

PW No8 Limited

Report and Financial Statements

Year ended

31 May 2009

Registered number 5504003

FRIDAY



LVS0MFW5

LD3

18/12/2009

300

COMPANIES HOUSE

PW NO8 LIMITED

Annual report and financial statements for the year ended 31 May 2009

Contents

Page:

3	Report of the directors
5	Report of the independent auditors
6	Profit and loss account
7	Statement of total recognised gains and losses and reconciliation of movements in shareholders' deficit
8	Balance sheet
9	Notes forming part of the financial statements

Directors

T J Evans
S L Gumm

Secretary and registered office

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

Company number

5504003

Auditors

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

Report of the directors for the year ended 31 May 2009

The directors present their report together with the audited financial statements for the year ended 31 May 2009.

Results and dividends

The results of the company are set out in the profit and loss account on page 6 and show a profit after tax for the year of £205,482 (2008: loss of £72,402).

The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

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

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

Details of events since the balance sheet date are set out in note 1 to the financial statements.

Directors

The directors who held office during the year were:

T J Evans
S L Gumm

Principal risks and uncertainties - market factors

Since the summer of 2007, both the bank finance and property markets in the UK have experienced very turbulent conditions. The directors consider the portfolio of properties owned by the group relatively well placed to withstand market fluctuations by virtue of the quality of the assets, strong tenants, and financing terms. The financial strength of the guarantor of the leases was under pressure in the early part of the year, but is now much recovered.

The properties are held in the financial statements at their 31 May 2009 internal valuations. It has to be recognised, that at this particular and uniquely difficult time in the cycle, where there is only a limited banking market and therefore no depth to the property market to speak of, that any accurate assessment of value is extremely difficult. We can confirm that the cash flow projections which supported the valuations at 31 May 2009 are being achieved or improved upon. In the last few months, good quality real estate has seen a hardening of yields although the market remains thin. The directors consider that valuations should have stabilised or possibly improved since 31 May 2009.

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). 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 judgements and accounting 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 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.

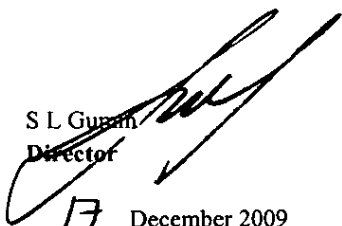
Auditors

Both of the directors have taken all steps that 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 LLP have expressed their willingness to continue in office.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

On behalf of the Board



S L Gurnah
Director

17 December 2009

Independent auditors' report to the members of PW No8 Limited

We have audited the financial statements of PW No8 Limited for the year ended 31 May 2009 on pages 6 to 12, which have been prepared under the accounting policies set out on page 9. 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 sections 495 and 496 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 auditor's 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 statement of directors' responsibilities set out on page 3, 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 May 2009 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.

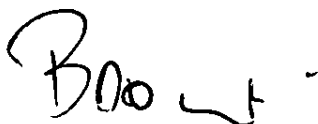
Opinion on other matter prescribed by the Companies Act 2006

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom, United Kingdom

17 December 2009

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

PW NO8 LIMITED

Profit and loss account for the year ended 31 May 2009

	Note	31 May 2009 £	31 May 2008 £
Turnover	1	2,609,025	2,545,392
Cost of sales - direct property costs		(5,569)	(5,545)
Gross profit		2,603,456	2,539,847
Other income		2,751	2,703
Profit on ordinary activities before interest		2,606,207	2,542,550
Interest receivable and similar income		778,031	572,518
Interest payable and similar charges	3	(3,178,756)	(3,187,470)
Profit / (loss) on ordinary activities before taxation		205,482	(72,402)
Taxation on profit / (loss) from ordinary activities	4	-	-
Profit / (loss) on ordinary activities after taxation	10	205,482	(72,402)

All amounts relate to continuing activities.

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

The notes on pages 9 to 12 form part of the financial statements.

PW NO8 LIMITED

Statement of total recognised gains and losses and reconciliation of movements in shareholders' deficit for the year ended 31 May 2009

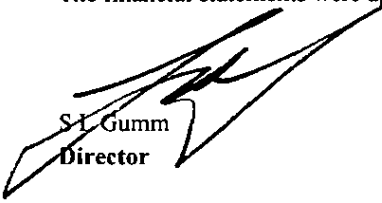
Statement of total recognised gains and losses	Note	31 May 2009 £	31 May 2008 £
Profit / (loss) for the year	10	205,482	(72,402)
Unrealised deficit on revaluation of investment properties	10	(13,533,000)	(5,208,000)
		<u>(13,327,518)</u>	<u>(5,280,402)</u>
Total recognised gains and losses for the year		<u>(13,327,518)</u>	<u>(5,280,402)</u>
Reconciliation of movements in shareholders' deficit		31 May 2009 £	31 May 2008 £
Profit / (loss) for the year	10	205,482	(72,402)
Unrealised deficit on revaluation of investment properties	10	(13,533,000)	(5,208,000)
		<u>(13,327,518)</u>	<u>(5,280,402)</u>
Net increase in shareholders' deficit		(13,327,518)	(5,280,402)
Opening shareholders' deficit		(6,518,160)	(1,237,758)
		<u>(19,845,678)</u>	<u>(6,518,160)</u>
Closing shareholders' deficit		<u>(19,845,678)</u>	<u>(6,518,160)</u>

The notes on pages 9 to 12 form part of the financial statements.

Balance sheet at 31 May 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Investment properties	5		29,175,000		42,708,000
Current assets					
Debtors due within one year	6	362		353	
Debtors due after more than one year	6	12,648,852		9,260,521	
		12,649,214		9,260,874	
Creditors: amounts falling due due within one year	7	(168,192)		(164,090)	
Net current assets			12,481,022		9,096,784
Total assets less current liabilities			41,656,022		51,804,784
Creditors: amounts falling due after more than one year	8		(61,501,700)		(58,322,944)
Net liabilities			(19,845,678)		(6,518,160)
Capital and reserves					
Called up share capital	9		1		1
Revaluation reserve	10		(19,055,680)		(5,522,680)
Profit and loss account	10		(789,999)		(995,481)
Shareholders' deficit			(19,845,678)		(6,518,160)

The financial statements were approved by the Board and authorised for issue on 17th December 2009.


S.L. Gumm
Director

The notes on pages 9 to 12 form part of the financial statements.

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, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards.

The following disclosure was included in note 1 of the ultimate parent company's group accounts:

"These financial statements have been prepared on a going concern basis, which assumes that the group will continue to meet its liabilities when they fall due, for the foreseeable future. The directors have prepared cash flow forecasts which indicate, subject to the uncertainty noted below, that the group can continue as a going concern.

With effect from 4 August 2009 a group undertaking is in default of the loan to value covenant, as defined in the facility agreement dated 24 March 2004, on £296,845,404 of its bank loans ("Facility A"), the effect of which is to increase the margin payable on Facility A by two per cent per annum.

In addition to the above, as at 31 May 2009, £55,316,969 ("Facility C") of the group's total banking facilities of £494,829,576, which are secured on the group's assets are due to expire on 31 December 2009. In order to continue as a going concern for the foreseeable future, the group requires either the term of this facility to be extended or the relevant loan to be repaid or refinanced.

The directors are in advanced negotiations with the lender regarding the restructuring of the loans including the extension of Facility C to October 2013. The directors have a reasonable expectation that these negotiations will be satisfactorily concluded. Terms provided by the lenders have been approved by the group's shareholders and syndicate banks, therefore the loan agreement restructure is agreed subject only to documentation."

The company is a party to the credit agreement referred to above and, as disclosed in note 14, is a guarantor of the obligations under that agreement.

Turnover

Turnover represents rents receivable during the period from the letting of investment properties at invoiced amounts less value added tax.

Turnover is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

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.

1 Accounting policies (continued)*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 Employees, directors and auditors' remuneration

The average number of employees of the company during the year, excluding directors, was nil (2008: nil).

No director received any emoluments from the company during the year (2008: nil).

The auditors' remuneration is borne by a fellow group company. Fees for the audit of the company were £1,750 (2008: £1,750).

3 Interest payable and similar charges

	31 May 2009 £	31 May 2008 £
Interest on unsecured loans from group undertaking	<u>3,178,756</u>	<u>3,187,470</u>

4 Taxation**4a Taxation on profit / (loss) from ordinary activities**

The tax assessed for the year varies from than the standard rate of corporation tax in the UK. The differences are explained below:

	31 May 2009 £	31 May 2008 £
Profit / (loss) on ordinary activities before tax	<u>205,482</u>	<u>(72,402)</u>
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008: 30%)	57,535	(21,721)
Effects of: Group relief surrendered	(57,535)	21,721
Current tax charge for the year	<u>-</u>	<u>-</u>

4 Taxation (continued)**4b Unprovided deferred tax liability**

	31 May 2009 Unprovided £	31 May 2008 Unprovided £
Arising on carrying value of investment properties over their indexed tax base cost at 28%	638,202	4,358,779

5 Fixed assets**Freehold land and buildings
£****Investment properties***Cost or valuation*

At 31 May 2008	42,708,000
Deficit on revaluation	(13,533,000)
At 31 May 2009	29,175,000

At 31 May 2009 the company's investment properties were revalued at £29,175,000 (2008: £42,708,000) on an open market basis by N M Leslau BSc (Hons) MRICS, a chartered surveyor and director of the ultimate parent company. The historical cost of the properties is £48,230,680 (2008: £48,230,680).

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

6 Debtors	2009 £	2008 £
Due within one year		
Prepayments and accrued income	362	353
Due after more than one year		
Amounts owed by a fellow group undertaking	12,648,852	9,260,521
Total debtors	12,649,214	9,260,874

The amounts owed by a fellow group undertaking are unsecured, bear interest at a rate of 8.02% and have no fixed repayment date. Accrued interest of £1,826,652 (2008: £1,048,621) is included in the balance at 31 May 2009.

7 Creditors: Amounts falling due within one year

	2009 £	2008 £
Accruals and deferred income	168,192	164,090

8 Creditors: Amounts falling due after more than one year	2009 £	2008 £
---	-----------	-----------

Amounts owed to immediate parent company	61,501,700	58,322,944
--	------------	------------

The amounts owed to the immediate parent company are unsecured, bear interest at a rate of 6.45% and have no fixed repayment date. Accrued interest of £12,218,622 (2008: £9,039,866) is included in the balance at 31 May 2009.

9 Share capital

	2009 Number	2009 £	2008 Number	2008 £
<i>Allotted, called up and fully paid</i>				
1 ordinary share of £1	1	1	1	1

10 Reserves

	Revaluation reserve £	Profit and loss account £
At 31 May 2008	(5,522,680)	(995,481)
Retained profit for the year	-	205,482
Deficit on revaluation of investment properties in the year	(13,533,000)	-
At 31 May 2009	(19,055,680)	(789,999)

11 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.

12 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.

13 Controlling party information

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.

14 Commitments and contingencies

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 2009 these bank loans amounted to £494,829,576 (2008: £495,514,433).