Oakcrown Properties Limited

Directors' report and financial statements

Registered number 4119496

31 January 2007

Contents

Directors' report

The directors present their report and the financial statements of the company for the year ended 31 January 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a dividend

Principal activities, trading review and future developments

The principal activity of the company is that of property investment

The directors are satisfied with the profit for the year and are confident of the future profitability of the company

There have been no events since the balance date which materially affect the position of the company

Directors

The directors of the company during the period were

G Shaw (resigned 28 February 2006)
M Wechsler (resigned 28 February 2006)
TJP Knowles (appointed 28 February 2006)
Mr D Hopkinson (appointed 7 September 2007)
Miss C Sharp (appointed 12 September 2007)
Mrs J Jenkinson (appointed 12 September 2007)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company s auditors are aware of that information

Auditors

A resolution to re-appoint KPMG LLP will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

By order of the board

J Jenkinson
Company Secretary

Canal Mill
Botany Brow
Chorley
Lancashire
PR6 9AF

23 JAN 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditors' report to the members of Oakcrown Properties Limited

We have audited the financial statements of Oakcrown Properties Limited for the year ended 31 January 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 auditor's 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

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 judgments 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 Oakcrown Properties Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2007 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 Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

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Profit and loss account
for the year ended 31 January 2007

	Note	Year ended 31 January 2007 £	10 months ended 31 March 2006 £
Rental income		**3,066,296**	2,533,752
Administrative expenses		**(1,737,935)**	(1,665,196)
Profit on ordinary activities before taxation		**1,328,361**	868,556
Interest payable and similar charges	2	**(1,201,472)**	(901,284)
Profit/(loss) on ordinary activities before taxation	3	**126,889**	(32,728)
Taxation	4	**12,484**	(30,000)
Retained profit/(loss) for the year/period	10	**139,373**	(62,728)

All amounts relate to continuing activities

Statement of total recognised gains and losses
for the year ended 31 January 2007

	Year ended 31 January 2007 £	10 months ended 31 March 2006 £
Profit/(loss) for the year/period	**139,373**	(62,728)
Revaluation surplus on investment property	-	810,000
Total recognised gains and losses for the year/period	**139,373**	747,272

Balance sheet
at 31 January 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	*5*		**18,410,000**		18,410,000
Current assets					
Debtors	*6*	**180,598**		110,888	
Creditors amounts falling due within one year	*7*	**(15,943,532)**		(16,013,195)	
Net current liabilities			**(15,762,934)**		(15,902,307)
Total assets less current liabilities			**2,647,066**		2,507,693
Net assets			**2,647,066**		2,507,693
Capital and reserves					
Called up share capital	*8*		**2**		2
Revaluation reserve	*9*		**1,503,900**		1,503,900
Profit and loss account	*9*		**1,143,164**		1,003,791
Shareholder's funds			**2,647,066**		2,507,693

All amount included in shareholder's funds are equity

These financial statements were approved by the board of directors on 23 JAN 2008 and signed on its behalf by

TJP Knowles
Director

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings The following principal accounting policies have been applied

Investment properties

Investment properties are valued at open market value Any surplus or deficit arising from such revaluation is transferred to the revaluation reserve except that permanent diminutions in value are written off to the profit and loss account

Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no deprecation is provided in respect of investment properties Although the Companies Act would normally require the systematic depreciation of such assets, the directors believe that this departure from the statutory rule is necessary for the financial statements to give a true and fair view Depreciation is only one of the many factors reflected in the annual valuation, and is not practicable to quantify separately the amount which might otherwise have been shown

Rental income

Rental income represents gross rental receivable from letting of UK properties

Deferred taxation

In accordance with FRS19, deferred tax is now provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements Deferred tax is measured on a non discounted basis

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument

2 Interest payable

	Year ended 31 January 2007 £	10 months ended 31 March 2006 £
Group loan	**1,071,503**	726,284
Funding loan	**64,354**	-
Other	**65,615**	175,000
	1,201,472	901,284

Notes *(continued)*

3 Profit on ordinary activities before taxation

The company has no employee other than the directors, who received no remuneration from the company during the year

The auditors' remuneration is paid by the immediate parent company

4 Taxation

Tax on profit on ordinary activities

	Year ended 31 January 2007 £	10 months ended 31 March 2006 £
Current tax		
Current tax on income for the year	**2,816**	30,000
Under provision in respect of earlier years	**(15,300)**	-
	(12,484)	30,000

The tax assessed for the year reconciled to the standard rate of corporation tax in the UK is given below

	Year ended 31 January 2007 £	10 months ended 31 March 2006 £
Profit/(loss) on ordinary activities before tax	**126,889**	(32,728)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (*2006 30%*)	**38,067**	(9,818)
Effects of		
Expenses not deductible for tax purposes	**-**	39,818
Group relief claimed	**(35,251)**	-
Over provision in respect of earlier years	**(15,300)**	-
Current tax (credit)/charge for the year/period	**(12,484)**	30,000

5 Tangible fixed assets

	Leasehold Improvements £
Valuation	
At 31 January 2006 and 31 January 2007	18,410,000
Depreciation	
At 31 January 2006 and 31 January 2007	-
Net book value	
At 31 January 2007	**18,410,000**
At 31 January 2006	18,410,000

The property has been revalued in line with a valuation performed during the year by Savills

This historical cost of the investment property at 31 January 2007 was £16,906,100 (*2006 £16,906,100*)

Notes *(continued)*

6 Debtors

	2007 £	2006 £
Prepayments and accrued income	**180,598**	110,888

All debtors fall due within one year

7 Creditors Amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	**14,457,388**	-
Other creditors	**1,010,710**	-
Funding loan	**-**	14,803,222
Corporation tax	**7,080**	724,000
Accruals and deferred income	**468,354**	485,973
	15,943,532	16,013,195

The 2006 funding loan was secured by a charge on the investment property The loan was repaid on 28 February 2006 when the parent company was acquired by Lea Valley Limited

The funding loan in place at 31 January 2006 was repayable in full by January 2008, partly by annual instalments It was secured by a first fixed charge over the investment property and by a first floating charge over all other assets and income of the company Interest was payable at 6 93% per annum The loan was repaid on 28 February 2006 and replaced by a loan from Lea Valley Limited Interest is payable on the loan from Lea Valley at 7 89% Although the loan is repayable by Lea Valley Limited over a six year term, it is repayable on demand by the group companies and the liability is therefore presented as falling due within one year

8 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 £	2006 £	No	£
Ordinary shares of £1 each	**1,000**	1,000	**2**	2

9 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2006	1,503,900	1,003,791
Profit for the year	-	139,373
At 31 January 2007	**1,503,900**	**1,143,164**

Notes *(continued)*

10 Reconciliation of movement in shareholder's funds

	Year ended 31 January 2007 **£**	10 months ended 31 March 2006 £
Profit/(loss) for the year/period	**139,373**	(62,728)
Other recognised gains and losses	**-**	810,000
	139,373	747,272
Opening shareholder's funds	**2,507,693**	1,760,421
Closing shareholder's funds	**2,647,066**	2,507,693

11 Ultimate parent company and controlling party

The immediate parent company up to 28 February 2006 was Sandrim Holdings Limited, a company incorporated in Gibraltar at which date ownership was transferred to Saraband Limited, a company incorporated in Jersey

The Ultimate parent company is Lea Valley Limited, a company incorporated in Great Britain and registered in England and Wales The ultimate controlling party is TJP Knowles

12 Contingent liabilities

The company is part of a group banking arrangement with certain of its subsidiaries At 31 January 2007 the net liability under this guarantee across the group, inclusive of the company's own borrowings, amounted to £244,400,000 *(2006 £nil)*

13 Related party transactions

At 31 January 2007 the company owed £14,456,771 *(2006 £nil)* to Lea Valley Limited, £617 *(2006 £nil)* to First Industrial Limited and £1,010,710 *(2006 £nil)* to First Investments Limited Interest of £1,071,503 *(2006 £nil)* was payable to Lea Valley Limited