

PWCR Finance Limited
Report and Financial Statements

Registered number 4807872
Year Ended 31 December 2006

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Company Information

Directors

T J Evans
S L Gumm
N M Leslau

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London W1G 0PJ

Company number

4807872

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Results and dividends

The profit and loss account is set out on page 4 and shows a loss after tax for the year of £15,714,175 (2005 £4,311,219)

Principal activities, review of business and future developments

The principal activity of the company is that of the provision of finance to fellow group companies which are involved in property investment activities. All operations are within the United Kingdom.

The directors are satisfied with the performance of the company for the year.

On 2 November 2006, a group company sold its interest in an investment property to a third party for an aggregate consideration of £16,750,000. These proceeds were used in part to settle the intragroup indebtedness of the property owning subsidiary to PWCR No 1 Limited under an inter-company loan facility provided to it on 31 December 2004.

PWCR No 1 Limited then repaid its indebtedness to the company and the company was therefore able to repay its remaining secured bank debt of £7,000,000.

Post balance sheet events

There have been no events since the balance sheet date that materially effect the position of the company.

Directors

The directors who held office during the year were

T J Evans

S L Gumm

N M Leslau

J C McMahon (resigned 21 August 2007)

No director had any interest in the share capital of the company during the year.

S L Gumm, N M Leslau and J C McMahon are also directors of the ultimate parent company, Prestbury West Coast Holdings Limited, and their interests in the share capital of that company, if any, are shown in its financial statements.

Report of the directors for the year ended 31 December 2006 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 and of the profit or loss 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 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

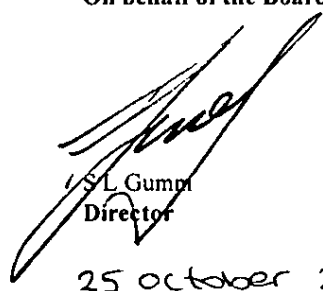
Auditors

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information which has not been brought to the attention of the auditors

BDO Stoy Hayward LLP, have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the Board



S L Gump
Director
25 October 2007

Independent Auditor's Report To The Shareholders of PWCR Finance Limited

We have audited the financial statements of PWCR Finance Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Deficit, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those 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 director's 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

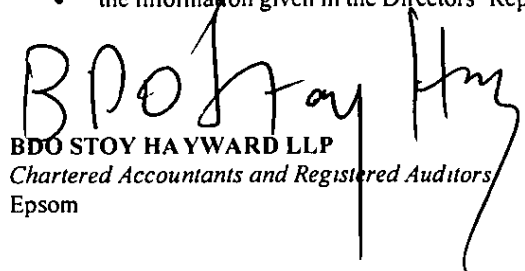
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 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.


BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

26 October 2007

Profit and loss account

for the year 31 December 2006

	<i>Note</i>	Year to 31 December 2006 £	Year to 31 December 2005 £
Administration expenses		(175)	(113)
Dividends received from subsidiary undertaking		-	12,565,711
Profit on ordinary activities before interest		(175)	12,565,598
Interest receivable and similar income	2	132,249	84,661
Interest payable and similar charges	3	(15,957,938)	(16,985,646)
Loss on ordinary activities before taxation	4	(15,825,864)	(4,335,387)
Taxation on loss from ordinary activities	6	111,689	24,168
Loss on ordinary activities after taxation		(15,714,175)	(4,311,219)

All amounts relate to continuing activities

There was no difference between historical cost loss and the reported loss on ordinary activities for the year

There were no recognised gains or losses other than as shown above

The notes on pages 7 to 11 form part of these financial statements

Reconciliation of movements in shareholders' deficit
for the year 31 December 2006

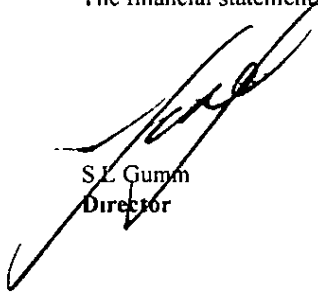
	Year to 31 December 2006 £	Year to 31 December 2005 £
Loss for the financial year	(15,714,175)	(4,311,219)
Dividends	-	(6,522,000)
Net movement in shareholders' deficit	(15,714,175)	(10,833,219)
Opening shareholders' deficit	(12,857,260)	(2,024,041)
Closing shareholders' deficit	(28,571,435)	(12,857,260)

The notes on pages 7 to 11 form part of these financial statements

Balance sheet
as at 31 December 2006

	<i>Note</i>	2006	2006	2005	2005
		£	£	£	£
Fixed assets					
Investment in subsidiary undertaking	8		220,531,016		220,531,016
Current assets					
Debtors due within one year	9	136,050		32,203	
Cash at bank and in hand	10	26		676,536	
		<u>136,076</u>		<u>708,739</u>	
Creditors amounts falling due within one year	11	-		(74,539)	
Net current assets			<u>136,076</u>		<u>634,200</u>
Total assets less current liabilities			<u>220,667,092</u>		<u>221,165,216</u>
Creditors amounts falling due after more than one year	12		<u>(249,238,527)</u>		<u>(234,022,476)</u>
Net liabilities			<u>(28,571,435)</u>		<u>(12,857,260)</u>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		<u>(28,571,436)</u>		<u>(12,857,261)</u>
Shareholders' deficit			<u>(28,571,435)</u>		<u>(12,857,260)</u>

The financial statements were approved by the Board and authorised for issue on 25 October 2007


S.L. Gumm
Director

The notes on pages 7 to 11 form part of these financial statements

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group. The consolidated financial statements of Prestbury West Coast Holdings Limited, within which this company is included, can be obtained from the address given in note 19.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when they are paid. Final equity dividends are recognised when approved by shareholders at an annual general meeting.

2 Interest receivable and similar income

	Year to 31 December 2006 £	Year to 31 December 2005 £
Interest receivable on bank balances	19,249	58,572
Interest receivable on loans to fellow group undertakings	-	26,089
Hedging break gains	113,000	-
	<u>132,249</u>	<u>84,661</u>

3 Interest payable and similar charges

	Year to 31 December 2006 £	Year to 31 December 2005 £
On bank loans	313,149	2,865,371
Amortisation of finance costs	113,630	971,925
Loan monitoring fees	-	40,489
Loan prepayment fees	-	249,838
LIBOR break costs	1,316	7,799
On amounts due to fellow group undertakings	15,529,843	12,850,224
	<u>15,957,938</u>	<u>16,985,646</u>

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

4 Loss on ordinary activities before taxation

All losses relate to the company's activities as a finance company and are derived wholly within the United Kingdom

The auditors' remuneration is borne by a fellow group company Fees for the audit of company were £1,500 (2005 £1,500)

Details of any non-audit fees paid to the company's auditors by the group are disclosed in the ultimate parent company's accounts

5 Employees and directors

The average number of employees during the year, excluding directors, was nil (2005 nil)

No director received any emoluments from the company during the year (2005 none)

6 Taxation on loss from ordinary activities

	Year to 31 December 2006 £	Year to 31 December 2005 £
<i>Current tax</i>		
UK corporation tax on loss	(111,689)	(24,168)

The tax assessed for the year varies from the standard rate of corporation tax in the UK A reconciliation is provided below

	Year to 31 December 2006 £	Year to 31 December 2005 £
Loss on ordinary activities before taxation	(15,825,864)	(4,335,387)
Tax on ordinary activities at the standard rate of UK corporation tax of 30%	(4,747,759)	(1,300,616)
Effects of		
Permanently disallowable expenses	30	-
Dividends receivable – non-taxable	-	(3,769,713)
Group relief surrendered to fellow group companies	4,747,707	4,893,581
Non-trade financial losses carried forward	22	152,580
Brought forward losses surrendered to fellow group company (paid)	(111,689)	-
Current tax credit	(111,689)	(24,168)

At 31 December 2006 there is no provided or unprovided deferred taxation (2005 unprovided deferred tax asset £2,315,355) The non-trading losses brought forward have been utilised to offset chargeable gains elected into the company from fellow group undertakings

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

7 Dividends

	Year to 31 December 2006 £	Year to 31 December 2005 £
Dividend paid of £nil (2005 £6,522,000) per share	-	6,522,000

8 Investment in subsidiary undertaking

	2006 £	2005 £
<i>At cost</i>		
At 1 January and 31 December	220,531,016	220,531,016

Subsidiary undertaking

The following company was a subsidiary undertaking at the end of the year

Name	Country of incorporation	Proportion of voting rights and equity share capital held	Nature of business
PWCR No 1 Limited	England	97.06%	Intermediate holding company

The remaining interest in the issued share capital of PWCR No 1 Limited is held by Prestbury West Coast Rice Limited

9 Debtors

	2006 £	2005 £
<i>Due within one year</i>		
Prepayments and accrued income	-	8,035
Taxation and social security	193	-
Amounts due from fellow group undertakings	135,857	24,168
	136,050	32,203

10 Cash at bank and in hand

Included within the company's cash balance at 31 December 2006 is £nil (2005 £500,986) of cash held in accounts held as security by the provider of the secured debt

11 Creditors, amounts falling due within one year

	2006 £	2005 £
Accruals and deferred income	-	74,539

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

12 Creditors amounts falling due after more than one year

	2006 £	2005 £
Secured bank loans.		
Senior loan	-	7,000,000
Prepaid finance fees	-	(113,630)
Total bank debt net of prepaid finance fees	-	6,886,370
Amounts due to immediate parent company	249,238,527	227,136,106
	249,238,527	234,022,476
	2006 £	2005 £
Secured bank loans are due		
In more than two years but not more than five years	-	7,000,000

The bank loans were secured principally by charges over an investment property held by a fellow group company and over the shares in certain group companies. These fellow group companies entered into cross-guarantee arrangements with the company, in a previous year.

Amounts due to immediate parent company are unsecured, bear interest at a rate of 7.21% and has no fixed repayment date. Accrued interest of £28,380,067 (2005: £12,850,224) is included in the above figure.

13 Financial instruments

The following financial instruments were in place at 31 December 2006

	Protected rate %	Expiry	31 December 2006 Market value gain pre-tax £	31 December 2005 Market value gain pre-tax £
£nil (2005: £7,000,000) swap	4.25	July 2008	-	45,000
Total net gain post tax			-	31,500

The company has taken advantage of the exemptions in the Financial Reporting Standard 13, "Derivatives and other financial instruments" whereby short-term debtors and creditors are excluded from the preceding disclosures. All monetary assets and liabilities are denominated in Sterling.

Notes forming part of the financial statements for the year ended 31 December 2006 *(continued)*

14 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

15 Profit and loss account

	Profit and loss account 2006 £
At 1 January 2006	(12,857,261)
Loss for the year	(15,714,175)
	<hr/>
At 31 December 2006	(28,571,436)
	<hr/>

16 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of Prestbury West Coast Holdings Limited

17 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement, as a consolidated cash flow statement is included in the financial statements of its ultimate parent company

18 Controlling party information

The company's immediate parent company is Prestbury West Coast Rice Limited. The company's ultimate parent company is Prestbury West Coast Holdings Limited. Both of these companies are incorporated in England and Wales. The consolidated accounts of the ultimate parent company are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.