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**PW NO1 LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2011**

MONDAY



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**PW NO1 LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	T J Evans S L Gumm
<b>COMPANY SECRETARY</b>	S L Gumm
<b>COMPANY NUMBER</b>	5504000
<b>REGISTERED OFFICE</b>	Cavendish House 18 Cavendish Square London W1G 0PJ
<b>AUDITORS</b>	BDO LLP Emerald House East Street Epsom Surrey KT17 1HS

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**PW NO1 LIMITED**

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**PW NO1 LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MAY 2011**

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The directors present their report and the financial statements for the year ended 31 May 2011

**PRINCIPAL ACTIVITIES**

The principal activity of the company is that of property investment in the United Kingdom

**DIRECTORS**

The directors who served during the year were

T J Evans  
S L Gumm

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Market factors**

The directors consider the properties owned by the company well placed to withstand market fluctuations by virtue of the quality of the assets, strong tenant, and financing terms and believe that this has been borne out by the results of the company over the period since 2007

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**AUDITORS**

BDO LLP have expressed their willingness to continue in office

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on 23 February 2012 and signed on its behalf



S L Gumm  
Director

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**PW NO1 LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MAY 2011**

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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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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## **PW NO1 LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PW NO1 LIMITED**

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We have audited the financial statements of PW No1 Limited for the year ended 31 May 2011, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 and express an opinion on 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 Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **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 May 2011 and of its loss 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.

#### **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.

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PW NO1 LIMITED

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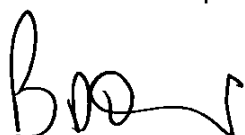
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PW NO1 LIMITED

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**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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and financial statements



Russell Field (Senior statutory auditor)

for and on behalf of  
**BDO LLP**

Statutory auditor

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Emerald House  
East Street  
Epsom  
Surrey  
KT17 1HS

23 February 2012

**PW NO1 LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>4,716,547</b>	4,601,510
Cost of sales		<u>(5,723)</u>	<u>(5,644)</u>
<b>GROSS PROFIT</b>		<b>4,710,824</b>	4,595,866
Administrative expenses		-	(14)
Other operating income		<u>1,617</u>	<u>3,556</u>
<b>OPERATING PROFIT</b>		<b>4,712,441</b>	4,599,408
Interest receivable and similar income	5	<b>1,914,111</b>	1,538,287
Write down of amounts owed by group undertakings	9	<b>(31,542,491)</b>	-
Interest payable and similar charges	6	<u><b>(5,309,960)</b></u>	<u>(5,309,960)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(30,225,899)</b>	827,735
Tax on (loss)/profit on ordinary activities	7	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	<u><b>(30,225,899)</b></u>	<u>827,735</u>

All amounts relate to continuing operations

The notes on pages 8 to 13 form part of these financial statements

There were no differences between historical cost profit and reported profit on ordinary activities for either year



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**PW NO1 LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MAY 2011**

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	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(30,225,899)</b>	<b>827,735</b>
Unrealised (deficit)/surplus on revaluation of investment properties	<u><b>(4,866,000)</b></u>	<u><b>11,452,000</b></u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u><b>(35,091,899)</b></u></u>	<u><u><b>12,279,735</b></u></u>

The notes on pages 8 to 13 form part of these financial statements

**PW NO1 LIMITED**  
**REGISTERED NUMBER 5504000**

**BALANCE SHEET**  
**AS AT 31 MAY 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Investment property	8		53,020,000		57,886,000
<b>CURRENT ASSETS</b>					
Debtors amounts falling due after more than one year	9	-		24,908,540	
Debtors amounts falling due within one year	9	384		353	
		384		24,908,893	
<b>CREDITORS</b> amounts falling due within one year	10	(304,096)		(296,665)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(303,712)		24,612,228
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			52,716,288		82,498,228
<b>CREDITORS</b> amounts falling due after more than one year	11		(113,355,488)		(108,045,529)
<b>NET LIABILITIES</b>			(60,639,200)		(25,547,301)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1		1
Revaluation reserve	13		(29,968,700)		(25,102,700)
Profit and loss account	13		(30,670,501)		(444,602)
<b>SHAREHOLDERS' DEFICIT</b>	14		(60,639,200)		(25,547,301)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 February 2012

  
**S L Gumm**  
 Director

The notes on pages 8 to 13 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011**

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**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

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

**1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

**1.4 Investment properties**

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve. Permanent diminutions in the value of the properties are charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and are written off as incurred.

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, the company's investment properties are held not for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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PW NO1 LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011

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1. ACCOUNTING POLICIES (continued)

1.5 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

- Deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is unable to utilise existing capital losses within the group of which it is a member, and
- 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

2. TURNOVER

Turnover is wholly attributable to the principal activities undertaken by the company during the year

All turnover arose within the United Kingdom

3. AUDITORS' REMUNERATION

The auditors' remuneration is borne by a fellow group company Fees for the audit of the company were £1,750 (2010 £1,750)

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2010 - £nil)

5. INTEREST RECEIVABLE

	2011 £	2010 £
Interest receivable from group companies	<u>1,914,111</u>	<u>1,538,287</u>

6. INTEREST PAYABLE

	2011 £	2010 £
On loans from group undertakings	<u>5,309,960</u>	<u>5,309,960</u>

PW NO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011

7 TAXATION

	2011 £	2010 £
UK corporation tax charge on (loss)/profit for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(30,225,899)	827,735
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	(8,463,252)	231,766
<b>Effects of:</b>		
Write down of loan to group undertaking non-taxable	8,831,898	-
Movement in tax losses carried forward	74,705	-
Group relief claimed	(443,351)	(231,766)
<b>Current tax charge for the year (see note above)</b>	-	-

**UNPROVIDED DEFERRED TAX LIABILITY/(ASSET)**

The company has an unprovided deferred tax liability/(asset) which is made up as follows

	2011 £	2010 £
On the inherent capital gain arising on the carrying value of investment properties	3,440,425	5,570,094
Losses available to carry forward	(275,899)	-

The unprovided deferred tax balances have been measured at a rate of 26% (2010 28%), being the rate substantively enacted at the balance sheet date

**PW NO1 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011**

**8. INVESTMENT PROPERTY**

	Freehold investment property £
<b>At valuation</b>	
At 1 June 2010	57,886,000
Deficit on revaluation	(4,866,000)
	<u>53,020,000</u>
At 31 May 2011	<u>53,020,000</u>

The 2011 valuations were made by N M Leslau BSc (Hons) MRICS, a chartered surveyor and director of the company, on an open market value for existing use basis

The historical cost of the properties is £82,988,700 (2010 £82,988,700)

The investment properties are held as security by a fixed charge in respect of bank borrowings provided to another group company, Prestbury Wentworth Limited

**9 DEBTORS**

	2011 £	2010 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	-	24,908,540
	<u>-</u>	<u>24,908,540</u>
<b>Due within one year</b>		
Prepayments and accrued income	384	353
	<u>384</u>	<u>353</u>

The amounts owed by a group undertakings are unsecured, bear interest at a rate of 8.02% and have no fixed repayment date. Accrued interest of £5,955,691 (2010 £4,041,580) is included in the balance at 31 May 2011. At 31 May 2011 this balance is shown net of provisions amounting in total to £31,542,491 (2010 £nil). The provisions have been charged to the company's profit and loss account and reflect the net liabilities of the group undertaking as at the balance sheet date.

**10 CREDITORS:  
Amounts falling due within one year**

	2011 £	2010 £
Accruals and deferred income	304,096	296,665
	<u>304,096</u>	<u>296,665</u>

**PW NO1 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011**

**11. CREDITORS.**

**Amounts falling due after more than one year**

	2011 £	2010 £
Amounts owed to group undertakings	<u>113,355,488</u>	<u>108,045,529</u>

The amounts owed to group undertakings are unsecured, bear interest at a rate of 6.45% and have no fixed repayment date. Accrued interest of £31,030,531 (2010: £25,720,572) is included in the balance at 31 May 2011.

**12. SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**13. RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 June 2010	(25,102,700)	(444,602)
Loss for the year	-	(30,225,899)
Deficit on revaluation of freehold property	(4,866,000)	-
At 31 May 2011	<u>(29,968,700)</u>	<u>(30,670,501)</u>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2011 £	2010 £
Opening shareholders' deficit	(25,547,301)	(37,827,036)
(Loss)/profit for the year	(30,225,899)	827,735
Unrealised surplus on revaluation of investment properties	(4,866,000)	11,452,000
Closing shareholders' deficit	<u>(60,639,200)</u>	<u>(25,547,301)</u>

**15. 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 any transactions with entities that are included in the consolidated financial statements of Prestbury Wentworth Holdings Limited.

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**PW NO1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2011**

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**16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent company is Prestbury Wentworth Portfolio Limited. The company's ultimate parent company is Prestbury Wentworth Holdings Limited. Prestbury Wentworth Holdings Limited is a joint venture company incorporated in England and Wales and is not controlled by any one entity or individual. The consolidated accounts of Prestbury Wentworth Holdings Limited are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

**17. CONTINGENT LIABILITIES**

The company, along with the other subsidiaries of the ultimate parent company, has entered into an agreement with the bankers of a fellow subsidiary company to cross-guarantee the bank loans made to that company. At 31 May 2011 these bank loans amounted to £498,487,846 (2010 £500,239,580).