

Annington Rentals Limited
(Registered Number: 03818324)

Annual Report and Accounts
For the Year Ended 31 March 2006

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Annington Rentals Limited

Directors' Report For The Year Ended 31 March 2006

The directors present their annual report and the audited accounts of the Company for the year ended 31 March 2006.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985.

Principal activities

The principal purpose of the Company is that of property investment. The activity of the Company is expected to continue at similar levels for the foreseeable future.

Results and dividends

The Company's loss after taxation for the year is £486,319 (2005: loss after taxation £218,386).

No dividend has been paid or proposed (2005: £nil).

Directors and their interests

The directors who held office throughout the year and since the year end are given below:

JB Chambers
JC Hopkins
ARJ Needham

The directors had no interests in the shares of the Company or any other company within the Le Grand Annington Limited Group.

Statement of directors' responsibilities

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which 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 the system of internal controls and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annington Rentals Limited

Directors' Report For The Year Ended 31 March 2006

Disclosure of information to auditors

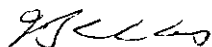
Each of the persons who is a director at the date of approval of the report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Deloitte & Touche LLP has expressed its willingness to continue in office and a resolution to reappoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J.B. Chambers

Secretary

3 November 2006

Registered Office:

1 James Street
London
W1U 1DR

Independent Auditors' Report To The Members of Annington Rentals Limited

We have audited the financial statements of Annington Rentals Limited for the year ended 31 March 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the Company balance sheet, and the related notes 1 to 16. 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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements.

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 Limited

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 2006 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date: *6 November 2006*

Annington Rentals Limited

Profit And Loss Account For The Year Ended 31 March 2006

	Note	2006 £	2005 £
Turnover		281,020	47,420
Cost of sales		(269,551)	(120,878)
Operating profit/(loss)	2	11,469	(73,458)
Profit/(loss) on ordinary activities before finance charges		11,469	(73,458)
Interest payable and similar charges	3	(497,788)	(144,928)
Loss on ordinary activities before taxation			
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(486,319)	(218,386)
Retained loss for the financial year	10,11	(486,319)	(218,386)

All income was derived from within the United Kingdom from continuing operations.

Statement Of Total Recognised Gains And Losses For The Year Ended 31 March 2006

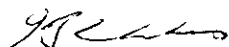
	Note	2006 £	2005 £
Loss for the financial year		(486,319)	(218,386)
Surplus on revaluation of properties	10	863,885	-
Total recognised gains and losses for the financial year		377,566	(218,386)

Annington Rentals Limited

Balance Sheet as at 31 March 2006

	Note	31 March 2006 £	31 March 2005 £
Fixed assets			
Tangible assets	5	12,281,984	2,829,934
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Current assets			
Debtors due within one year	6	32,917	4,298
Creditors – Amounts falling due within one year	7	(14,006)	(13,658)
Net current assets/(liabilities)		18,911	(9,360)
Total assets less current liabilities		12,300,895	2,820,574
Creditors - Amounts falling due after more than one year	8	(12,141,915)	(3,039,160)
Net assets/(liabilities)		158,980	(218,586)
Capital and reserves:			
Called up share capital	9	-	-
Revaluation reserve	10	863,885	-
Profit and loss account	10	(704,905)	(218,586)
Total equity shareholders' funds/(deficit)	11	158,980	(218,586)

Approved by the Board on 3 November 2006 and signed on its behalf by:



J.B. Chambers
Director

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2006

1 Accounting policies

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

Basis of accounting

These financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover

Income from tenants accounted for on an accruals basis. Rent increases arising from rent reviews are taken into account when such reviews have been settled with the tenants.

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or the 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 on 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 is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. *Deferred assets are recognised to the extent that it is regarded to be more likely than not that they will be recovered.* Deferred tax assets and liabilities are not discounted.

Investment properties

Investment properties are revalued annually. The surpluses or deficits on the properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Sales are accounted for on legal completion of contract basis.

2 Operating profit

Costs in respect of audit services are borne by another Group company, Annington Management Limited, in the current and preceding year.

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2006

3 Interest payable and similar charges

	2006 £	2005 £
Interest payable on inter-company balances	497,788	144,928

4 Tax on ordinary activities

	2006 £	2005 £
Taxation on loss for the year		
UK corporation tax at 30% (2005: 30%)	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(486,319)	(218,386)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2005: 30%)	(145,896)	(65,516)
Creation of tax losses	101,095	65,516
Expenses not deductible for tax purposes	44,801	-
Current tax charge for the year	-	-

The amount of tax losses carried forward at 31 March 2006 is £555,369 (31 March 2005: £218,386).

A deferred tax asset has not been recognised in respect of timing differences relating to the tax losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £166,611 (2005: £65,516).

5 Tangible assets

	Investment Properties £
Cost	
At 1 April 2005	2,829,934
Additions	8,588,165
Revaluation	863,885
At 31 March 2006	12,281,984
Net book value at 31 March 2006	12,281,984
Net book value at 31 March 2005	2,829,934

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2006

5 Tangible assets (continued)

The block of flats at Aigburth Road, Liverpool, was valued, on the basis of market value, by Savills of 139 Sloane Street, London SW1X 9AY in December 2005. The directors are of the view that there has been no significant changes in the property market and that the value stated in the report represents the market value as at 31 March 2006.

All other investment properties have been valued by the directors, on the basis of market value, by identifying comparable properties sold and for sale at/or around 31 March 2006. Where appropriate, the directors have made adjustments in respect of condition, position and accommodation, etc.

Properties would have been included on a historical cost basis as £11,418,099 (2005: £2,829,934).

	2006 £'000	2005 £'000
The net book amount of properties comprises		
Freehold	12,171,984	2,727,251
Leasehold	110,000	102,683
	12,281,984	2,829,934

6 Debtors

	2006 £	2005 £
Amounts due from Group undertakings	8,948	4,298
Other debtors	23,969	-
	32,917	4,298

Amounts owed by Group undertakings are unsecured, interest free and have no fixed date of repayments.

7 Creditors - amounts falling due within one year

	2006 £	2005 £
Other creditors	14,006	13,658

8 Creditors - amounts falling due after more than one year

	2006 £	2005 £
Amounts due to group undertakings	12,141,915	3,039,160

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

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2006

9 Share capital

	2006 £	2005 £
Authorised - 100,000 ordinary shares of 1p	1,000	1,000
Allotted and nil paid		
1 ordinary share of 1p - nil paid	-	-
	-	-

10 Reserves

	Profit and loss account £	Revaluation Reserve £
As at 1 April 2005	(218,586)	-
Surplus on valuation of properties	-	863,885
Retained loss for the year	(486,319)	-
At 31 March 2006	(704,905)	863,885

11 Reconciliation of movements in equity shareholders' funds

	2006 £	2005 £
Movement in revaluation reserve	863,885	-
Loss for the financial year	(486,319)	(218,386)
Net change in equity shareholders' funds/(deficit)	377,566	(218,386)
Equity shareholders' (deficit) brought forward	(218,586)	(200)
Equity shareholders' funds/(deficit) carried forward	158,980	(218,586)

12 Employees

The Company had no employees during the year (2005: nil). The cost of the employees is borne by another Group company, Annington Management Limited, in the current and prior year.

13 Directors' emoluments

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

The directors' emoluments are borne by another Group company, Annington Management Limited.

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2006

14 Cash flow statement exemption

The Company is a wholly owned subsidiary of Le Grand Annington Limited and is included in the consolidated financial statements of Le Grand Annington Limited which includes a consolidated cash flow statement. The Company has, therefore, elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

15 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 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the Group.

16 Parent company

Annington Rentals (Holdings) Limited, 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. Group accounts for this company are available on request from the registered office at 1 James Street, London W1U 1DR.

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.