

**Annington Rentals (No. 4) Limited**  
**(Registered Number: 5417120)**

**Annual Report and Accounts**  
**For the Period from Incorporation (7 April 2005) to 31 March 2006**



# **Annington Rentals (No. 4) Limited**

## **Directors' Report For The Period Ended 31 March 2006**

The directors present their annual report and the audited accounts of the Company for the period from incorporation to 31 March 2006.

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

The Company was incorporated on 7 April 2005.

During the period, the Company acquired "bulk let" rental units from Annington Property Limited comprising 265 properties at a cost of £28,410,941.

### **Results and dividends**

The Company's profit after taxation for the period is £143,964.

No dividend has been paid or proposed.

### **Directors and their interests**

The directors who held office throughout the period and since the period end are given below:

JB Chambers  
JC Hopkins  
ARJ Needham

The directors had no interests in the shares of the Company or any other company within the Le Grand Annington Limited Group.

### **Statement of directors' responsibilities**

The directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. 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;
- state whether applicable 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.

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 the system of internal controls and for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Annington Rentals (No. 4) Limited**

## **Directors' Report For The Period Ended 31 March 2006**

### **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.

### **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**

3 November 2006

### **Registered Office:**

1 James Street  
London  
W1U 1DR

## **Independent Auditors' Report To The Members of Annington Rentals (No. 4) Limited**

We have audited the financial statements of Annington Rentals (No. 4) Limited for the period from incorporation to 31 March 2006 which comprise the profit and loss account, the statement of total recognised gains and losses, the Company 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 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**

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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements, or material inconsistencies with the financial statements.

### **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 Members of Annington Rentals (No. 4) 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 2006 and of its profit for the period from incorporation to 31 March 2006;
- 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

Date: *6 November 2006*

## **Annington Rentals (No. 4) Limited**

### **Profit And Loss Account For The Period Ended 31 March 2006**

	<b>Note</b>	<b>2006 £</b>
Turnover		1,220,138
Cost of sales		(38,906)
Operating profit	2	1,181,232
Profit on ordinary activities before finance charges		1,181,232
Interest payable and similar charges	3	(1,037,268)
Profit on ordinary activities before taxation		143,964
Tax on profit on ordinary activities	4	-
Profit on ordinary activities after taxation		143,964
Retained profit for the financial period	10,11	143,964

All income was derived from within the United Kingdom from continuing operations.

### **Statement Of Total Recognised Gains And Losses For The Period Ended 31 March 2006**

	<b>Note</b>	<b>2006 £</b>
Loss for the financial period		143,964
Surplus on revaluation of properties	10	3,423,486
Total recognised gains and losses for the financial period		3,567,450

# **Annington Rentals (No. 4) Limited**

## **Balance Sheet as at 31 March 2006**

	Note	31 March 2006 £
<b>Fixed assets</b>		
Tangible assets	5	31,834,427
<b>Current assets</b>		
Debtors due within one year	6	60,330
<b>Creditors – Amounts falling due within one year</b>	7	(55,247)
<b>Net current assets</b>		<b>5,083</b>
<b>Total assets less current liabilities</b>		<b>31,839,510</b>
<b>Creditors - Amounts falling due after more than one year</b>	8	<b>(28,272,059)</b>
<b>Net assets</b>		<b>3,567,451</b>
<b>Capital and reserves:</b>		
Called up share capital	9	1
Revaluation reserve	10	3,423,486
Profit and loss account	10	143,964
<b>Total equity shareholders' fund</b>	11	<b>3,567,451</b>

**Approved by the Board on 3 November 2006 and signed on its behalf by:**



**J.B. Chambers**  
Director

# **Annington Rentals (No. 4) Limited**

## **Notes To The Accounts For The Period Ended 31 March 2006**

### **1 Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

#### **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 accounting standards.

#### **Turnover**

Income from tenants 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 periods. 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.

The net book value of investment properties transferred from Annington Property Limited is shown net of Profit Share disposal costs calculated in accordance with the Profit Share Agreement which the Company would have incurred had the assets been disposed at the balance sheet date.

Sales are accounted for on legal completion of contract basis.



# Annington Rentals (No. 4) Limited

## Notes To The Accounts For The Period Ended 31 March 2006

### 1 Accounting policies (continued)

#### Profit Share

As part of the Transfer Agreement for the properties acquired from Annington Property Limited, the Company has covenanted to take over certain obligations under the Profit Share Agreement signed by Annington Property Limited and the Secretary of State for Defence on 5 November 1996. The applicable Profit Share percentage becomes payable on the date of legal exchange for property disposals.

### 2 Operating profit

Costs in respect of audit services are borne by another Group company, Annington Management Limited, in the current period.

### 3 Interest payable and similar charges

	2006 £
Interest payable on inter-company balances	1,037,228
Other interest payable	40
	<u>1,037,268</u>

### 4 Tax on current and preceding period

	2006 £
<b>Taxation on profit for the period</b>	
UK corporation tax at 30%	-
<b>Factors affecting the tax charge for the period</b>	
Profit on ordinary activities before tax	143,964
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30%	43,189
Group relief claims for no consideration	(136,543)
Expenses not deductible for tax purposes	93,354
Current tax charge for the period	<u>-</u>

The amount of tax losses carried forward at 31 March 2006 is £nil.

# Annington Rentals (No. 4) Limited

## Notes To The Accounts For The Period Ended 31 March 2006

### 5 Tangible assets

	Investment Properties £
<b>Cost</b>	
At 7 April 2005	-
Additions	28,410,941
Revaluation	3,423,486
<b>At 31 March 2006</b>	<b>31,834,427</b>
<b>Net book value at 31 March 2006</b>	<b>31,834,427</b>

Allsop LLP has prepared a valuation of the investment properties held by the Company as at 31 March 2006 for the purposes of the financial statements. Allsop LLP is an external valuer and the valuations were undertaken on the basis of Market Value.

The valuations have been carried out in accordance with the requirements of the RICS Appraisal Valuation Manual, save where it is not, in practical terms, feasible to comply due to the large number of properties involved.

This is a "Regulated Purpose Valuation". Allsop LLP has undertaken such valuation work for Annington Property Limited, a related company, since 1999.

In relation to Allsop LLP's preceding financial year, Allsop LLP confirms that the proportion of its total fee income arising from the Company was less than 5%.

Properties would have been included on a historical cost basis as £28,410,941 (2005: £nil).

These properties were all acquired from Annington Property Limited. As part of the Transfer Agreement the Company has covenanted to take over certain obligations under the Profit Share Agreement signed by Annington Property Limited and the Secretary of State for Defence on 5 November 1996 for these particular properties.

	2006 £'000
<b>The net book amount of properties comprises</b>	
Freehold	31,834,427
Leasehold	-
	<b>31,834,427</b>

### 6 Debtors

	2006 £
Other debtors	60,330

# **Annington Rentals (No. 4) Limited**

## **Notes To The Accounts For The Period Ended 31 March 2006**

### **7 Creditors - amounts falling due within one year**

	2006 £
Other creditors	1,591
Accruals and deferred income	53,656
	<b>55,247</b>

### **8 Creditors - amounts falling due after more than one year**

	2006 £
Amounts due to group undertakings	28,272,059

Amounts due to Group undertakings are unsecured, interest bearing at 6.82% and have a fixed repayment date of 31 March 2025.

### **9 Share capital**

	2006 £
<b>Authorised - 1,000 ordinary shares of £1</b>	<b>1,000</b>
<b>Allotted, called up and fully paid</b>	
1 ordinary share of £1 fully paid	1

### **10 Reserves**

	Profit and loss account £	Revaluation Reserve £
Retained profit for the period	143,964	-
Surplus on valuation of properties	-	3,423,486
<b>At 31 March 2006</b>	<b>143,964</b>	<b>3,423,486</b>

# **Annington Rentals (No. 4) Limited**

## **Notes To The Accounts For The Period Ended 31 March 2006**

### **11 Reconciliation of movements in equity shareholders' funds**

	2006 £
<b>Net proceeds of issue of shares</b>	1
Profit for the financial period	143,964
Movement in revaluation reserve	3,423,486
<b>Net change in equity shareholders' funds</b>	<b>3,567,451</b>
<b>Equity shareholders' funds on incorporation</b>	-
<b>Equity shareholders' funds carried forward</b>	<b>3,567,451</b>

### **12 Employees**

The Company had no employees during the period. The cost of the employees is borne by another Group company, Annington Management Limited, in the current period.

### **13 Directors' emoluments**

The directors received no emoluments for their services to this company in the current and prior period.

The directors' emoluments are borne by another Group company, Annington Management Limited.

### **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 this company 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.