Company Registration No. 2825044

bruntwood

www.bruntwood.co.uk

BRUNTWOOD LIMITED

Report and Financial Statements

30 September 2008

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Oglesby
C G Oglesby
A J Allan
I J Grant
K J Vokes
R D Yates
P A Crowther
J R Marland
K J Crotty
J D Oglesby (Non-executive)
R W Malin (Non-executive)
D R J Guest (resigned 13th August 2008)
R Burgess (resigned 13th August 2008)
R Burns (appointed 10th April 2008)
A Butterworth (appointed 7th January 2008)

SECRETARY

K J Vokes

REGISTERED OFFICE

City Tower
Piccadilly Plaza
Manchester
M1 4BD

BANKERS

The Royal Bank of Scotland plc
HSBC

SOLICITORS

Addleshaw Goddard LLP, 100 Barbirolli Square, Manchester
Cobbetts LLP, 58 Mosley Street, Manchester
Halliwells LLP, 3 Hardman Square, Manchester
DLA Piper UK LLP, 101 Barbirolli Square Bridgewater, Manchester

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

CHAIRMAN'S STATEMENT

This is the fourth recession that Bruntwood has experienced and none have been easy periods however one important point to remember is that they have all ended with the companies that emerge being fitter, leaner and invariably stronger. At Bruntwood we have a strong, well run business with an ethic which is designed to withstand difficult economic times. The same is true for the City Regions in which we operate and providing we all learn from the mistakes of the past then the growth we have seen will return and will be even more sustainable.

M J Oglesby
Chairman

8th December 2008

CHIEF EXECUTIVE'S REPORT

It may surprise the reader that in reporting the first decline in Net Worth in Bruntwood's 30 year history, I should open this report once again by saying that I am pleased to report a strong set of results for the group. These are, however, very unusual times and against the backdrop of property values falling by more than 20% in the year, a fall in Net Worth of 10% from £437m to £394m represents an excellent achievement by the team here at Bruntwood.

The valuation reduction is entirely down to external forces and whilst they have some short term relevance, particularly in our loan to value (LTV) banking covenants, I am pleased to report the underlying fundamentals in the business, as represented by the P&L, continue to improve, up 28% to £11.5m (after stripping out the extra-ordinary profit of £4.5m last year).

Our portfolio was revalued at 30 September 2008 by Knight Frank and it is this figure which the Directors have adopted for these accounts. The fact that our valuation reduction has not been as great as many in the market is due to our long term, conservative view on property values, coupled with our teams' achievements over the last 12 months in delivering high quality development schemes, in letting c600,000 sq ft of office space and in retaining a high proportion of our customers at break / lease expiry.

The company's finance is solid, having undertaken a £440m 7 year securitisation in February 2007 and secured a £150m 4.75 year medium term loan with HSBC and RBS from March 2007. The remaining undrawn facility comfortably covers the company's committed capital schemes and leaves a surplus for well priced acquisitions. Bruntwood works hard at it's long term banking relationships and we appreciate the continued support of our banks in these difficult times.

We have bought relatively little new property over the last 4 years when it has been so difficult to find value in the market – on average 4% of total assets pa. Our prudent approach is reflected in our banking covenants which on a group basis stand at LTV 56% and income cover 210% against banking covenants significantly higher. This gives both great comfort whilst the markets remain in turmoil but also represents a strong capital base off which we will be able to grow once the markets start to stabilise.

The majority of valuation reduction this year is as a result of increasing property yields. These are now at figures which we believe represent a long term equilibrium; in our case generally at 7.5-8.5 %. These figures show a substantial margin over interest rates and would appear to represent good value once some liquidity comes back into the market.

Looking forward to 2009, the challenges would appear to be less about the funding markets and property yields and more about the strength of the occupational market; our customers. Regular readers of this report will know that this is the main focus of Bruntwood and that as long term holders of property, we have relatively little regard for short term valuation sentiment.

In challenging economic times, our business model has historically prospered. New customers become more discerning in their choice of property supplier, looking for flexibility and value for money; both cornerstones of the Bruntwood offer. Our proactive approach to existing customers means that we look to help those in difficulty to downsize, reletting their space to others before their problems become terminal and in doing so minimise our voids. As a result, at the time of writing this report in November 2008, we have had little by way of customer default; a situation not reflected in the state of the wider economy.

This approach is only possible due to our strategy of owning a concentration of offices which means at any time we have "stock on the shelf" to allow our customers to up or downsize as their space needs change. To ensure this is the case, we took advantage of the softening market this year and acquired a further building in each of our core City Centre markets : 39,000sq ft King St Leeds, 51,500sq ft 1 Dale St Liverpool, 103,000sq ft McLaren Building Birmingham and 219,500sq ft Bridgewater House in Manchester.

Managing the amount of our empty stock is particularly important in this market ensuring that there is sufficient to meet our customers' needs, but not too much that the business is taking unnecessary risks. Our current available vacant stock is just over a year's take-up and lies at c4% in our investment portfolio. The fact this remains so low is due to our success in retaining our customers. This tells only part of the story as many of our customers never get to the end of their lease as they move space within our portfolio prior to this.

The exceptional level of customer retention reflects our focus on providing our customers with the very highest levels of service and Bruntwood continues to benchmark itself not against the the property industry, but against the best in the hospitality industry.

Our planned preventative maintenance continues to improve the performance of our buildings and reduce the need for expensive reactive works. The fact that we are a both developer and investor means that we design buildings with their management in mind and the economies of scale that come from the size of our portfolio and efficiencies that come from its concentration means that our customers continue to get value for money in this area.

As a long term owner of property, when specifying our buildings, we make decisions that reflect whole lifecycle costing ensuring our commercial interests are fully aligned with our buildings being environmentally sustainable. We have a number of environmental initiatives in place to minimise waste and energy consumption in both our activities and those of our customers and suppliers.

Over the year, we have continued the roll out of our serviced offices and we now have over 1,600 desks in 11 centres. By providing serviced offices and meeting rooms alongside our conventional leased space, it allows our customers to occupy their offices more efficiently, using these services on an as and when needed basis. This is particularly attractive in uncertain times as customers will often take some flexible serviced space for project work alongside conventional leased space for their core business.

In addition to working directly on improving our buildings, we are also working on improving the locations in which they are located. Our people sit on the boards of 7 local area partnerships across Manchester, Liverpool and Leeds, which encompass 75% of our properties, delivering real added value in the way these areas are managed for the benefit of our customers, communities and therefore our business.

We continue to donate 10% of our profits to community causes and charities. Each of our 400 employees is entitled to two days every year for community volunteering projects through our Bruntwood Cares scheme. In 2008 our people provided 500 hours of volunteering. Some of what we did was job coaching the unemployed, literacy mentoring in our sponsored primary school and encouraging young children to be active in a 'fit for fun' day.

Given recent events across the world, it is impossible to second guess what is going to happen to the economy over the next year save to say it is going to be tough. Those businesses that will prosper in our industry are those with a customer proposition right at the heart of their strategy rather than those who have just aggregated ownership through unsustainable financing. I believe the economies of England's regional cities are in a position to fare relatively well given their broad based economies and the number of nimble SMEs that will increase market share through changing their offer to reflect the new world.

Once again, we are grateful to all our staff, suppliers and customers for the part they have played in another good year for Bruntwood. We hope that alongside our business activities, our approach to the environment and community activities continue to make a long term difference to the prosperity of our City Regions. This has always been the Bruntwood Way.

C G Oglesby
Chief Executive

8th December 2008

FINANCIAL REVIEW

Bruntwood's financial strength has always been based upon the principles that we generate a secure cash flow backed by a strong asset base. This years figures bear out that strategy with profit up 29% from £9m to £11.5m and our net worth declining by less than 10% in challenging economic times that have seen many in our industry experience significantly higher reductions in net asset value.

Turnover increased by 14% from £76m (pre exceptional surrender premium of £5.3m) to £87m. Our operating ratios remained healthy with interest representing 32% of turnover, cost of sales (primarily service charge and utility costs) of 38%, overheads of 17% and a net profit margin of 13%.

The directors have adopted the Knight Frank valuation of £980m. The loan to value ratio at year end was a conservative 56% which is comfortably below our bank covenant levels. Whilst we have seen reductions in value due to market conditions we have limited this downside by continuing to add value to the portfolio through our development programme.

Capital investment during the year totalled £111m – this included £63m on new acquisitions totalling 413,000sqft and £48m on refurbishing and improving our existing space. The expenditure programme was funded from an operating cash surplus of £19m, medium term loan drawings of £90m and £7m cash brought forward from our securitisation in the prior year. Our net current liabilities increased from £10.5m to £19m primarily due to the growth in business and capital investment programme. As a property investment company our current liabilities include a significant and increasing non cash amount (over £20m this year) in respect of deferred income for the forward quarter rent, service charge and insurance. At the year end our cash balance was £13.7m and we have headroom in our medium term banking facility to cover our current liabilities.

FINANCIAL REVIEW (Continued)

Bruntwood benefits from a diverse customer base of over 1,000 customers ranging from major corporates and the public sector to owner managed start-ups. In these uncertain times we continue to stay close to our customers, understanding their businesses and working with them - as a result we haver seen no increase in the time taken to collect cash.

To sustain our business it must remain lean and flexible. We manage risk through close monitoring of our forward profit projections and key performance indicators. The key drivers of profit are customer retention, new lettings, project delivery, cost control and interest cost management.

Our sales team are focused on retaining customers and winning new business by offering a range of flexible product that offers value for money. Project delivery is tightly controlled and demand led so that our suite refurbishment pipeline is delivered to the sales team in line with our lettings plan. The specification of refurbished product is also being closely matched to changing customer demands.

Through close scrutiny of our cost base and procurement initiatives we benchmark costs to ensure that we continue to offer best value. Supplier management and relationships are also important and we have commenced implementation of a new system for the electronic approval and processing of purchase orders and invoices. The project will drive further improvements to our procurement process ensuring that all of our expenditure represents best value in the market place.

Our biggest single cost is loan interest and our exposure here is 100% protected by hedging in place at competitive levels (as explained below).

There is no doubt that as we look forward economic conditions will bring difficult challenges but we are confident that the financial strength of our business, our diverse and loyal customer base and our strong values driven culture will mean that as the economy recovers we will maintain the controlled growth of the past 30 years.

Principal Risk and Uncertainties

The group considers its principal risks to be commercial property price fluctuations, lettings market demand in the North West and UK interest rate exposure.

We believe that the scale of our business and our regional market share provide us with a competitive advantage in terms of our relationship management with key customers. The directors consider the group's concentration on the office market in strategic city regions to be one of its key strengths. We have 30 years of focused experience within this market that allows us to react quickly to changing market conditions and customer needs. The group is customer focused and adopts a flexible approach that results in retention ratios envied within the industry.

At gearing levels of 56% loan to value, the group is much less leveraged than many in our industry and is therefore in a strong position, not just to weather the downturn in commercial property valuations, but also to exploit lower values as an opportunity to acquire.

Exposure to interest rate risk is managed in two ways, firstly by securing low borrowing margins and secondly by hedging the group's interest rate exposure. During the year the group undertook a CMBS (Commercial Mortgage Backed Securitisation) of approximately two thirds of its property portfolio, raising £440m expiring February 2014. The average margin achieved was 0.24% meaning that the group has one of the lowest borrowing costs in the industry. In addition, the full £440m was hedged via an interest rate swap over the full term at 4.90%. At the year end 100% of group debt is hedged. Further information on the group's use of derivative instruments is disclosed in note 14 of the financial statements.

Certain loans held by the group are subject to financial covenants. The directors regularly review compliance with the covenants and maintain strong relationships with the group's finance providers in order to minimise any associated risks.

The group has a medium term borrowing facility with the HSBC and The Royal Bank of Scotland. At only 34% loan to value (LTV) and 265% interest cover at the year end, this facility has committed funds which will comfortably cover the remainder of our refurbishment programme.

A J Allan
Finance Director

8th December 2008

DIRECTORS' REPORT
The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

Our Group's core activity is the provision of commercial property and service for our customers. We do this by seeking to provide exceptional service levels and by taking a long-term investment view in our property. It is our view that real estate is one of the most active classes of investment that exists and in the long term it is only those that follow this path that will survive.

These accounts are the consolidated group accounts for Bruntwood Ltd which comprises the Bruntwood Estates Ltd group and Bruntwood 2000 Ltd group for which consolidated accounts are also prepared. Bruntwood 2000 Ltd is represented in these accounts as the minority interest. All companies within the Bruntwood group operate under unified management and control and are owned by the Oglesby family.

REVIEW OF BUSINESS
A review of the Group's performance during the year and its future developments is contained in the Chairman's Statement on page 2, the Chief Executive's Report on pages 2-3 and the Financial Review on pages 3 and 4.

DIVIDENDS PAID
A final ordinary dividend of £3.5m (2007- £2.1m) was paid during the year.

HEALTH & SAFETY
Across the Bruntwood group we implement a program of continuous improvement to reduce health and safety risks in all buildings on a prioritised basis to ensure cost effective and pragmatic risk management. There is a rolling program of the required statutory inspections and risk assessments to ensure safe buildings for our customers, employees, contractors and visitors. All employees receive tailored health and safety training to undertake their role to ensure no adverse health effects or injuries and the reporting of all incidents including near-misses and hazard identification is encouraged in order to learn lessons wherever possible. Despite the wide range of activities undertaken by Bruntwood and their contractors there have been no Prohibition or Improvement Notices issued during the year by the Health & Safety Executive.

ENVIRONMENT & SUSTAINABILITY
The Group recognises the importance of its environmental responsibilities and endeavours to conduct its operations in a sustainable manner. Initiatives designed to minimise the group's impact on the environment include programs to ensure that current procurement and expenditure regimes balance current needs with wholelife value, the practical integration of sustainability into project delivery and the incorporation of future proofing during the initial design phase for all new projects. Sustainability clauses are included in all new facilities management contracts and we have set ambitious targets to reduce energy consumption and to increase the recycling of office waste generated by our customers and our own use throughout our portfolio. The Group also has in place policies for the safe disposal of all hazardous materials waste.

The Group continues to take a long-term view on sustainability and in 2008 entered into a 5 year project with the University of Manchester. The project; called Eco Cities, will be based on leading scientific research from Manchester and around the world and aims to develop a saleable blue print for a climate change adaptation strategy. The outputs from the project will contribute to Manchester's environmental strategies and to The Groups principle activities of property development and management.

EMPLOYEES
Details of the number of employees and related costs can be found in note 5 to the financial statements.

During the year the group continued its training and development programmes through a combination of internal and external training events costing in excess of £247k (2007 - £275k).

The group keeps employees informed on matters relevant to them as employees through quarterly trading updates, an intranet site, a company magazine and an annual staff presentation. Employees are consulted regularly on a wide range of matters affecting their interests.

The group all employee share ownership scheme is open to all employees who have completed one year of employment. All employees with greater than 6 months service are eligible to join the group's contributory pension scheme. Each year the company sets aside reserves out of profits to meet both these liabilities and those of the directors' share option scheme and at 30th September 2008 the cumulative value amounted to £5.7m (2007 - £6.3m).

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

DIRECTORS
The directors who served during the year and thereafter are shown on page 1.

DIRECTORS' REPORT (continued)

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FIXED ASSETS

During the year the group invested £111m of capital in its properties, valuations decreased by £46m and a property valued at £6m was transferred to current assets taking the total value of investment property and associated fixed assets to £983m. Further details of movements in fixed assets are detailed on page 18.

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political contributions during the year (2007 - £Nil). The company made no charitable donations during the year. The group, through Bruntwood Management Services Limited made contributions to community causes and charities during the year of £1,110,000. (2007 - £310,000 plus £526,000 made by the owners from the dividends they received).

SUPPLIER PAYMENT POLICY

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The weighted average length of time taken to settle supplier accounts during the year ended 30th September 2008 was 37 days.

AUDITORS

Each of the directors at the date of approval of this report confirms that:
(i) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(ii) the director has taken all the 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 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. The company has elected to dispense with the holding of annual general meetings, the laying of accounts before the company in general meetings and the annual appointment of auditors. Accordingly Deloitte LLP will continue to act as auditors to the company.

Approved by the Board of Directors
and signed on behalf of the Board

K J Vokes
Company Secretary

8th December 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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 group and of the profit or loss of the company and of the group 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 UK Accounting Standards have been followed; 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRUNTWOOD LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Bruntwood Limited for year ended 30 September 2008 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 31. 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 for 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 Annual Report and 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.

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. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Report and Financial Review that is cross referred from the Business Review section of the Directors' Reports.

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 other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Report, the Chief Executive's Report, the Financial Review and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 group's and 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2008 and of the group's 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

8th December 2008

GROUP PROFIT AND LOSS ACCOUNT
Year Ended 30 September 2008

	Note		2008 £		2007 £
Turnover: group and share of joint ventures	2	87,051,569		81,491,552	
Less: share of joint ventures turnover		(3,462)		-	
GROUP TURNOVER			87,048,107		81,491,552
Cost of sales			(33,383,308)		(29,129,766)
Gross profit			53,664,799		52,361,786
Net operating expenses			(14,380,481)		(15,571,378)
OPERATING PROFIT			**39,284,318**		**36,790,408**
Share of operating profit in Joint Ventures			3,262		-
Operating profit is stated after (charging) / crediting:					
Exceptional goodwill write off	4		-		**(643,424)**
Exceptional surrender payment received	4		-		**5,150,000**
Interest receivable - bank interest (group only)			620,364		1,127,187
Interest payable and similar charges (group only)	6		(28,361,138)		(24,397,988)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		**11,546,806**		**13,519,607**
Tax on profit on ordinary activities					
- Corporation tax for the year	7	(519,779)		(935,505)	
- Movement in deferred taxation	7	(2,827,267)		(1,116,705)	
			(3,347,046)		(2,052,210)
Tax on profit on ordinary activities (joint ventures)					
-Corporation tax for the year	7	-		-	
-Movement in deferred taxation	7	317		-	
			317		-
			(3,346,729)		(2,052,210)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			**8,200,077**		**11,467,397**
Minority interests - Bruntwood 2000 Ltd group	17		(5,408,521)		(4,170,824)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS	21		**2,791,556**		**7,296,573**

A note of the historical cost profit or loss for the year is not presented for either year as there is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis. The reconciliation of movements in shareholders' funds is shown in note 24.

The above results all relate to continuing operations.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 30 September 2008

	Note	2008 £	2007 £
PROFIT FOR FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS	21	2,791,556	7,296,573
Negative goodwill written back to reserves	9	-	2,025,654
Unrealised (reduction) / surplus on revaluation of properties	20	(46,272,672)	91,410,586
Minority interest share of revaluation reduction / (surplus)	20	20,274,071	(56,418,836)
TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR		(23,207,045)	44,313,977

GROUP BALANCE SHEET
30 September 2008

	Note			2008		2007
			£	£	£	£
FIXED ASSETS						
Intangible assets	9		181,118		-	
Tangible assets	10		980,147,236		922,722,048	
Investments						
- joint ventures:						
Share of gross assets		1,615,295				
Share of gross liabilities		(41,216)				
			1,574,079		-	
				981,902,433		922,722,048
CURRENT ASSETS						
Debtors: amounts receivable within one year	13		16,508,416		16,302,270	
Debtors: amounts receivable after more than one year	13		6,857,815		3,611,325	
Investment property held for resale	11		5,796,452		-	
Cash at bank and in hand			13,748,698		17,252,680	
			42,911,381		37,166,275	
CREDITORS: amounts falling due within one year	14		(61,862,267)		(47,741,495)	
NET CURRENT LIABILITIES				(18,950,886)		(10,575,220)
TOTAL ASSETS LESS CURRENT LIABILITIES				962,951,547		912,146,828
CREDITORS: amounts falling due after more than one year	15			(551,950,738)		(461,323,493)
PROVISIONS FOR LIABILITIES	16			(16,579,294)		(13,752,027)
NET ASSETS				394,421,515		437,071,308
CAPITAL AND RESERVES						
Called up share capital	18			19,992,639		19,952,622
Share premium account	19			575,568		452,716
Revaluation reserve	20			126,793,124		152,791,725
Profit and loss account	21			21,900,725		22,609,169
Capital reserve	22			6,047,719		6,047,719
Other reserve	23			1,320,000		1,320,000
SHAREHOLDERS' FUNDS	24			176,629,775		203,173,951
MINORITY INTERESTS - Bruntwood 2000 Ltd	17			217,791,740		233,897,357
				394,421,515		437,071,308

These financial statements were approved by the Board of Directors on 8th December 2008
Signed on behalf of the Board of Directors

M J Oglesby - Director

COMPANY BALANCE SHEET
30 September 2008

	Note	2008 £	2008 £	2007 £	2007 £
FIXED ASSETS					
Investments	12		21,298,011		21,298,011
CURRENT ASSETS					
Debtors	13	-		70,829	
Cash at bank and in hand		1,315,157		1,112,686	
		1,315,157		1,183,515	
CREDITORS: amounts falling due within one year	14	(519,218)		(588,020)	
NET CURRENT ASSETS			795,939		595,495
TOTAL ASSETS LESS CURRENT LIABILITIES			22,093,950		21,893,506
NET ASSETS			22,093,950		21,893,506
CAPITAL AND RESERVES					
Called up share capital	18		19,992,639		19,952,622
Share premium account	19		575,568		452,716
Profit and loss account	21		1,525,743		1,488,168
SHAREHOLDERS' FUNDS	24		22,093,950		21,893,506

These financial statements were approved by the Board of Directors on 8th December 2008
Signed on behalf of the Board of Directors

M J Oglesby - Director

GROUP CASH FLOW STATEMENT
Year Ended 30 September 2008

	Note		2008		2007
		£	£	£	£
Net cash inflow from operating activities	27		49,880,694		38,796,287
Returns on investments and servicing of finance					
Interest received		620,364		1,127,187	
Interest paid		(30,312,182)		(21,595,429)	
Net cash outflow from returns on investments and servicing of finance			(29,691,818)		(20,468,242)
Taxation					
UK corporation tax paid		(766,297)		(846,836)	
			(766,297)		(846,836)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(110,648,560)		(57,535,820)	
Purchase of intangible fixed assets		(208,990)		-	
Disposal of tangible fixed assets		171,700		96,386	
Acquisitions and disposals					
Purchase of interest in associates or joint ventures		(1,570,817)		-	
Purchase of subsidiary undertaking	9	-		(15,121,969)	
Net cash outflow from capital expenditure and financial investment			(112,256,667)		(72,561,403)
Dividends paid			(3,500,000)		(2,100,000)
Net cash outflow before financing			(96,334,088)		(57,180,194)
Financing					
Loans repaid		-		(393,250,000)	
Issue of Ordinary Share Capital		162,869		164,860	
Redemption of Non-equity minority interest holdings in the year		-		(1,320,264)	
Net dividend distributed to the minority		(1,240,067)		(1,528,487)	
Purchase of shares for AESOP trust		(162,869)		(164,860)	
Bruntwood Alpha plc 2014 Loan notes		-		437,091,097	
New medium term bank loans		90,000,000		27,820,608	
Net cash inflow from financing			88,759,933		68,812,954
(Decrease) / increase in cash in year	29		(7,574,155)		11,632,760

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

1 ACCOUNTING POLICIES

The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention
The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings, and in accordance with applicable United Kingdom accounting standards. Compliance with SSAP19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and amortisation and an explanation of the departure is given below under Investment Properties.

Basis of consolidation
The group accounts consolidate the accounts of the company and its subsidiaries using the acquisition method. All of the subsidiaries draw up accounts to 30 September.

Investments in subsidiary companies are shown in the company's financial statements at cost less provision for impairment in value.

Intangible fixed assets - brands
Brands are included at cost and amortised in equal instalments over the licence period granted to operate under the brand name.

Intangible assets - Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Fixed Assets (excluding Investment Properties)
Fixed Assets are shown at cost less accumulated depreciation and provision for impairment. Depreciation is provided on the following basis:

Fixtures and fittings	10% - 33% on cost
Motor vehicles	25% - 33% on reducing balance

Taxation
Current UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In line with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more / right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of properties where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded likely that they will be recovered.

Turnover
Turnover represents property rental, service charge, associated income and the appropriate allocation of rental premiums, provided in the normal course of business, net of VAT. Turnover is accounted for on an accruals basis and amounts invoiced in advance relating to the next accounting period are included in deferred income within the balance sheet.

Trading property sales are accounted for on a legal completion basis.

Investment properties
In accordance with SSAP19, investment properties are revalued annually. Individual impairments in value below historic cost are expensed through the profit and loss account, and individual surpluses or temporary deficits below historical cost are 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 principle set out in SSAP19. 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 SSAP19 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 many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

1 ACCOUNTING POLICIES (continued)

Current Assets Investments
Current asset investments are stated at the lower of cost and net realisable value.

Leases
Rentals under operating leases are charged on a straight - line basis over the lease term, even if the payments are not made on such a basis.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Issue costs are recognised in the profit & loss account over the term of the loan at a constant rate.

Pension Costs
Bruntwood Management Services Limited makes discretionary contributions to personal pension plans in respect of all employees choosing to join the scheme after a six month probationary period. The amounts charged to the profit and loss account in respect of the pension costs is the contributions payable in the year.

Joint ventures
In the group financial statements joint ventures are accounted for using the gross equity method. The consolidated profit and loss account includes the group's share of joint venture turnover, operating profit, interest and tax while the group's share of the gross assets and gross liabilities of the joint venture are shown in the consolidated balance sheet.

Share based payment
The group has applied the requirements of FRS 20 (IFRS 2) Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006. Fair value is measured by reference to the net assets of the Group at year end less a discount for a non-controlling interest in a private company.

The group issues cash-settled share-based payments to certain employees. A liability equal to the portion of the employment services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

Derivative financial instruments
The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

2 TURNOVER

	2008 £	2007 £
Rental and related income	80,630,130	61,296,910
Service charge income	6,421,439	15,044,642
Exceptional item - surrender income (see note 4)	-	5,150,000
	87,051,569	81,491,552

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging (crediting):

		2008 £	2007 £
Auditors' remuneration	- Audit fees paid in respect of company	2,028	1,775
	- Audit fees paid in respect of subsidiaries	70,512	87,926
	- Other services in respect of subsidiaires (taxation services)	69,691	72,817
Depreciation (note 10)		990,837	582,693
Amortisation of intangible assets (note 9)		27,872	-
Amortisation of investment in own shares (note 12)		162,869	164,496
Profit on disposal of assets		(8,290)	(540)
Rent paid		734,944	270,714
Increase in market value of share options (note 5)		42,571	1,438,184

4 EXCEPTIONAL OPERATING ITEMS

Operating profit is after (charging) / crediting:

	2008 £	2007 £
Lease assignment cost	-	(643,424)
Surrender premium received	-	5,150,000
	-	4,506,576

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

4 EXCEPTIONAL OPERATING ITEMS (continued)

In the prior year, the group received a £5.15m receipt from David Lloyd Leisure Limited to surrender their lease at City Tower. The Directors consider this to be a an operating exceptional item by reference to its size and incidence.

In the prior year, the group also acquired 100% of the share capital of Bruntwood Trading Group Limited. The directors have reviewed the goodwill arising on this acquisition and determined that it is appropriate to write it off in the year of acquisition.

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Directors' remuneration		
Emoluments	1,989,483	1,472,304
Company contributions made to money purchase schemes	109,100	108,403
	2,098,583	1,580,707
The number of directors who:		
Are members of money purchase schemes	8	8
Had awards receivable in the form of shares under a long term incetive scheme	8	8
Remuneration of the highest paid director:		
Emoluments	316,235	293,719
Pension contributions	-	-
	316,235	293,719

Number of persons employed	Average 2008	Average 2007
Administration and management	174	159
Customer Service staff	238	224
Total	412	383

Staff costs during the year (including directors)	2008 £	2007 £
Wages and salaries	11,410,461	9,740,545
Social security costs	1,163,094	992,994
All Employee Share Ownership Plan	343,471	1,013,547
Executive Share Option Plan	42,571	1,502,898
Pension costs	403,063	282,260
	13,362,660	13,532,244

Share based payment

The group runs for all employees, after a qualifying period of service, an All Employee Share Ownership Plan (AESOP), which provides for the granting of shares on an annual basis to all eligible members of staff based upon performance targets. The group has recorded liabilities at the intrinsic values of £1,287,545 (2007 - £1,847,038) which are included in creditors due in less than one year (note 14).

The group also runs an executive share option scheme, which provides for the granting of options for certain directors to acquire shares in Bruntwood Limited and Bruntwood 2000 Limited. On exercise of the options the company/group will exchange the shares for cash. The executive share option scheme requires that the group pays the intrinsic value of the share options at the date of exercise. The group has recorded liabilities at the intrinsic values of £4,454,359 (2007 - £4,411,788) which are included in creditors due in more than one year (note 15).

Under both schemes the fair value is determined by reference to the net asset value less an appropriate discount for a non controlling interest in a private company.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank overdraft	194,058	177,024
Bank loans	4,799,289	9,082,833
Interest paid to Bruntwood Alpha PLC re 2014 loan notes	22,783,117	14,783,167
Amortisation of finance costs	584,674	354,964
	28,361,138	24,397,988

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

		2008		2007
Corporation tax	£	£	£	£
Group taxation payable tax based on profit for the year	563,806		1,049,391	
Adjustments in respect of prior years - group	(44,027)		(113,886)	
Total current tax charge		519,779		935,505
Deferred tax				
Timing differences, origination and reversal - group	2,812,249		1,973,264	
Timing differences, origination and reversal - joint ventures	317		0	
Effect of tax rate change	-		(982,288)	
Adjustments in respect of previous periods	14,384		125,729	
Total deferred tax		2,826,950		1,116,705
Tax on profit on ordinary activities		3,346,729		2,052,210

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold. The estimated amount of tax that would be payable in these circumstances is £63,887,031.

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 29% (2007 - 30%). The current tax charge for the year is less than 29% (2007 was less than 30%) for the reasons set out in the following reconciliation:

	2008	2007
	£	£
Profit on ordinary activities before tax	11,546,806	13,519,607
Tax on profit on ordinary activities at standard rate of 29% (2007 - 30%)	3,348,574	4,055,882
Factors affecting the charge:		
Disallowable expenses	281,926	416,816
Increase in general provision	(13,775)	-
Capital allowances in the period in excess of depreciation	(2,744,348)	(2,275,669)
Contaminated land relief	(74,756)	(256,253)
Short term timing differences	-	695,596
(Utilisation of brought forward losses) / unrelieved tax losses arising	(104,586)	(225,735)
Indexation on capital gains	(128,949)	(1,367,213)
Interest receivable in the tax comps not in the accounts	-	5,967
Interest payable in the tax comps not in the accounts	(782)	-
Group relief surrendered/(claimed) for nil payment	502	-
Prior year adjustments	(44,027)	(113,886)
Current tax charge for the year	519,779	935,505

8 DIVIDENDS PAID

	2008	2007
	£	£
Dividends paid on ordinary shares at 36.3p per share (2007 - 21.8p per share)	3,500,000	2,100,000

Holders of 9,784,188 (2007 - 9,784,188) ordinary shares waived their entitlement to receive the dividend paid during ther year.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

9 INTANGIBLE FIXED ASSETS

	Brand	Negative Goodwill	Total
Cost	£	£	£
Balance as at 1 October 2007	-	2,025,654	2,025,654
Additions during the year	208,990	-	208,990
Balance as at 30 September 2008	208,990	2,025,654	2,234,644
Amortisation			
Balance as at 1 October 2007	-	2,025,654	2,025,654
Charge for the year	27,872	-	27,872
Balance as at 30 September 2008	27,872	2,025,654	2,053,526
Net book value			
At 30 September 2007	-	-	-
At 30 September 2008	181,118	-	181,118

During the year, Afflecks Limited, a 100% subsidiary company, entered into a 5 year agreement to operate the trading licence and brand name of the retail emporium Afflecks Palace for a cash consideration of £208,990. The cost of the agreement is being amortised over the 5 year life of the contract on a straight line basis.

During the prior year, Bruntwood Estates Beta Portfolio Limited, a 100% subsidiary company, acquired the entire share capital of Langleycourt Limited for £15,121,969. At the time of acquisition all assets were restated at their fair value by the directors, including the main asset, a freehold investment property which was independently valued by Knight Frank LLP, Chartered Surveyors.

The fair value of the net assets at acquisition was calculated as £17,147,625, giving rise to £2,025,654 of negative goodwill on acquisition. Negative goodwill on the acquisistion of investment property owning companies is not uncommon due to the fact that certain contingent liabilities are reflected in the price negotiated but are not recognised in the fair value process under UK GAAP.

The immediate write back of goodwill to reserves via recognition in the Statement of Total Recognised Gains and Losses required a departure from the requirements of FRS 10 on true and fair grounds as endorsed by the Financial Reporting and Review Panel in previous cases of a similar nature.

10 FIXED ASSETS

	Investment properties		Fixtures fittings &	
GROUP	**Freehold**	**Long leasehold**	**motor vehicles**	**Total**
	£	£	£	£
Cost or valuation				
At 1 October 2007	643,503,623	274,655,849	6,687,294	924,846,766
Additions	96,530,905	11,917,625	2,200,030	110,648,560
Disposals	-	-	(294,971)	(294,971)
Revaluation	(29,744,545)	(16,528,127)	-	(46,272,672)
Transfer to current assets	-	(5,796,452)	-	(5,796,452)
At 30 September 2008	710,289,983	264,248,895	8,592,353	983,131,231
Depreciation				
At 1 October 2007	-	-	2,124,717	2,124,717
Charge for year	-	-	990,837	990,837
Disposals	-	-	(131,559)	(131,559)
At 30 September 2008	-	-	2,983,995	2,983,995
Net book value				
At 30 September 2008	710,289,983	264,248,895	5,608,358	980,147,236
At 30 September 2007	643,503,623	274,655,849	4,562,577	922,722,049

During the year the Director's identified a property which they intend to sell and have therefore transferred it to current assets

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

10 FIXED ASSETS (continued)

The historical cost of the group properties at the year end is £452,501,764 (2007 - £355,970,859) for freehold properties and £189,346,691 (2007 - £177,429,066) for leasehold properties. Other fixed assets are stated at cost.

The freehold and leasehold investment properties were valued as at 30 September 2008 by Knight Frank LLP as external valuers. The valuations were undertaken in accordance with the RICS Valuation Standards (6th Edition) and were conducted on the basis of Market Value. The process included an independent senior partner review.

The Knight Frank LLP global network encompasses more than 196 offices in 38 countries across six continents. Over 6,770 experienced professionals handle some £355 billion worth of commercial, agricultural and residential real estate annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants.

The Directors Valuation Panel of the company also undertook a detailed valuation appraisal of all of the group's properties on a customer by customer basis using the same methodology as Knight Frank LLP and concur with their valuation of the portfolio which has been adopted in these accounts. The Directors' Valuation Panel comprises of the following:

MJ Oglesby	Company Chairman, Bruntwood Limited. 34 years' experience of the property investment industry.
CG Oglesby	Chief Executive, Bruntwood Limited. Qualified as a chartered surveyor in 1993 and has 20 years' experience in the property investment industry.
RD Yates	Director, Asset Management, Bruntwood Limited. Qualified as a chartered surveyor and has 21 years' experience in the property investment industry.

11 CURRENT ASSET INVESTMENTS

	2008 £	2007 £
Group		
Property held for resale	5,796,452	-

12 INVESTMENTS

	The Group AESOP Investment in own shares £	The Company Investment in subsidiaries £
Cost		
At 1 October 2007	970,788	21,298,011
Additions	162,869	-
At 30 September 2008	1,133,657	21,298,011
Amortisation		
At 1 October 2007	970,788	-
Amortisation (see note 3)	162,869	-
At 30 September 2008	1,133,657	-
Net book value at 30 September 2008	-	21,298,011
Net book value at 30 September 2007	-	21,298,011

Additional information on subsidiaries

Subsidiaries	Country of incorporation	Activity	Effective Proportion of ordinary shares held
Bruntwood Alpha Plc	England and Wales	Securitisation Issuing Vehicle	100%
Bruntwood Group Ltd	England and Wales	Holding Company	100%
Bruntwood Estates Ltd	England and Wales	Holding Company	100% *
Bruntwood Estates Fourth Properties Ltd	England and Wales	Dormant	100% *
Bruntwood Estates Holdings Ltd	England and Wales	Holding Company	100% *
Bruntwood Estates Beta Portfolio Ltd	England and Wales	Property investment	100% *
Langleycourt Ltd	England and Wales	Dormant	100% *
Bruntwood Estates Alpha Portfolio Ltd	England and Wales	Property investment	100% *
Bruntwood Estates A Ltd	England and Wales	Dormant	100% *
Bruntwood Estates First Properties Ltd	England and Wales	Dormant	100% *

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

12 INVESTMENTS (continued)

Additional information on subsidiaries (continued)

Subsidiaries	Country of incorporation	Activity	Effective Proportion of ordinary shares held
Bruntwood Estates Second Properties Ltd	England and Wales	Dormant	100% *
Bruntwood Estates Third Properties Ltd	England and Wales	Dormant	100% *
Afflecks Limited	England and Wales	Shopping Emporium Management	100% *
Bruntwood Management Services Ltd	England and Wales	Management Company	50.01% **
Bruntwood Trading Group Ltd.	England and Wales	Dormant	50.01% **
Bruntwood Business Centres Ltd	England and Wales	Dormant	50.01% **
Bruntwood Storage Ltd.	England and Wales	Dormant	50.01% **
Bruntwood 2000 Ltd	England and Wales	Holding Company	0% ***
Bruntwood 2000 Fourth Properties Ltd	England and Wales	Property investment	0% ***
Bruntwood 2000 Holdings Ltd	England and Wales	Holding Company	0% ***
Bruntwood 2000 Beta Portfolio Ltd	England and Wales	Property investment	0% ***
Bruntwood 2000 (NW Regen) Ltd	England and Wales	Property investment	0% ***
Bruntwood (1 Dale St) Ltd	England and Wales	Dormant	0%
Bruntwood 2000 Fifth Ltd	England and Wales	Dormant	0% ***
Bruntwood 2000 First Properties Limited	England and Wales	Dormant	0% ***
Bruntwood First Properties Limited	England and Wales	Dormant	0% ***
Bruntwood (Overseas House) Limited	England and Wales	Dormant	0% ***
Bruntwood 2000 Second Properties Limited	England and Wales	Dormant	0% ***
Bruntwood 2000 Third Properties Limited	England and Wales	Dormant	0% ***
Bruntwood Third Properties Limited	England and Wales	Dormant	0% ***
Shelfco 150502 Limited	England and Wales	Dormant	0% ***

Additional information on joint ventures	Country of incorporation	Activity	Effective Proportion of ordinary shares held
Trinity ICP Limited	England and Wales	Property investment	50%

* These companies are held through the Bruntwood Group Limited and its subsidiary companies

** These companies are held 50.01% by Bruntwood Estates Ltd and 49.99% by Bruntwood 2000 Limited. Bruntwood Estates Ltd is a 100% subsidiary company. Bruntwood 2000 Limited is a company in which Bruntwood Limited has a participating interest in the shares, and which is managed on a unified basis. Bruntwood Limited exercises dominant influence over Bruntwood 2000 Limited and each of the subsidiary companies.

*** These companies are 100% subsidiaries of Bruntwood 2000 Limited, a company in which Bruntwood Limited has a participating interest in the shares, and which is managed on a unified basis. Bruntwood Limited exercises dominant influence over Bruntwood 2000 Limited and each of the subsidiary companies.

13 DEBTORS

	The Group 2008	The Group 2007	The Company 2008	The Company 2007
	£	£	£	£
Trade debtors	10,349,612	11,294,921	-	-
Amounts due from joint ventures	82,714	-	-	-
Amounts due from related parties (note 31)	4,832,132	3,611,325	-	-
Other debtors	5,413,418	4,166,395	-	70,829
Prepayments and accrued income	2,688,355	840,954	-	-
	23,366,231	19,913,595	-	70,829
Analysis of debtors				
Amounts due in less than one year	16,508,416	16,302,270	-	70,829
Amounts due in more than one year	6,857,815	3,611,325	-	-
	23,366,231	19,913,595	-	70,829

The amounts due from related parties are receivable after more than one year.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2008	2007	2008	2007
	£	£	£	£
Bank overdraft	4,070,173	-	-	-
Trade creditors	7,450,925	7,504,159	-	-
Amounts due to subsidiaries	-	-	224,039	586,320
Amounts due to parent company	293,151	-	293,151	-
Other creditors including taxation and social security	4,887,989	1,192,866	-	-
Accruals and deferred income	45,160,029	39,044,470	2,028	1,700
	61,862,267	47,741,495	519,218	588,020

The bank overdraft is secured by way of floating charge on the assets of one of the company's subsidiaries.
Other creditors include £2,603,527 (2007 - £1,185,449) in respect of taxation and social security.

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2008	2007	2008	2007
	£	£	£	£
Loans	547,496,379	456,911,705	-	-
Other creditors	4,454,359	4,411,788	-	-
	551,950,738	461,323,493	-	-

The other creditor relates to the liability in relation to the share option scheme.

	The Group		The Company	
	2008	2007	2008	2007
Analysis of loan repayments:	£	£	£	£
In more than two but not more than five years	110,000,000	20,000,000	-	-
After five years	440,000,000	440,000,000	-	-
Issue costs amortised over the life of the loans	(2,503,621)	(3,088,295)	-	-
	547,496,379	456,911,705	-	-

	The Group		The Company	
	2008	2007	2008	2007
	£	£	£	£
The loans comprise:				
Amount due to fellow subsidiary undertaking - Bruntwood Alpha plc	440,000,000	440,000,000	-	-
Bank loans	110,000,000	20,000,000	-	-
Issue costs amortised over the life of the loan	(2,503,621)	(3,088,295)	-	-
	547,496,379	456,911,705	-	-

In the prior year, the Bruntwood Group undertook a refinancing exercise which involved the issue of £440m of commercial mortgage backed securitisation (CMBS) bonds in the Eurobond market by Bruntwood Alpha plc (a 100% subsidiary company). The proceeds of the issue were then on lent to Bruntwood 2000 Alpha Portflio Limited and Bruntwood Estates Alpha Portfolio Limited (subsidiary companies). The bonds are secured against the assets of those companies via a first fixed charge over their commercial property and a first charge over the share capital of the companies. No cross collateralisation exists between the two borrowing companies hence each company is only liable for its individual proportion of the loan issued. The bonds mature on 31 January 2014.

Bruntwood 2000 Beta Portfolio Limited and Bruntwood Estates Beta Portfolio Limited (subsidiary companies) have entered into separate syndicated loan agreements for committed facilities which expire 31 December 2011. Both facilities are on the same terms, they are secured via a first fixed charge over the commercial property of the individual company, a debenture over the assets of that company and a downstream parental guarantee from Bruntwood 2000 Holdings Limited and Bruntwood Estates Holdings Limited respectively. There is no cross collateralisation between the two facilities.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Interest Rate swap contracts

Bruntwood Alpha plc has entered into a £440m interest rate swap agreement at 4.9025% where variable rate interest payments are swapped for fixed rate interest payments. This has been done in order to hedge against cash-flow interest rate risk arising from the variable rate bonds. Bruntwood Alpha Plc pays a variable amount on the bonds and receives/pays the difference between fixed and floating to the swap provider (The Royal Bank of Scotland Plc). This allows the Bruntwood Limited Group effectively to pay a fixed interest rate on the majority of its outstanding debt.

The interest rate swap contract matures on 31 January 2014 in line with the bonds and had a fair value of £5,023,900 at 30th September 2008 (2007 £14,056,423).

During the year the group has entered into 10 interest rate swap agreements where variable rate interest payments are swapped for fixed rate interest payments varying between 4.7% and 4.985%. This has been done in order to hedge against cash-flow interest rate risk arising from the variable rate debt. The interest rate swap contracts mature at various dates between June 2011 and December 2017. As at the 30 September 2008 the interest rate swap contracts have an aggregate fair value of £437,924.

16 PROVISIONS FOR LIABILITIES

	The Group		The Company	
	2008	2007	2008	2007
Analysis of deferred tax balances	£	£	£	£
Accelerated capital allowances	18,651,452	16,056,167	-	-
Other short term timing differences	(1,549,337)	(1,555,143)	-	-
Losses	(522,821)	(748,997)	-	-
	16,579,294	13,752,027	-	-

The group has not recognised a deferred tax asset of £65,080 (2007 - £68,634) due to uncertainty as to the timing of the crystallisation of the asset.

	The Group	The Company
Analysis of movement in provisions (group excluding associate)	£	£
Deferred tax provision as at 1 October 2007	13,752,027	-
Charge for the year	2,827,267	-
Deferred tax provision as at 30 September 2008	16,579,294	-

17 MINORITY INTERESTS

	£
At 1 October 2007	233,897,357
Share of profit for the year	5,408,521
Net dividend distributed to the minority	(1,240,067)
Share of revaluation reserve movement (see note 20)	(20,274,071)
At 30 September 2008	217,791,740

18 CALLED UP SHARE CAPITAL

	2008	2007
	£	£
Authorised		
19,450,000 Ordinary Shares of £1 each	19,450,000	19,450,000
750,000 Non-Voting 'A' Ordinary Shares of £1 each	750,000	750,000
600,000 Non-Voting 'B' Shares of £1 each	600,000	600,000
	20,800,000	20,800,000
Called up, allotted and fully paid		
19,434,188 Ordinary Shares of £1 each	19,434,188	19,434,188
558,451 (2007 - 518,434) Non-Voting 'A' Ordinary Shares of £1 each	558,451	518,434
	19,992,639	19,952,622

The 'A' Ordinary shares do not entitle their holders to receive notice of or to attend shareholders' meetings of the company. The directors may recommend and the company may declare the same dividend on each class of share, differing dividends on each class of share or dividends on one class of share and none on the other. The non-voting 'A' Ordinary shares are also subject to pre-emption provisions on transfer, whereby, they have to be offered to the company, then the trustees of the All Employee Share Ownership Plan (AESOP) and finally to the holders of ordinary shares. In a winding up the shares rank pari passu with the ordinary shares.

The movement in share capital is due to additional shares purchased by the Trustees of the AESOP (see note 5 for details).

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

19 SHARE PREMIUM ACCOUNT

	Group and Company
	£
Balance as at 1 October 2007	452,716
Arising on issue of 'A' Ordinary Share Capital	122,852
Balance as at 30 September 2008	575,568

20 REVALUATION RESERVE

	Group
	£
Balance as at 1 October 2007	152,791,725
Arising on revaluation during the period	(46,272,672)
Minority interest share of revaluation reduction for the year (note 17)	20,274,071
Balance as at 30 September 2008	126,793,124

21 PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At 1 October 2007	22,609,169	1,488,168
Profit for the financial year attributable to members	2,791,556	3,537,575
Dividend paid (note 8)	(3,500,000)	(3,500,000)
At 30 September 2008	21,900,725	1,525,743

22 CAPITAL RESERVE

	Group	Company
	£	£
Capital reserve arising on consolidation		
Balance at 1 October 2007 and 30 September 2008	6,047,719	-

The capital reserve represents consolidated profit and loss reserves considered to be non-distributable and therefore capitalised in prior years arising predominantly through group acquisitions and reconstructions.

23 OTHER RESERVE

	Group
	£
At 1 October 2007 and 30 September 2008	1,320,000

This reserve represents the capital redemption arising on the acquisition of preference share capital in prior years.

24 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008	2007
Group	£	£
Profit for the financial year attributable to the members	2,791,556	7,296,573
Dividend payable (note 8)	(3,500,000)	(2,100,000)
	(708,445)	5,196,573
Unrealised surplus on revaluation of properties	(46,272,672)	91,410,586
Minority interest of revaluation surplus	20,274,071	(56,418,836)
Negative goodwill written back to reserves	-	2,025,654
Issue of ordinary share capital	162,869	164,860
(Reduction)/additions to shareholders' funds	(26,544,177)	42,378,837
Opening shareholders' funds	203,173,951	160,795,114
Closing shareholders' funds	176,629,775	203,173,951

Company	2008	2007
	£	£
Profit for the financial year	3,537,575	1,664,460
Dividends paid (note 8)	(3,500,000)	(2,100,000)
Issue of ordinary share capital	162,869	164,860
Addition/(reduction) to shareholders' funds	200,444	(270,680)
Opening shareholders' funds	21,893,506	22,164,186
Closing shareholders' funds	22,093,950	21,893,506

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

25 FINANCIAL COMMITMENTS

At 30 September 2008, the group had commitments of £29,745,000 for capital expenditure (2007 - £36,775,000).

At 30 September 2008, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings	
	2008	2007
Leases which expire:	£	£
Within two to five years	159,341	-
After five years	660,967	1,036,087
	820,308	1,036,087

26 PROFIT ATTRIBUTABLE TO MEMBERS

Under the provision of Section 230 of the Companies Act 1985, the company is exempt from presenting its own profit and loss account.

The amount of profit for the financial period dealt with in the accounts of the company is as follows:

	2008	2007
	£	£
Profit on ordinary activities before taxation	3,537,574	1,664,460

27 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Group only		
Operating profit	39,284,635	36,790,408
Depreciation	990,837	582,693
Amortisation of goodwill	27,872	-
Amortisation of AESOP Shares	162,869	164,860
Increase in market value of share options (note 5)	42,571	1,438,184
(Profit)/loss on sale of fixed assets	(8,291)	538
Increase in debtors	(3,452,636)	(4,240,742)
Increase in creditors	12,539,684	4,059,796
Increase in amount due from ultimate parent	293,151	-
Net cash inflow from operating activities	49,880,692	38,796,287

28 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£	£
Group only		
(Decrease)/Increase in cash in the year	(7,574,155)	11,632,760
Amortisation of debt costs (note 6)	(584,674)	(354,964)
New medium term loans	(90,000,000)	(71,306,741)
Change in net debt	(98,158,829)	(60,028,945)
Net debt at 1 October	(439,659,025)	(379,630,080)
Net debt at 30 September	(537,817,854)	(439,659,025)

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 September 2008

29 ANALYSIS OF CHANGES - NET DEBT

	At 1 October 2007	Cash flow	Amortisation of debt costs	At 30 September 2008
	£	£	£	£
Cash at bank and in hand	17,252,680	(3,503,982)	-	13,748,698
Bank overdraft	-	(4,070,173)	-	(4,070,173)
	17,252,680	(7,574,155)	-	9,678,525
Debts due after one year	(456,911,705)	(90,000,000)	(584,674)	(547,496,379)
	(439,659,025)	(97,574,155)	(584,674)	(537,817,854)

30 ULTIMATE CONTROLLING PARTY

Bruntwood Limited is the ultimate parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from its registered office, City Tower, Piccadilly Plaza, Manchester, M1 4BD. The ultimate controlling party is considered by the directors to be Mr. M J Oglesby, Mrs. J D Oglesby and Oglesby family trusts.

31 RELATED PARTY TRANSACTIONS

Group Only

Details of transactions with the company's wholly owned subsidiaries are not disclosed as the company has taken advantage of the exemption contained in FRS8 "Related Party Disclosures".

Included in debtors/(creditors) are the following amounts due from/(to) related parties:

	2008	2007
	£	£
Heathcotes Restaurants Limited (note 13)	4,819,185	3,578,939
Roundthorn Group Pension Fund (note 13)	12,947	32,386
Bruntwood Outsourced Properties Ltd	(1,800)	(1,800)
	4,830,332	3,609,525

The balance due from the Roundthorn Group Pension and Life Assurance Scheme represent expenses incurred by Bruntwood Management Services Limited on behalf of the scheme. The trustees of the scheme include Mr MJ Oglesby and his wife Mrs JD Oglesby.

All other movements in balances with related parties relate to goods and services purchased by the group and recharged at cost.

Included in long term debtors is an amount of £4,819,185 due from Heathcotes Restaurants Limited, a company of which Mr C G Oglesby is a Director and 50% shareholder. During the year the group advanced a further loan of £1,240,246 and charged a management fee of £40,000 to Heathcotes Restaurants Limited. Rent and service charges of £218,545 to were charged to Simply Heathcotes Limited (a 100% subsidiary of Heathcotes Restaurants Limited).

There were no other related party transactions in the year.