

**ANNINGTON RENTALS (HOLDINGS)
LIMITED**

Report and Financial Statements

31 March 2008

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ANNINGTON RENTALS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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ANNINGTON RENTALS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C O'Haire
J Hopkins

SECRETARY

J B Chambers

REGISTERED OFFICE

1 James Street
London
W1U 1DR

SOLICITORS

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

BANKERS

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

National Westminster
Bloomsbury
Parr's Branch
PO Box 158
214 High Holborn
London
WC1V 7BX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

ANNINGTON RENTALS (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

PRINCIPAL ACTIVITIES

The principal purpose of the company is that of a holding company

DIRECTORS

The directors who served during the year were:

C O'Haire

T Quigley (resigned 30 November 2007)

J Hopkins (appointed 28 November 2007)

Qualifying third party indemnity provisions were in place for all directors of the company for the current and preceding year

BUSINESS REVIEW

This Business Review describes the current and future trends and factors affecting the development, performance and position of Annington Rentals Holdings Limited and its subsidiaries during the year ended 31 March 2008. It has been prepared in line with guidance provided in the Reporting Statement on the Operating and Financial Review issued by the UK Accounting Standards Board in January 2006.

This Business Review has been prepared solely to assist members to assess the Board's strategies and their potential to succeed. This Review should not be relied upon by any other party, or for any other purpose. Forward-looking statements are made by the Directors in good faith based on information available to them up until the date on which the Report was approved. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks.

THE GROUP

The Annington Rentals (Holdings) Limited Group (ARHG) was established in 1999 with the purpose of creating a residential investment portfolio, free of the constraints and conditions governing the Annington Homes Limited Group (AHLG) portfolio.

A series of subsidiaries has been established to hold properties with different commercial characteristics, each requiring slightly different management decisions to achieve their individual objectives. ARHG provides a number of 'products' including, letting properties to 'prove' market rents in key locations for the AHLG, letting properties to individuals with a view to making strategic gains in the medium term, and bulk letting properties to 'institutions' (such as universities, housing associations and local authorities) to secure longer term rental contracts.

OUR OBJECTIVES AND STRATEGY

ARHG was created to provide diversification and a more stable business model in which workflow and resources could be more evenly managed. ARHG continues to grow strongly and has been able to improve returns through actively managing tenancies and improving rental levels. It has the financial resources to acquire portfolios or bulk purchase 'new build' properties in areas where it has a known need or where market improvements are anticipated. To date, ARHG has concentrated on acquiring houses rather than 'city centre' blocks of flats, where Annington believes there is an oversupply at present.

PERFORMANCE

The Company's loss for the period is £1,158,295 (2007 £12,246,037)

ANNINGTON RENTALS (HOLDINGS) LIMITED

DIRECTORS' REPORT

OUTLOOK

The business intends to operate its business in a consistent basis in the future. With the deterioration in the housing market now expected to continue into 2009, and some say beyond, ARHG will adopt a more 'wait and see' approach to purchases, buying only to meet a known demand on a timely basis. Having made significant investment to date from internal cash resources, ARHG will be refinanced to create cash resources to enable opportunistic acquisitions where appropriate.

FINANCIAL RISK MANAGEMENT

The Company is financed by another Group company and has third party debt (note 12). Servicing of the debt is reliant on rental income and low void periods being achieved by the underlying wholly owned subsidiaries who have been financed by this company.

The table below outlines the principal risks and uncertainties.

Area of Potential Uncertainty	Risk / Opportunity	Strategy
Fluctuating interest rates	ARHG has entered into 7-year term funding arrangements to fit with the medium-term investment strategy.	To counter the medium-term exposure to fluctuating interest rates, ARHG, has effectively fixed interest rates through to September 2012 by entering into a facility at a floating interest rate and has entered into interest rate swaps to fix the interest liability.
Changing demand for rental property	A number of ARHG subsidiaries let residential property using assured shorthold tenancies. Therefore there is a risk of changing demand, which could effect either or both void and rental levels.	Management constantly reviews properties, which may become void in the short-term and decide what rental levels should be achieved on re-letting. Should it become uneconomic to retain such properties then options, including potential disposal are considered.

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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

ANNINGTON RENTALS (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

AUDITORS

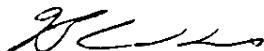
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) 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

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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



J B Chambers

Secretary

1st September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANNINGTON RENTALS (HOLDINGS) LIMITED

We have audited the financial statements of Annington Rentals (Holdings) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANNINGTON RENTALS (HOLDINGS) LIMITED (continued)**

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 March 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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The script is cursive and fluid, with the letters connected. The "D" is large and loops around, and the "L" at the end is also large and loops.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

1st September 2008

ANNINGTON RENTALS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2008

	Note	2008 £	2007 £
Turnover		-	-
Administration expenses		(2,783,199)	(1,473,480)
OPERATING LOSS	2	(2,783,199)	(1,473,480)
LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(2,783,199)	(1,473,480)
Movement on provision for cash warrants	11	3,320,754	(12,663,858)
Interest receivable and similar income	4	9,715,624	7,647,530
Interest payable and similar charges	5	(11,411,474)	(5,756,229)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,158,295)	(12,246,037)
Tax on loss on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	16	(1,158,295)	(12,246,037)
RETAINED LOSS FOR THE FINANCIAL YEAR		(1,158,295)	(12,246,037)

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2008

	2008 £	2007 £
Loss for the financial year	(1,158,295)	(12,246,037)
Surplus on revaluation of investment in group undertakings	1,158,295	12,246,037
Total recognised gains and losses for the financial year	-	-

ANNINGTON RENTALS (HOLDINGS) LIMITED

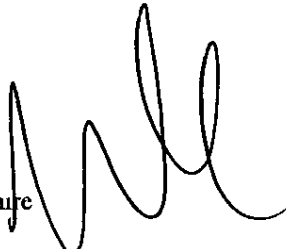
BALANCE SHEET

31 March 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investments	7	<u>22,507,282</u>	<u>21,348,987</u>
CURRENT ASSETS			
Debtors			
Due within one year	8	328,631	3,405
Due after one year	8	191,983,351	98,781,266
Cash at bank and in hand		<u>11,497,722</u>	<u>11,886,406</u>
		203,809,704	110,671,077
CREDITORS: amounts falling due within one year	9	<u>(4,314,006)</u>	<u>(5,046,201)</u>
NET CURRENT ASSETS		<u>199,495,698</u>	<u>105,624,876</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		222,002,980	126,973,863
CREDITORS: amounts falling due after more than one year	10	(203,952,381)	(105,602,510)
PROVISIONS FOR LIABILITIES	11	<u>(18,049,599)</u>	<u>(21,370,353)</u>
NET ASSETS		<u>1,000</u>	<u>1,000</u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Warrants	15	1,000	1,000
Revaluation reserve	16	22,507,276	21,348,981
Profit and loss account	16	<u>(22,507,276)</u>	<u>(21,348,981)</u>
SHAREHOLDERS' FUNDS	17	<u>1,000</u>	<u>1,000</u>

These financial statements were approved by the Board of Directors and authorised for issue on 1st September 2008

Signed on behalf of the Board of Directors

C O'Haire

 Director

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company for which consolidated accounts are prepared.

Cash flow statement

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which includes a consolidated cash flow statement and are publicly available.

The company has therefore taken advantage of the exemption under Financial Reporting Standard No 1 (revised) and has not prepared a cash flow statement.

Taxation

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

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments in subsidiary undertakings

The company's investments in the shares of the subsidiary undertakings are stated at net asset value. Surpluses and deficits arising from changes in net asset value are taken to the revaluation reserve. Where a deficit on revaluation exceeds the balance in the revaluation reserve, the excess is shown in provisions for liabilities and charges.

Provision for warrants

The value attributable to the shareholders in Annington Rentals (Holdings) Limited is restricted due to Nomura Investments (AH) Limited's holding of cash warrants in the company. A provision is made, where necessary, to reflect the amount due to the warrant holders based on the cash settlement amount, being the excess of the open market value of the ordinary shares over the par value of the ordinary shares issued.

Derivative financial instruments

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

The company's derivative instruments are not designated as hedging instruments and are held on the balance sheet at fair value. Changes in the fair value are recognised in the profit and loss account as they arise. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

2. OPERATING LOSS

The auditors' remuneration was £11,000 (2007 - £6,000) for the audit of the company's annual accounts and £4,300 (2007 - £2,000) for other services relating to taxation and was borne by another group company, Annington Management Limited, in the current and preceding year

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to this company in the current and preceding year

The company had no employees of its own during the year (2007 - nil). The cost of performing work for the company is borne by another group company, Annington Management Limited, in the current and preceding year

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank interest receivable	569,918	584,545
Interest receivable on inter-company balances	9,145,706	4,976,601
Fair value profit on interest rate swaps	-	2,086,384
	<u>9,715,624</u>	<u>7,647,530</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on bank loan	3,826,791	3,431,915
Interest payable on inter-company balances	5,690,709	2,298,979
Other finance charges	7,496	25,335
Fair value loss on interest rate swaps	1,886,478	-
	<u>11,411,474</u>	<u>5,756,229</u>

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current tax		
United Kingdom corporation tax at 30% (2007 - 30%)	-	-
The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2007 - 30%) The current tax credit for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:		
	2008 £	2007 £
Loss on ordinary activities before tax	(1,158,295)	(12,246,037)
Tax on loss on ordinary activities at standard rate	(324,323)	(3,673,811)
Factors affecting credit for the year:		
Expenses not deductible for tax purposes	-	44,203
Non-taxable income	(2,560,797)	(2,197,283)
Creation of tax losses	1,180,512	4,711,900
Group relief surrendered	1,704,608	1,114,991
Total actual amount of current tax	-	-

The amount of tax losses carried forward at 31 March 2008 is £28,751,606 (2007 - £25,615,444)

A deferred tax asset has not been recognised in respect of losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £8,050,450 (2007 - £7,684,633)

7. INVESTMENT IN GROUP UNDERTAKING

	2008 £	2007 £
Valuation		
At 1 April 2007	21,348,987	9,102,947
Additions	-	3
Revaluations	1,158,295	12,246,037
At 31 March 2008	22,507,282	21,348,987

The historical cost of the investment in subsidiaries was £5 (2007 - £5).

The principal undertakings at 31 March 2008, which are wholly owned, are shown below:

Name of subsidiary undertakings	Country of incorporation	Principal activity
Annington Rentals Limited	Great Britain	Property investment
Annington Rentals (No 2) Limited	Great Britain	Property investment
Annington Rentals (No 3) Limited	Great Britain	Property investment
Annington Rentals (No 4) Limited	Great Britain	Property investment
Annington Rentals (No 5) Limited	Great Britain	Property investment
Annington Rentals (No 6) Limited	Great Britain	Property investment

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

8. DEBTORS

	2008 £	2007 £
Due within one year		
Prepayments and accrued income	26,731	3,405
Other debtor	301,900	-
	<u>328,631</u>	<u>3,405</u>
Due after more than one year		
Interest rate swap (notes 12,13)	814,848	2,639,946
Amounts due from group undertakings	191,168,503	96,141,320
	<u>191,983,351</u>	<u>98,781,266</u>

The valuation of the interest rate swap is based on actual valuations as at 31 March 2008

Amounts due from Group undertakings are unsecured, interest bearing at 6.82% and have a fixed date of repayment of 31 March 2025

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loan (note 12)	3,000,000	3,000,000
Amounts due to group undertakings	694,011	1,492,769
Accruals	619,995	553,432
	<u>4,314,006</u>	<u>5,046,201</u>

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment.

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

	2008 £	2007 £
Bank loan (note 12)	63,000,000	57,640,705
Amounts due to group undertakings	140,891,000	47,961,805
Interest rate swap (notes 12,13)	61,381	-
	<u>203,952,381</u>	<u>105,602,510</u>

Amounts due to group undertakings are unsecured, interest bearing at a weighted average rate of 6.8% and have a fixed date of repayment of 31 March 2025.

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

11. PROVISION FOR LIABILITIES

	£
At 1 April 2007	21,370,353
Current year movement	(3,320,754)
At 31 March 2008	<u>18,049,599</u>

The provision for Warrants relates to cash Warrants held by Nomura Investments (AH) Limited (note 15). Provision is calculated based on the cash settlement amount as at 31 March 2008 of £18,049,599 (2007 - £21,370,353) being the excess of the Open Market Value of the ordinary shares over the par value of the ordinary shares issued. The Warrants are exercisable at any time in whole or in part.

12. LOANS AND OTHER BORROWINGS

The company has entered into a Revolving Seven Year Facility Agreement dated 13 September 2005 with The Royal Bank of Scotland plc enabling it to borrow up to a maximum of £66 million against residential properties held by its subsidiaries (note 7) using a loan to value ratio of 70%. Repayment of principal and interest are covered by three swap agreements which end 13 September 2012 (note 13).

	2008 £	2007 £
Maturity of debt		
On demand or within one year	3,000,000	3,000,000
After five years	63,000,000	57,640,705
	<u>66,000,000</u>	<u>60,640,705</u>

13. FINANCIAL LIABILITIES AND INSTRUMENTS

	31 March 2008	
	Par value of debt £	Balance sheet value £
Bank loan (note 12)	66,000,000	66,000,000
Interest rate swaps		
£46 million pay fixed 5.58938% and receive floating (note 8)	-	(706,399)
£9.9 million pay fixed 5.59000% and receive floating (note 8)	-	(108,449)
£5 million pay fixed 5.59000% and receive floating (note 10)	-	61,381
	<u>-</u>	<u>(753,467)</u>

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

13. FINANCIAL LIABILITIES AND INSTRUMENTS (continued)

	31 March 2007		
	Par value of debt £	Balance sheet value £	Fair value £
Bank loan (note 12)	61,000,000	60,640,705	-
Interest rate swaps (note 8)			
£46 million pay fixed 5.58938% and receive floating	-	(2,154,591)	(2,154,591)
£9.9 million pay fixed 5.59000% and receive floating	-	(412,483)	(412,483)
£5 million pay fixed 5.59000% and receive floating	-	(72,872)	(72,872)
	-	(2,639,946)	(2,639,946)

14. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
100,000 ordinary shares of 1p each	1,000	1,000
Called up, allotted and fully paid		
1 ordinary share of 1p	-	-

15. WARRANTS

	2008 £	2007 £
Allotted and fully paid (99,999 warrants issued)	1,000	1,000

There are 99,999 warrants in force in relation to the company's shares, exercisable at a strike price of £0.01 per warrant. The warrants are for cash settlement only and upon exercise of the warrants, the cash settlement amount of a warrant shall be the price which is in excess (if any) of the open market value of an ordinary share over the cost to the subscriber at par for the ordinary share over which the warrant is being exercised.

The warrants were issued to Nomura International plc in a prior period. On 27 March 2002, Nomura International plc transferred the right under these warrants to Nomura Investments (AH) Limited, a wholly owned subsidiary of Nomura International plc.

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

16. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £	Revalu- ation reserve £	Total £
At 1 April 2007	(21,348,981)	21,348,981	-
Loss for the financial year	(1,158,295)	-	(1,158,295)
Revaluation of investments	-	1,158,295	1,158,295
At 31 March 2008	<u>(22,507,276)</u>	<u>22,507,276</u>	<u>-</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the financial year	(1,158,295)	(12,246,037)
Movement in revaluation reserve	<u>1,158,295</u>	<u>12,246,037</u>
Net addition to shareholders' funds	-	-
Opening shareholders' funds	<u>1,000</u>	<u>1,000</u>
Closing shareholders' funds	<u>1,000</u>	<u>1,000</u>

ANNINGTON RENTALS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

18. RELATED PARTY TRANSACTIONS

The company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard No 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the group

19. PARENT COMPANY

Annington Holdings plc, a company incorporated in Great Britain, is the immediate parent company

Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party

Le Grand Annington Limited is the largest and smallest parent company of which the company is a member and for which group financial statements are drawn up. Accounts for both these companies are available on request from the registered office at 1 James Street, London W1U 1DR.