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LIBERTY LIVING (SEVERN POINT) LIMITED

**Annual Report and Audited Financial Statements
For the year ended 31 August 2010**

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LIBERTY LIVING (SEVERN POINT) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS For the year ended 31 August 2010

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LIBERTY LIVING (SEVERN POINT) LIMITED

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
For the year ended 31 August 2010**

DIRECTORY

Directors:

R Boyland

J Rose

R Chadwick (resigned 25 January 2010)

R McNally (appointed 25 January 2010)

Registered Number:

4313995 (England and Wales)

Registered Office:

32nd Floor

30 St Mary Axe

London EC3A 8BF

United Kingdom

Company Secretary:

Brandeaux Administrators Limited

Brandeaux House

13 Upper Mount Street

Dublin 2

Ireland

Auditors:

Deloitte & Touche

Deloitte & Touche House

Earlsfort Terrace

Dublin 2

Ireland

Property Valuer:

Lambert Smith Hampton

79 Mosley Street

Manchester M2 3LQ

United Kingdom

Solicitors.

Olswang

90 High Holborn

London WC1V 6XX

United Kingdom

Property Asset Manager:

Liberty Living plc

32nd Floor

30 St Mary Axe

London EC3A 8BF

United Kingdom

LIBERTY LIVING (SEVERN POINT) LIMITED

Registered Number: 4313995 (England and Wales)

DIRECTORS' REPORT

The Directors of Liberty Living (Severn Point) Limited (the "Company") present their annual Report and the audited Financial Statements for the year ended 31 August 2010

The Directors consider the following to be the principal risks and uncertainties which may affect the company performance

- Continued availability of finance within the Group
- The supply of, and demand for Student Accommodation, and any associated reputation and compliance risks involved in the operation of the properties

PRINCIPAL ACTIVITY

The principal activity of the Company is the letting and management of property

RESULTS AND DIVIDENDS

The Company made a profit for the year of £16,453 (2009 profit of £23,439), which has been transferred to reserves

The Directors do not recommend the payment of a dividend (2009 £nil)

DIRECTORS

The Directors set out below held office from 1 September 2009 to the date of this report unless otherwise stated

R Boyland

J Rose

R Chadwick (resigned 25 January 2010)

R McNally (appointed 25 January 2010)

At no time during the year or to date did any Director have any beneficial interest in the shares of the Company

SECRETARY


The Secretary of the Company during the year and to date is

Brandeaux Administrators Limited

AUDITORS

Deloitte & Touche have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors

Approved by the Board of Directors on 17 December 2010 and signed on its behalf by



R McNally
Director

LIBERTY LIVING (SEVERN POINT) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company 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, 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 books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with relevant legislation. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY LIVING (SEVERN POINT) LIMITED

We have audited the financial statements of Liberty Living (Severn Point) Limited (the "Company") for the year ended 31 August 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LIBERTY LIVING (SEVERN POINT) LIMITED (CONTINUED)**

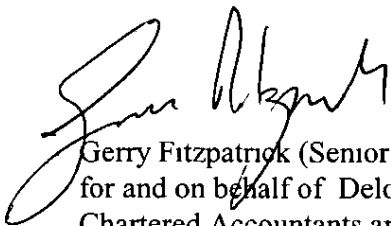
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Gerry Fitzpatrick (Senior Statutory Auditor)
for and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Auditors
Dublin

17/12/10

LIBERTY LIVING (SEVERN POINT) LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 August 2010

	Note	2010 £	2009 £
Turnover	1	1,114,262	1,007,708
Operating costs		(1,088,885)	(988,384)
Gross profit		<u>25,377</u>	<u>19,324</u>
Administrative expenses		(2,821)	(5,500)
Operating profit	3	<u>22,556</u>	<u>13,824</u>
Interest receivable and similar income		-	9,615
Profit on ordinary activities before tax		<u>22,556</u>	<u>23,439</u>
Tax on profit on ordinary activities	4	(6,103)	-
Profit on ordinary activities after tax transferred to reserves	8	<u><u>16,453</u></u>	<u><u>23,439</u></u>

All gains and losses arise from continuing activities

LIBERTY LIVING (SEVERN POINT) LIMITED

BALANCE SHEET As at 31 August 2010

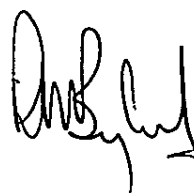
	Note	2010 £	2009 £
Current assets			
Cash at bank		139,336	-
Debtors, prepayments and accrued income	5	7,528,589	7,679,022
		<u>7,667,925</u>	<u>7,679,022</u>
Creditors: amounts falling due within one year	6	(7,554,509)	(7,582,059)
		<u>113,416</u>	<u>96,963</u>
Net current assets			
		<u>113,416</u>	<u>96,963</u>
Net assets		<u>113,416</u>	<u>96,963</u>
Share capital and reserves			
Share capital	7	2	2
Reserves	8	113,414	96,961
		<u>113,416</u>	<u>96,963</u>
Equity Shareholder's funds	9	<u>113,416</u>	<u>96,963</u>

The Financial Statements were approved by the Board of Directors on 17 December 2010 and signed on its behalf by

R McNally
Director



R Boyland
Director



LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and are denominated in pounds sterling (£). The particular accounting policies adopted are described below

Turnover

Turnover comprises rental income which is accounted for on an accruals basis

Deferred Tax

The payment of tax is deferred or accelerated because of timing differences in the treatment of certain items for tax and accounting purposes. Full provision for deferred tax is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS19 deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is ultimately a wholly owned subsidiary undertaking of Liberty Living UK Limited which publishes a consolidated cash flow statement.

Leases

Rentals payable under operating leases are charged to the profit and loss account on an accrual basis over the term of the lease. The initial advance payment made in relation to the operating lease is treated as part of the rentals payable and accordingly these costs are also charged to the profit and loss account on a straight line basis over the lease term and are classified within prepayments.

2. STAFF COSTS

	2010 £	2009 £
Salaries and wages	93,653	83,924
Social security costs	7,945	6,993
Total salary and wage costs	<u>101,598</u>	<u>90,917</u>
Average number of staff	<u>5</u>	<u>4</u>

3. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Auditors' remuneration	2,821	3,000
Directors' remuneration	-	-
Rent payable	<u>339,751</u>	<u>212,577</u>

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

4. TAX

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year and the tax affecting the charge are as follows

Factors affecting the tax charge:

	2010	2009
	£	£
Profit on ordinary activities before tax	22,556	23,439
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	6,316	6,563
Effects of Expenditure not tax deductible	(213)	-
Group relief	-	(6,563)
Timing differences reflected in deferred tax	-	-
Current tax charge / (credit)	6,103	-

5. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2010	2009
	£	£
Amounts falling due within one year		
Due from Group related parties	2,286,003	2,168,995
Due from non Group related parties	-	147,471
Other debtors, prepayments and accrued income	144,358	141,480
	2,430,361	2,457,946

	2010	2009
	£	£
Amounts falling due after one year		
Other debtors, prepayments and accrued income	5,098,228	5,221,076
Aggregate amount	7,528,589	7,679,022

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

6. CREDITORS: amounts falling due within one year

	2010 £	2009 £
Due to Group related parties	7,329,296	7,327,605
Due to non Group related parties	-	22,807
Other creditors and accrued expenses	225,213	231,647
	<u>7,554,509</u>	<u>7,582,059</u>

7. SHARE CAPITAL

Authorised

	2010 £	2010 Number of shares	2009 £	2009 Number of shares
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Issued

	2010 £	2010 Number of shares	2009 £	2009 Number of shares
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

8. STATEMENT OF MOVEMENTS ON RESERVES

	Revenue reserve £
At 1 September 2009	96,961
Transfer from Profit and Loss Account	16,453
At 31 August 2010	<u>113,414</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2010 £	2009 £
Profit for the year	16,453	23,439
Net increase in equity Shareholder's funds	<u>16,453</u>	<u>23,439</u>
Opening equity Shareholder's funds	96,963	73,524
Closing equity Shareholder's funds	<u>113,416</u>	<u>96,963</u>

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

10. CONTROLLING PARTIES

The Company's intermediate parent is Liberty Living Properties Limited ("LLPL"), a company incorporated in, and registered as a BVI Business Company in, the British Virgin Islands. The Group comprises LLPL and its Subsidiaries and is at the balance sheet date ultimately owned by Brandeaux Student Accommodation Fund (Sterling) Limited, a company incorporated in the British Virgin Islands.

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 8 Related Party Disclosures from disclosure of transactions between Group companies. Balances with Group entities are disclosed in debtors and creditors as Group related parties.

R Boyland, a director of the companies in note 10 above, has an interest in fees paid to the Company's Property Asset Manager, Liberty Living plc ("LLPLC"), which charged the Company rent collection fees of £100,676 (2009 £90,531). The Company owed LLPLC fees of £Nil (2009 £22,807) at the year end.

Included within amounts due from non Group related parties are amounts totalling £Nil (2009 £147,471) representing monies owed from LLPLC to the Company.

12. OTHER FINANCIAL COMMITMENTS

The Company is party to a guarantee for a bank loan facility of £200,000,000 made to the Group. The Company's assets including investment property are used as security for this facility. As at 31 August 2010 the facility was fully drawn by the Group.