

**ANNINGTON RENTALS (NO.4) LIMITED**

**Report and Financial Statements**

**31 March 2008**



# **ANNINGTON RENTALS (NO.4) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

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# **ANNINGTON RENTALS (NO.4) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2008**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J B Chambers  
J C Hopkins  
A R J Needham

#### **SECRETARY**

J B Chambers

#### **REGISTERED OFFICE**

1 James Street  
London  
W1U 1DR

#### **SOLICITORS**

Eversheds LLP  
1 Callaghan Square  
Cardiff  
CF10 5BT

#### **BANKERS**

The Royal Bank of Scotland  
London Corporate Service Centre  
PO Box 39952  
2 1/2 Devonshire Square  
London  
EC2M 4XJ

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **ANNINGTON RENTALS (NO.4) LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985

## **PRINCIPAL ACTIVITY**

The principal activity of the company is that of property investment

## **DIRECTORS**

The directors who served throughout the year were

J B Chambers  
J C Hopkins  
A R J Needham

Qualifying third party indemnity provisions were in place for all directors of the company for the current and preceding year

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 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,
- 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

# **ANNINGTON RENTALS (NO.4) LIMITED**

## **DIRECTORS' REPORT**

### **AUDITORS**

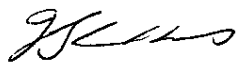
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) 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 s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



J B Chambers

Director

26<sup>th</sup> August 2008

## **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 year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. 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 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 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.

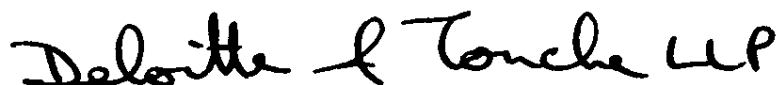
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 (continued)**

**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 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 Directors' Report is consistent with the financial statements

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

26<sup>th</sup> August 2008

## **ANNINGTON RENTALS (NO.4) LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**Year ended 31 March 2008**

	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
<b>TURNOVER</b>	<b>1</b>	<b>2,180,437</b>	<b>2,123,425</b>
Cost of sales		<u>(90,781)</u>	<u>(305,274)</u>
Gross profit		2,089,656	1,818,151
Interest payable and similar charges	<b>4</b>	<u>(1,855,078)</u>	<u>(1,864,726)</u>
<b>PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>3</b>	<b>234,578</b>	<b>(46,575)</b>
Tax on profit (loss) on ordinary activities	<b>5</b>	<u>-</u>	<u>-</u>
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>11</b>	<u><b>234,578</b></u>	<u><b>(46,575)</b></u>

All activities derive from continuing operations

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 March 2008**

	<b>2008 £</b>	<b>2007 £</b>
Profit (loss) for the financial year	234,578	(46,575)
Unrealised (deficit) surplus on revaluation of properties	<u>(281,439)</u>	<u>9,599,206</u>
Total recognised gains and losses for the financial year	<u><b>(46,861)</b></u>	<u><b>9,552,631</b></u>

# ANNINGTON RENTALS (NO.4) LIMITED

## BALANCE SHEET

31 March 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>41,152,194</u>	<u>41,433,633</u>
<b>CURRENT ASSETS</b>			
Debtors	7	25	60,340
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(76,757)</u>	<u>(287,687)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(76,732)</u>	<u>(227,347)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		41,075,462	41,206,286
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(28,002,241)</u>	<u>(28,086,204)</u>
<b>NET ASSETS</b>		<u><u>13,073,221</u></u>	<u><u>13,120,082</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1	1
Revaluation reserve	11	12,741,253	13,022,692
Profit and loss account	11	<u>331,967</u>	<u>97,389</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u><u>13,073,221</u></u>	<u><u>13,120,082</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 26<sup>th</sup> August 2008

Signed on behalf of the Board of Directors



J B Chambers

Director

# **ANNINGTON RENTALS (NO.4) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2008**

### **1. ACCOUNTING POLICIES**

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

#### **Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which includes a consolidated cash flow statement and are publicly available.

The company has therefore taken advantage of the exemption under Financial Reporting Standard No 1 (revised) and has not prepared a cash flow statement.

#### **Turnover**

Income from tenants is 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 substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a 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 from 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 assets are recognised to the extent that it is regarded as 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 years. 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.

#### **Profit share**

As part of the Transfer Agreement for certain 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 by the company.

## ANNINGTON RENTALS (NO.4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

#### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to this company in the current and preceding year

The company had no employees of its own during the year (2007 - nil) The cost of performing work for the company is borne by another group company, Annington Management Limited, in the current and preceding year

#### 3. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration was £6,000 (2007 - £3,000) for the audit of the company's annual accounts and £2,200 (2007 - £1,000) for other services relating to taxation and was borne by another group company, Annington Management Limited, in the current and preceding year

#### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest payable on inter-company balances	1,854,493	1,855,695
Other interest payable	555	9,031
Bank charges	30	-
	<u>1,855,078</u>	<u>1,864,726</u>

#### 5. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2008 £	2007 £
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2007 - 30%)	<u>-</u>	<u>-</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2007 - 30%) The current tax credit for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation

	2008 £	2007 £
Profit (loss) on ordinary activities before tax	<u>234,578</u>	<u>(46,575)</u>
Tax on profit (loss) on ordinary activities at standard rate	65,682	(13,972)
Factors affecting credit for the year		
Group relief claimed	(584,940)	(542,737)
Expenses not deductible for tax purposes	<u>519,258</u>	<u>556,709</u>
Total actual amount of current tax	<u>-</u>	<u>-</u>

The amount of tax losses carried forward at 31 March 2008 is £nil (2007 - £nil)

# ANNINGTON RENTALS (NO.4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

### 6. TANGIBLE FIXED ASSETS

	Investment properties £
<b>Cost</b>	
At 1 April 2007	41,433,633
Revaluation	(281,439)
	<u>41,152,194</u>
At 31 March 2008	
<b>Net book value</b>	
At 31 March 2008	<u>41,152,194</u>
At 31 March 2007	<u>41,433,633</u>

The investment properties have been valued by the directors on the basis of market value

The directors have considered the valuation of the properties as at 31 March 2008 based on an external appraisal performed by Colleys, the valuation and surveying service from HBOS during March 2008. They were instructed to ensure that a representative sample of the whole portfolio was valued in accordance with the requirements of the RICS Appraisal Valuation Standards.

Properties would have been included on an historical cost basis at £28,410,941 (2007 - £28,410,941)

	2008 £	2007 £
<b>The net book amount of properties comprises</b>		
Freehold	<u>41,152,194</u>	<u>41,433,633</u>

### 7. DEBTORS

	2008 £	2007 £
Other debtors	<u>25</u>	<u>60,340</u>
All amounts are due within one year		

# ANNINGTON RENTALS (NO.4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	11,537	-
Amounts due to group undertakings	1,060	-
Other creditors	10,650	234,031
Accruals and deferred income	53,510	53,656
	<u>76,757</u>	<u>287,687</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amounts due to group undertakings	<u>28,002,241</u>	<u>28,086,204</u>

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

### 10. CALLED UP SHARE CAPITAL

	2008 £	2007 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 11. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £	Revalu- ation reserve £	Total £
At 1 April 2007	97,389	13,022,692	13,120,081
Retained profit for the year	234,578	-	234,578
Deficit on revaluation of properties	-	(281,439)	(281,439)
	<u>331,967</u>	<u>12,741,253</u>	<u>13,073,220</u>
At 31 March 2008			

## ANNINGTON RENTALS (NO.4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

#### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit (loss) for the financial year	234,578	(46,575)
(Deficit) surplus on revaluation of properties	(281,439)	9,599,206
Net (reduction in) addition to shareholders' funds	(46,861)	9,522,631
Opening shareholders' funds	13,120,082	3,567,451
Closing shareholders' funds	13,073,221	13,120,082

#### 13. RELATED PARTY DISCLOSURES

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 No 8, "Related Party Disclosures", not to make disclosure of transactions with other entities that are part of the group

#### 14. PARENT COMPANY

Annington Rentals (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company. Annington Holdings plc, a company incorporated in Great Britain, is the intermediary parent and Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Le Grand Annington Limited is the largest and Annington Holdings plc is the smallest parent company of which the company is a member and for which group financial statements are drawn up.

Group accounts for both these companies are available on request from the registered office at 1 James Street, London W1U 1DR.