

**PW No8 Limited**

**Report and Financial Statements**

**Year ended**

**31 May 2010**

**Registered number 5504003**

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**PW NO8 LIMITED**

**Annual report and financial statements for the year ended 31 May 2010**

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**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

The directors present their report together with the audited financial statements for the year ended 31 May 2010

### Results and dividends

The results of the company for the year are set out in the profit and loss account on page 6 and show a profit after tax of £495,824 (2009 £205,482)

The directors do not recommend the payment of a dividend (2009 £nil)

### 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

There have been no events since the balance sheet date that materially affect the finance position of the company

### 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. Whilst conditions have improved, the environment is still somewhat fragile, in particular as a result of the limited amount of new bank finance available. The directors consider the properties owned by the company relatively 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 that period.

The properties are held in the financial statements at their 31 May 2010 internal valuation. It has to be recognised, however, that given the limited banking market and lack of depth in the property investment market, any accurate assessment of the value remains extremely difficult, as it has been over the course of the credit crisis.

### 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.

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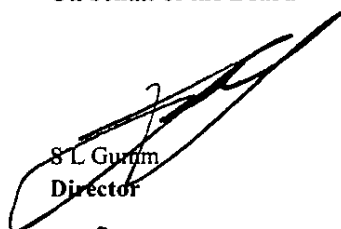
**Auditors**

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 Gurram  
Director

17 December 2010

**Independent auditors' report to the members of PW No8 Limited**

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We have audited the financial statements of PW No8 Limited for the year ended 31 May 2010 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 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 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 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 2010 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 2010

**PW NO8 LIMITED**

**Profit and loss account for the year ended 31 May 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Turnover</b>	<b>1</b>	<b>2,674,253</b>	<b>2,609,025</b>
Costs of sale - direct property costs		<b>(5,584)</b>	<b>(5,569)</b>
<b>Gross profit</b>		<b>2,668,669</b>	<b>2,603,456</b>
Administrative costs		<b>(10)</b>	<b>-</b>
Other income		<b>2,042</b>	<b>2,751</b>
<b>Profit on ordinary activities before interest</b>		<b>2,670,701</b>	<b>2,606,207</b>
Interest receivable and similar income		<b>1,003,881</b>	<b>778,031</b>
Interest payable and similar charges	<b>3</b>	<b>(3,178,758)</b>	<b>(3,178,756)</b>
<b>Profit on ordinary activities before taxation</b>		<b>495,824</b>	<b>205,482</b>
Taxation on profit from ordinary activities	<b>4</b>	<b>-</b>	<b>-</b>
<b>Profit on ordinary activities after taxation</b>	<b>10</b>	<b>495,824</b>	<b>205,482</b>

All amounts relate to continuing activities

There were no differences between historical cost profit and reported profit 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 2010**

<b>Statement of total recognised gains and losses</b>	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
Profit for the year	10	495,824	205,482
Unrealised surplus/(deficit) on revaluation of investment properties	10	4,467,000	(13,533,000)
Total recognised gains and losses for the year		<u>4,962,824</u>	<u>(13,327,518)</u>

<b>Reconciliation of movements in shareholders' deficit</b>		<b>2010 £</b>	<b>2009 £</b>
Profit for the year	10	495,824	205,482
Unrealised surplus/(deficit) on revaluation of investment properties	10	4,467,000	(13,533,000)
Net decrease/(increase) in shareholders' deficit		<u>4,962,824</u>	<u>(13,327,518)</u>
Opening shareholders' deficit		<u>(19,845,678)</u>	<u>(6,518,160)</u>
Closing shareholders' deficit		<u>(14,882,854)</u>	<u>(19,845,678)</u>

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

## Balance sheet at 31 May 2010

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	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Investment properties	5		33,642,000		29,175,000
<b>Current assets</b>					
Debtors due within one year	6	353		362	
Debtors due after more than one year	6	16,327,648		12,648,852	
		<u>16,328,001</u>		<u>12,649,214</u>	
<b>Creditors</b> amounts falling due due within one year	7	(172,397)		(168,192)	
<b>Net current assets</b>			<u>16,155,604</u>		<u>12,481,022</u>
<b>Total assets less current liabilities</b>			<u>49,797,604</u>		<u>41,656,022</u>
<b>Creditors:</b> amounts falling due after more than one year	8		(64,680,458)		(61,501,700)
<b>Net liabilities</b>			<u>(14,882,854)</u>		<u>(19,845,678)</u>
<b>Capital and reserves</b>					
Called up share capital	9		1		1
Revaluation reserve	10		(14,588,680)		(19,055,680)
Profit and loss account	10		(294,175)		(789,999)
<b>Shareholders' deficit</b>			<u>(14,882,854)</u>		<u>(19,845,678)</u>

The financial statements were approved by the Board and authorised for issue on 17 December 2010

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

### *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.

### *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 (2009 nil)

No director received any emoluments from the company during the year (2009 none)

The auditors' remuneration is borne by a fellow group company. Fees for the audit of the company were £1,750 (2009 £1,750)

**3 Interest payable and similar charges**

	2010 £	2009 £
Interest on unsecured loans from group undertaking	<u>3,178,758</u>	<u>3,178,756</u>

**4 Taxation****4a Taxation on profit 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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>495,824</u>	<u>205,482</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 28%)	138,831	57,535
Effects of Group relief claimed	<u>(138,831)</u>	<u>(57,535)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

**4b Unprovided deferred tax liability**

	2010 Unprovided £	2009 Unprovided £
Arising on carrying value of investment properties over their indexed tax base cost at 28%	<u>1,557,090</u>	<u>638,202</u>

**5 Fixed assets**

	Freehold land and buildings £
<b>Investment properties</b>	
<i>Cost or valuation</i>	
At 31 May 2009	29,175,000
Surplus on revaluation	4,467,000
At 31 May 2010	<u>33,642,000</u>

At 31 May 2010 the company's investment properties were revalued at £33,642,000 (2009 £29,175,000) 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 (2009 £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

<b>6 Debtors</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Prepayments and accrued income	353	362
<b>Due after more than one year</b>		
Amounts owed by a fellow group undertaking	16,327,648	12,648,852
<b>Total debtors</b>	<b>16,328,001</b>	<b>12,649,214</b>

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 £2,830,533 (2009: £1,826,652) is included in the balance at 31 May 2010.

<b>7 Creditors: Amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	172,397	168,192
<b>8 Creditors: Amounts falling due after more than one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts owed to immediate parent company	64,680,458	61,501,700

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 £15,397,383 (2009: £12,218,622) is included in the balance at 31 May 2010.

<b>9 Share capital</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>				
1 ordinary share of £1	1	1	1	1

<b>10 Reserves</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
At 31 May 2009	(19,055,680)	(789,999)
Retained profit for the year	-	495,824
Surplus on revaluation of investment properties in the year	4,467,000	-
<b>At 31 May 2010</b>	<b>(14,588,680)</b>	<b>(294,175)</b>

# 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 2010 these bank loans amounted to £500,239,580 (2009 £494,829,576).