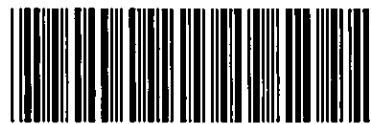


**Report of the Directors and
Financial Statements
for the year ended 31 December 2008
for
Narville Limited**

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for the year ended 31 December 2008**

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Narville Limited

Company Information for the year ended 31 December 2008

DIRECTORS:

G J Frost
M J Gregory
D J Lees

SECRETARY:

N D Lewis

REGISTERED OFFICE:

Level 15
5 Aldermanbury Square
London
EC2V 7HR

REGISTERED NUMBER:

03870116

AUDITORS:

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Narville Limited

Report of the Directors for the year ended 31 December 2008

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a limited partner to a limited partnership which is a lessor and manager of the serviced premises.

REVIEW OF BUSINESS

Both the level of business and the year end financial position were in line with budgets and expectations. The project is now complete and from this point the company is expected to trade profitably.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

DIVIDENDS

The profit for the financial period of £9,215 (2007: £9,743) has been transferred to reserves.

The directors authorise the payment of a dividend £9,500 (2007 paid: £22,439).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

G J Frost
M J Gregory

Other changes in directors holding office are as follows:

T Duncan - resigned 17 November 2008
D J Lees - appointed 30 September 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

Narville Limited

Report of the Directors for the year ended 31 December 2008

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

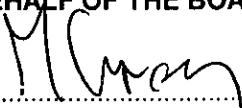
So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant 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 234ZA of the Companies Act 1985.

AUDITORS

The auditors, Deloitte LLP, have indicated their willingness to continue in office and therefore in accordance with the elective regime passed by the company they are deemed to have been reappointed.

ON BEHALF OF THE BOARD:



.....
M J Gregory - Director

Date: 28/04/09
.....

Report of the Independent Auditors to the Shareholders of Narville Limited

We have audited the financial statements of Narville Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 Report of the Directors 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 Report of the Directors 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.

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 December 2008 and of its 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 Report of the Directors is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Date: *29 April 2009*

Narville Limited

Profit and Loss Account for the year ended 31 December 2008

	Notes	2008 £	2007 £
TURNOVER		-	-
OPERATING PROFIT	3	-	-
Income from participating interests		<u>13,003</u>	<u>12,379</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,003	12,379
Tax on profit on ordinary activities	4	<u>(3,788)</u>	<u>(2,636)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>9,215</u>	<u>9,743</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

All items in the above statement derive from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.


Narville Limited

Balance Sheet 31 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	6	10	10
CURRENT ASSETS			
Debtors	7	28,564	25,061
CREDITORS			
Amounts falling due within one year	8	(1,134)	(168)
NET CURRENT ASSETS		<u>27,430</u>	<u>24,893</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,440	24,903
PROVISIONS FOR LIABILITIES	9	(19,719)	(16,897)
NET ASSETS		<u><u>7,721</u></u>	<u><u>8,006</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	7,720	8,005
SHAREHOLDERS' FUNDS	13	<u><u>7,721</u></u>	<u><u>8,006</u></u>

The financial statements were approved by the Board of Directors on 28 April 2009 and were signed on its behalf by:


.....
M J Gregory - Director


.....
G J Frost - Director

Narville Limited

Notes to the Financial Statements for the year ended 31 December 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with United Kingdom accounting standards.

The accounting policies used have been consistently applied in the current and preceding year.

Going Concern

The Company exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Vehicle under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Taxation

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

In accordance with FRS 19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

Investments

Investments are stated at cost less any provision for any impairment in value.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Babcock & Brown Public Partnerships Limited and is therefore included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Babcock & Brown Public Partnerships Limited Group.

Income from participating interests

Income from participating interests represents Narville Limited's share of the results of the Norfolk Limited Partnership for the year.

2. STAFF COSTS

There were no staff and no staff costs for the year ended 31 December 2008 nor for the year ended 31 December 2007.

Narville Limited

Notes to the Financial Statements - continued for the year ended 31 December 2008

3. OPERATING PROFIT

The Directors received no salary, fees or other benefits in the performance of their duties in respect of their services to the company (2007: £Nil).

Auditors' remuneration was borne by another group undertaking amounting to £2,755 (2007: £2,625).

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	966	168
Deferred tax	2,822	2,468
Tax on profit on ordinary activities	<u>3,788</u>	<u>2,636</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>13,003</u>	<u>12,379</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.500% (2007 - 30%)	3,706	3,714
Effects of:		
Accelerated capital allowances	(1,980)	(3,686)
Accelerated interest deduction	11	10
Expenses not deductible for tax purposes	140	130
Rate differential re current year offset of timing difference	(35)	-
Rate differential re current year offset of brought forward losses	(12)	-
Offset of brought forward losses	(696)	-
Prior year adjustment	(168)	-
Current tax charge	<u>966</u>	<u>168</u>

Factors that may affect future tax charges

The effective tax rate will continue to be affected by the utilisation of brought forward tax losses and disallowed capital allowances.

5. DIVIDENDS

	2008 £	2007 £
Ordinary share of £1		
Interim	<u>9,500</u>	<u>22,439</u>

Narville Limited

Notes to the Financial Statements - continued for the year ended 31 December 2008

6. FIXED ASSET INVESTMENTS

	Interest in other participating interests £
COST	
At 1 January 2008 and 31 December 2008	<u>10</u>
NET BOOK VALUE	
At 31 December 2008	<u>10</u>
At 31 December 2007	<u>10</u>

The company has invested in Norfolk Limited Partnership through the pledge of £10 to the capital account of the limited partnership which has a total pledged capital of £1,000. The company is entitled to a 1% share of the net income or losses and a 0.01% share of any capital gains or losses of the limited partnership, and has no control over the operating decisions of the limited partnership.

Norfolk Limited Partnership is a lessor and manager of the serviced premises.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts owed by group undertakings	28,563	25,060
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>28,564</u>	<u>25,061</u>

Included within the amounts owned by group undertaking is £28,563 (£25,060) which represents the Company share of the Limited Partnership profits amounting to £28,573 (2007: £25,070), less unpaid partnership capital of £10 (2006: £10).

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	<u>1,134</u>	<u>168</u>

9. PROVISIONS FOR LIABILITIES

	2008 £	2007 £
Deferred tax	<u>19,719</u>	<u>16,897</u>

Narville Limited

Notes to the Financial Statements - continued for the year ended 31 December 2008

9. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2008	16,897
Accelerated capital allowances	2,833
Accelerated interest deduction	(11)
Rate change	
Balance at 31 December 2008	<u>19,719</u>

Deferred tax liability consists of:

	2008 £	2007 £
Accelerated capital allowances	16,112	13,279
Accelerated interest Deduction	<u>3,609</u>	<u>3,618</u>
	<u>19,719</u>	<u>16,897</u>

10. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2008 £	2007 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>
Allotted and issued:				
Number:	Class:	Nominal value:	2008 £	2007 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Profit and loss account £
At 1 January 2008	8,005
Profit for the year	9,215
Dividends	<u>(9,500)</u>
At 31 December 2008	<u>7,720</u>

12. ULTIMATE CONTROLLING PARTY

The directors regard Babcock & Babcock PFI Holdings Limited, a company incorporated in England and Wales as the immediate parent company and Babcock & Brown Public Partnerships Limited a company registered in Guernsey as the ultimate controlling party. Copies of the consolidated financial statements of Babcock & Brown Public Partnerships Limited can be obtained from Heritage International Fund Managers Limited, Polygon Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.

Narville Limited

Notes to the Financial Statements - continued for the year ended 31 December 2008

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	9,215	9,743
Dividends	(9,500)	(22,439)
	<hr/>	<hr/>
Net reduction of shareholders' funds	(285)	(12,696)
Opening shareholders' funds	8,006	20,702
	<hr/>	<hr/>
Closing shareholders' funds	7,721	8,006
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