:		
Depreciation	34,920	21,531
Auditors' remuneration – audit of these financial statements	3,000	2,250
	<hr/>	<hr/>
b. Interest receivable and similar income:		
Interest receivable from group undertaking	-	147,405
	<hr/>	<hr/>
c. Interest payable and similar charges:		
Bank loans	202,793	95,465
Debenture loans	18,732	20,567
Debenture premium	52,759	101,685
	<hr/>	<hr/>
	£274,284	£217,717

No interest payable was capitalised during the year (2007 £198,000).

d. Directors' remuneration:

None of the directors received remuneration from the Company during the year (2007 £nil). Miss S A Cooper and Mrs A H Smith were employed and remunerated by the parent company, Associated Independent Stores Limited.

4. TAXATION

The taxation charge for the year is £nil (2007 £nil). The actual tax charge for the current year is higher (previous year is higher) than the standard rate of corporation tax of 29.5% (2007 30%) for the reasons set out in the following reconciliation:

	2008	2007
	£	£
Loss on ordinary activities before taxation	(408,934)	(274,231)
	<hr/>	<hr/>
Tax on loss on ordinary activities at UK standard rate of corporation tax of 29.5% (2007 30%)	(120,636)	(82,269)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	1,753	3,140
Depreciation on ineligible assets	2,624	6,459
Capital allowances less than depreciation	1,517	-
Increase in losses carried forward	64,629	62,070
Group relief surrender for no consideration	50,113	10,600
	<hr/>	<hr/>
Total current tax charge for the year	-	-

The Company has tax losses carried forward at 30 June 2008 of £669,000 (2007 £207,000) which have not been provided for in deferred tax as the Company does not expect to be able to utilise these in the foreseeable future.

In addition, the Company has deferred tax assets of £2,000 (2007 £nil) in respect of other timing differences, which have not been recognised as the Company does not expect to utilise them in the foreseeable future.

AIS PROPERTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)****5. FIXED ASSETS**

TANGIBLE ASSETS	Freehold Land & Buildings £	Fixtures & Equipment £	Total £
Cost			
1 July 2007	6,190,547	86,123	6,276,670
Additions	110,600	53,557	164,157
Revaluation	(401,147)	-	(401,147)
At 30 June 2008	<u>5,900,000</u>	<u>139,680</u>	<u>6,039,680</u>
Depreciation			
1 July 2007	-	21,531	21,531
Charge for year	-	34,920	34,920
At 30 June 2008	<u>-</u>	<u>56,451</u>	<u>56,451</u>
Net book value			
At 30 June 2008	<u>5,900,000</u>	<u>83,229</u>	<u>£5,983,229</u>
At 30 June 2007	<u>6,190,547</u>	<u>64,592</u>	<u>£6,255,139</u>

The freehold land and buildings are held as an investment property. On 30 June 2008, they were valued by the directors at £5.9m. In determining the value, the directors have considered the likely bid of an owner occupier as well as the potential of the investment.

6. DEBTORS

	2008 £	2007 £
Other debtors	5,736	6,063
Amounts owed by group undertaking	361,996	100,848
	<u>£367,732</u>	<u>£106,911</u>

Amounts owed by group undertaking have no fixed repayment terms and bear interest at 1% over base rate.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loans and overdraft	2,277,806	1,316,208
5% debenture stock	47,246	34,285
Amounts owed to group undertakings	-	2,632
Accruals	49,841	147,012
Other creditors	2,204	663
	<u>£2,377,097</u>	<u>£1,500,800</u>

The bank overdraft is secured by a mortgage debenture over all assets of the Company.

AIS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£	£
Bank loans	1,425,000	1,500,000
5% debenture stock	848,386	850,691
	<u>£2,273,386</u>	<u>£2,350,691</u>
Bank loans:		
between 1 and 2 years	150,000	75,000
between 2 and 5 years	450,000	450,000
after 5 years	825,000	975,000
	<u>£1,425,000</u>	<u>£1,500,000</u>
5% debenture stock:		
between 1 and 2 years	18,732	7,865
between 2 and 5 years	829,654	2,168
after 5 years	-	840,658
	<u>£848,386</u>	<u>£850,691</u>

The long term bank loan bears interest at 1.45% over LIBOR. The bank loan is secured by a first charge on the freehold land and buildings at Cranmore Drive and Cranmore Avenue, Shirley, Solihull owned by the Company and its parent company.

The 5% debenture stock is redeemable in 2012 or earlier at the discretion of the directors and is secured by a second charge on the freehold land and buildings owned by the parent company. A premium is payable on redemption which is accrued as described in the accounting policies on page 6.

9. BANK OVERDRAFT

The overdraft facility for AIS Property Limited and all group companies is subject to unlimited cross guarantees.

10. CALLED-UP SHARE CAPITAL

	Authorised		Issued, Allotted & Fully Paid	
	2008	2007	2008	2007
	£	£	£	£
Ordinary shares of £1 each	100	100	100	100

11. RESERVES

	Balance at 1 Jul 2007	Retained Loss for year	Revaluation	Balance at 30 Jun 2008
	£	£	£	£
Profit & loss account	2,510,459	(408,934)	-	2,101,525
Revaluation reserve	-	-	(401,147)	(401,147)
	<u>£2,510,459</u>	<u>£(408,934)</u>	<u>£(401,147)</u>	<u>£1,700,378</u>

As the profit and loss account reserve arises from the transfer of the freehold property to the parent company, it is not regarded as distributable.

AIS PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (continued)

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Loss for the year	(408,934)	(274,231)
Unrealised loss on revaluation of property	(401,147)	-
Opening shareholders' funds	2,510,559	2,784,790
Closing shareholders' funds	<u>£1,700,478</u>	<u>£2,510,559</u>

Shareholders' funds are entirely attributable to equity interests.

13. CONTINGENT LIABILITIES

	2008	2007
	£	£
Guarantee of bank loans and overdrafts of group undertakings	<u>£7,649,250</u>	<u>£7,463,705</u>
Potential liability under group VAT registration	<u>£438,832</u>	<u>£232,181</u>

AIS Property Limited is registered for VAT as part of the Associated Independent Stores Limited group registration and as such is jointly and severally liable for VAT for all group companies.

The directors have considered the material risks facing the Company in the areas of interest rate risk, cash flow risk, credit risk, liquidity risk and foreign currency risk:

INTEREST RATE AND CASH FLOW RISK

All cash deposits, bank loans and overdrafts bear interest at floating rates linked to LIBOR or base rate and are consequently exposed to interest rate and cash flow risk. This policy is reviewed by the Company each time new financing is put in place and if considered appropriate, interest rate hedging will be used to limit exposure.

CREDIT RISK

The Company has procedures in place to assess the financial status of prospective tenants of Cranmore Place prior to leases being granted.

LIQUIDITY RISK

Liquidity risk is the risk that the Company might be unable to meet its obligations as they fall due. Cash flows and available balances are monitored on a daily basis and forecasts prepared to ensure sufficient funds are available.

FOREIGN CURRENCY RISK

The Company does not currently have any foreign currency risk as all of its transactions are denominated in sterling.

14. CAPITAL COMMITMENT

At 30 June 2008 the Company had contracted capital expenditure for Cranmore Place, not provided, of £nil (2007 £87,000).

15. RELATED PARTY TRANSACTIONS

The Company's ultimate controlling party is Associated Independent Stores Limited, a company registered in Great Britain. Advantage is taken of the exemptions conferred within FRS 8 not to disclose transactions with related parties who are members of the same group of companies, as full consolidated financial statements are produced. The financial statements of Associated Independent Stores Limited can be obtained from Sheward House, Cranmore Avenue, Shirley, Solihull, West Midlands B90 4LF.