

Annington Rentals Limited
(Registered Number: 03818324)

Annual Report and Accounts
For the Year Ended 31 March 2007

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Annington Rentals Limited

Directors' Report For The Year Ended 31 March 2007

The directors present their annual report and the audited accounts of the Company for the year ended 31 March 2007

This report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) 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.

Principal risks and uncertainties

The Company is financed by another Group company and has no third party debt.

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

Results and dividends

The Company's loss after taxation for the year is £206,065 (2006: loss after taxation £486,319)

No dividend has been paid or proposed (2006: £nil)

Directors and their interests

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

JB Chambers
JC Hopkins
ARJ Needham

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 and 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 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.

Annington Rentals Limited

Directors' Report For The Year Ended 31 March 2007

Statement of directors' responsibilities (continued)

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.

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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 234 ZA of the Companies Act 1985.

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

9 October 2007

Registered Office:
1 James Street
London
W1U 1DR

Independent Auditors' Report To The Sole Member of Annington Rentals Limited

We have audited the financial statements of Annington Rentals Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the 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 sole member, 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 sole member those matters we are required to state to it 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 sole member 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 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, or material inconsistencies 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 Sole Member 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 2007 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, United Kingdom

Date *11 October 2007*

Annington Rentals Limited

Profit And Loss Account For The Year Ended 31 March 2007

	Note	2007 £	2006 £
Turnover		503,336	281,020
Cost of sales		(219,979)	(269,551)
Operating profit	2	283,357	11,469
Profit on ordinary activities before finance charges		283,357	11,469
Interest payable and similar charges	3	(489,422)	(497,788)
Loss on ordinary activities before taxation		(206,065)	(486,319)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(206,065)	(486,319)
Retained loss for the financial year	10,11	(206,065)	(486,319)

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 2007

	Note	2007 £	2006 £
Loss for the financial year		(206,065)	(486,319)
Unrealised surplus on revaluation of properties	10	306,633	863,885
Total recognised gains and losses for the financial year		100,568	377,566

Annington Rentals Limited

Balance Sheet as at 31 March 2007

	Note	31 March 2007 £	31 March 2006 £
Fixed assets			
Tangible assets	5	13,371,546	12,281,984
		13,371,546	12,281,984
Current assets			
Debtors due within one year	6	25,948	32,917
Creditors – Amounts falling due within one year	7	(15)	(14,006)
Net current assets/(liabilities)		25,933	18,911
Total assets less current liabilities		13,397,479	12,300,895
Creditors - Amounts falling due after more than one year	8	(13,137,931)	(12,141,915)
Net assets/(liabilities)		259,548	158,980
Capital and reserves:			
Called up share capital	9	-	-
Revaluation reserve	10	1,170,518	863,885
Profit and loss account	10	(910,970)	(704,905)
Total shareholder's funds	11	259,548	158,980

Approved by the Board on 9 October 2007 and signed on its behalf by:



J.B. Chambers
Director

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2007

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 law and United Kingdom accounting standards.

Turnover

Income from tenants is 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

The auditors' remuneration was £3,000 (2006: £3,000) for audit services and £1,000 (2006: £1,000) for other services relating to taxation and was 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 2007

3 Interest payable and similar charges

	2007 £	2006 £
Interest payable on inter-company balances	489,422	497,788

4 Tax on ordinary activities

	2007 £	2006 £
Taxation on loss for the year		
UK corporation tax at 30% (2006 30%)	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax	(206,065)	(486,319)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2006 30%)	(61,820)	(145,896)
Group relief (claimed)/surrender	(92,582)	101,095
Expenses not deductible for tax purposes	154,402	44,801
Current tax charge for the year	-	-

The amount of tax losses carried forward at 31 March 2007 is £nil (31 March 2006 £555,369)

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 £nil (2006 £166,611)

5 Tangible assets

	Investment properties £
Cost and valuation	
At 1 April 2006	12,281,984
Additions (less amounts written off)	782,929
Revaluation	306,633
At 31 March 2007	13,371,546
Net book value at 31 March 2007	13,371,546
Net book value at 31 March 2006	12,281,984

Annington Rentals Limited

Notes To The Accounts For The Year Ended 31 March 2007

5 Tangible assets (continued)

The investment properties have been valued by the Directors on the basis of market value

The Directors have considered the valuation of the properties as at 31 March 2007 based on an external appraisal performed by Colleys, the valuation and surveying service from HBOS during February 2007. They were instructed to ensure that a representative sample of the whole portfolio was valued in accordance with the requirements of the RICS Appraisal Valuation Standards

Properties would have been included on a historical cost basis £12,201,028 (2006 £11,418,099)

	2007 £'000	2006 £'000
The net book amount of properties comprises		
Freehold	13,261,546	12,171,984
Leasehold	110,000	110,000
	13,371,546	12,281,984

6 Debtors

	2007 £	2006 £
Amounts due from Group undertakings	11,305	8,948
Other debtors	14,643	23,969
	25,948	32,917

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

7 Creditors - amounts falling due within one year

	2007 £	2006 £
Other creditors	15	14,006

8 Creditors - amounts falling due after more than one year

	2007 £	2006 £
Amounts due to group undertakings	13,137,931	12,141,915

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 2007

9 Share capital

	2007 £	2006 £
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 2006	(704,905)	863,885
Surplus on valuation of properties	-	306,633
Retained loss for the year	(206,065)	-
At 31 March 2007	(910,970)	1,170,518

11 Reconciliation of movements in shareholder's funds

	2007 £	2006 £
Movement in revaluation reserve	306,633	863,885
Loss for the financial year	(206,065)	(486,319)
Net change in shareholder's funds/(deficit)	100,568	(377,566)
Shareholder's funds/(deficit) brought forward	158,980	(218,586)
Shareholder's funds carried forward	259,548	158,980

12 Employees

The Company had no employees of its own during the year (2006 nil) The cost of performing work for the Company is borne by another Group company, Annington Management Limited, in the current and preceding year

13 Directors' emoluments

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

The directors' emoluments 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 2007

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 both these companies 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.