

Registration number: SC226704

Valad Properties (UK) Ltd

Directors' Report and Financial Statements
for the Period from 1 March 2007 to 30 June 2008

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Valad Properties (UK) Ltd

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Valad Properties (UK) Ltd

Officers and Advisers

Directors	D M Tandy Europa Director Limited S McBride
Secretary	Valad Secretarial Services Ltd
Registered office	4A Melville Street Edinburgh EH3 7NS
Solicitors	Shepherd & Wedderburn LLP Condor House 10 St Paul's Churchyard London EC4M 8AL
Bankers	Bank of Scotland 2nd floor 21-23 Hill Street Mayfair London W1J 5JW
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Benson House 33 Wellington Street Leeds LS1 4JP

Valad Properties (UK) Ltd

Directors' Report for the Period Ended 30 June 2008

The directors present their report and the audited financial statements for the period ended 30 June 2008.

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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure 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.

Statement of disclosure of information to auditors

In accordance with section 234 of the Companies Act 1985, the directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity and business review

The principal activity of the company is that of a holding company engaged through its subsidiaries in property investment and letting of commercial properties.

The company has changed its accounting reference date from 28 February to 30 June. These financial statements cover the 16 months reporting period from 1 March 2007 to 30 June 2008.

Both the level of activity for the period and the financial position at the end of the period were as anticipated and the directors expects that the profit for the foreseeable future will be reduced. Despite the current economic climate we have prepared the financial statements on a going concern basis. The justification for this is disclosed in the statement of accounting policies under the basis of preparation note.

Valad Properties (UK) Ltd

Directors' Report for the Period Ended 30 June 2008

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Results and dividends

The results for the company are set out in the financial statements.

An interim dividend of £26,000,000 (2007: £nil) was paid during the period. When deciding upon the level of the dividend, the directors considered the company's last audited financial statements for the year ended 28 February 2007 together with the latest available management accounts, forecast transactions for the remainder of the financial period ending 30 June 2008 and preliminary impairment calculations in respect of the company's fixed asset investments. Between 30 June 2008 and the date of the directors' report, unprecedented economic conditions have pushed the value of the company's investments lower and as a result a further impairment provision charge has been reflected back through the company's financial statements for the period ended 30 June 2008. As a result of the further impairment provision charge, the distributable reserves of the company have been pushed into deficit. On the date that the interim dividend was declared, the directors could not have reasonably foreseen that the value of the company's investments was going to deteriorate to such an extent beyond 30 June 2008 and as such the directors believe that the interim dividend was paid legally.

Principal risks and uncertainties

The principal risks and uncertainties mainly relate to volatility of interest rates and the state of the property market. These risks and uncertainties are managed on a group basis and are discussed in more detail in the annual report of Valad Property Group, the parent undertaking of the smallest and largest group for which group accounts are drawn up and of which the company is a member.

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors and their interests

The directors who held office during the period and up to the date of this report were as follows:

- D M Tandy
- Europa Director Limited
- S McBride

None of the directors had an interest in the shares of the company at any time during the period.

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as independent auditors and to allow the directors to fix their remuneration will be proposed at the annual general meeting.

Valad Properties (UK) Ltd

Directors' Report for the Period Ended 30 June 2008

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Approved by the Board and signed on its behalf by:

..... 

Europa Director Limited
Director

Date: 21 April 2009.....

Independent Auditors' Report to the Members of

Valad Properties (UK) Ltd

We have audited the financial statements of Valad Properties (UK) Ltd for the period ended 30 June 2008 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 Valad Properties (UK) Ltd

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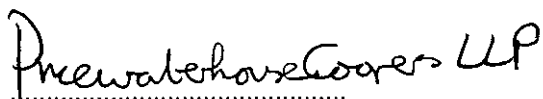
Opinion

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 30 June 2008 and of its profit for the period 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.

Emphasis of matter

In arriving at our audit opinion, which is not qualified, we have considered the adequacy of the disclosures made by the Directors in the basis of preparation note concerning the Company's ability to continue as a going concern. The note discloses uncertainty over future compliance with covenants which attach to the Group banking facilities, which indicates the existence of a material uncertainty which may cast significant doubt over its ability so to continue. The financial statements do not include any adjustments that would result from a withdrawal of the Valad Hurst Group facilities by the Group's bankers or those facilities proving insufficient.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

Benson House
33 Wellington Street
Leeds
LS1 4JP

Date: 21 April 2009

Valad Properties (UK) Ltd**Profit and Loss Account for the Period Ended 30 June 2008**

	Note	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Turnover		243	160
Administrative expenses		(8,226)	(2,902)
Other operating income		82	71
Operating loss	2	<u>(7,901)</u>	<u>(2,671)</u>
Profit on sale of fixed assets	3	5,122	287
Income from fixed asset investments	4	26,311	15,330
Share of (loss)/profit of Limited Partnership		(9)	978
Other interest receivable and similar income	7	17,009	11,251
Impairment of investments	11	(13,844)	(13)
Interest payable and similar charges	8	(19,368)	(14,362)
Profit on ordinary activities before taxation		<u>7,320</u>	<u>10,800</u>
Tax on profit on ordinary activities	9	(509)	855
Profit for the financial period		<u>6,811</u>	<u>11,655</u>
Dividends		(26,000)	-
Retained (loss)/profit for the financial period		<u>(19,189)</u>	<u>11,655</u>

Turnover and operating loss derive wholly from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

There is no material difference between the result reported above and the result on an unmodified historical cost basis.

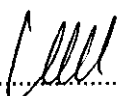
The notes on pages 9 to 20 form an integral part of these financial statements.

Valad Properties (UK) Ltd

Balance Sheet as at 30 June 2008

		30 June 2008	28 February 2007
	Note	£ 000	£ 000
Fixed assets			
Investments	9	48,664	73,204
Current assets			
Debtors	10	189,760	242,883
Creditors: Amounts falling due within one year	11	(12,384)	(31,870)
Net current assets		<u>177,376</u>	<u>211,013</u>
Total assets less current liabilities		226,040	284,217
Creditors: Amounts falling due after more than one year	12	(215,953)	(254,941)
Net assets		<u>10,087</u>	<u>29,276</u>
Capital and reserves			
Called up share capital	13	151	151
Share premium reserve	14	14,850	14,850
Profit and loss reserve	14	(4,914)	14,275
Equity shareholders' funds	15	<u>10,087</u>	<u>29,276</u>

Approved by the Board on 21 April 2009 and signed on its behalf by:



Europa Director Limited
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and the accounting policies set out below, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The financial statements are prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The directors believe that this is appropriate as they have prepared cash flow forecasts which indicate that the Company will continue as a going concern. The Company is a subsidiary of the Valad Hurst Group and in preparing those forecasts the directors have taken into account its reliance on the Valad Hurst bank facility.

The Group has and continues to comply with its banking covenants but given the current volatility in the real estate markets it can not be certain whether or not it will continue to do so.

The group monitors forecast compliance with its covenants and is in constructive dialogue with its bankers to vary these covenants should it be required.

In the event that bank covenants are no longer met, there could be no certainty over the continuation of the bank facility that would allow the Group to provide financial support to the Company and meet its debts as they fall due.

The financial statements do not include the adjustments that would be required if the Company was unable to continue as a going concern.

Cash flow statement

In accordance with Financial Reporting Standard No.1 (revised) the company is exempt from the requirement to produce a cash flow statement on the basis that a consolidated cash flow statement is prepared by Valad Property Group, the parent undertaking of the smallest and largest group for which group accounts are drawn up and of which the company is a member.

Turnover

Turnover, which arose wholly within the United Kingdom from the continuing principal activity, represents management fees receivable from subsidiaries during the period, net of value added tax.

Revenue recognition

Proceeds received on the sale of investments are recognised on unconditional exchange of contract. Management fee income accrues on a daily basis.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

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Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet 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 or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Taxation

Current tax only includes UK corporation tax and 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.

Group Accounts

The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 in not preparing group accounts, as the company is included in the consolidated accounts of Valad Property Group, a company incorporated in Australia. Accordingly, these accounts present information about the company as an individual undertaking and not of its group.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

2 Operating loss

Operating loss is stated after charging:

	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Auditors' remuneration - audit services	23	72
Auditors' remuneration - non audit services	54	89

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

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The analysis of auditors' remuneration is as follows:

	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Fees payable to the company's auditors for the audit of the company's annual accounts	23	72
Total audit fees	<u>23</u>	<u>72</u>
Other services pursuant to legislation:		
- tax services	26	52
- other services	28	37
Total non-audit fees	<u>54</u>	<u>89</u>

3 Profit on sale of fixed assets

During the period, the company sold their interest in Queen Street, Lytton Way and Colane unit trusts for consideration of £17.8m realising a profit on sale of £5.1m.

4 Income from fixed assets investments

During the period, the company received dividends from its subsidiary undertakings of £22.3m and distributions from its ownership in unit trusts totalling £4.0m.

5 Particulars of employees

The company had no employees during the current period or prior year.

6 Directors' emoluments

No emoluments were paid to the directors during the period (2007 - £nil). The directors' emoluments for the current period has been borne by a fellow group company.

7 Other interest receivable and similar income

	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Bank interest receivables	2,910	244
Intercompany interest receivables	8,292	7,437
Loan interest receivables	5,767	3,512
Other interest receivables	40	58
Total	<u>17,009</u>	<u>11,251</u>

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

..... continued

8 Interest payable and similar charges

	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Bank interest payable	18,770	11,868
Loan interest	528	1,743
Other interest payable	70	751
	<u>19,368</u>	<u>14,362</u>

9 Taxation

Analysis of current period tax charge/(credit)

	1 March 2007 to 30 June 2008 £ 000	Year ended 28 February 2007 £ 000
Current tax		
Corporation tax credit	(672)	(1,188)
Under provision in previous year	<u>1,181</u>	<u>333</u>
UK Corporation tax	<u>509</u>	<u>(855)</u>

The tax assessed on the profit on ordinary activities for the period is lower than (2007 - lower than) the standard rate of UK corporation tax of 29.625% (2007: 30%). The difference is explained below:

	£ 000	£ 000
Profit on ordinary activities before taxation	<u>7,320</u>	<u>10,800</u>
Profit on ordinary activities multiplied by standard UK tax rate	2,169	3,240
Expenses not deductible for tax purposes	4,112	4
Non-taxable dividend income	(6,510)	(4,183)
Capital allowances claimed	(443)	(249)
Adjustment in respect of prior year	<u>1,181</u>	<u>333</u>
Total current tax charge /(credit)	<u>509</u>	<u>(855)</u>

Adjustment to prior year relates to changes in group relief.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

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Factors which may affect future tax charges

There are no significant known factors that may affect future tax charges, other than the profit on ordinary activities before tax for the period.

10 Dividends

	30 June 2008 £ 000	28 February 2007 £ 000
Dividend paid	26,000	-
Total	<u>26,000</u>	<u>-</u>

An interim dividend of £26,000,000 was paid during the period. When deciding upon the level of the dividend, the directors considered the company's last audited financial statements for the year ended 28 February 2007 together with the latest available management accounts, forecast transactions for the remainder of the financial period ending 30 June 2008 and preliminary impairment calculations in respect of the company's fixed asset investments. Between 30 June 2008 and the date of the directors' report, unprecedented economic conditions have pushed the value of the company's investments lower and as a result a further impairment provision charge has been reflected back through the company's financial statements for the period ended 30 June 2008. As a result of the further impairment provision charge, the distributable reserves of the company have been pushed into deficit. On the date that the interim dividend was declared, the directors could not have reasonably foreseen that the value of the company's investments was going to deteriorate to such an extent beyond 30 June 2008 and as such the directors believe that the interim dividend was paid legally.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

11 Investments held as fixed assets

	Group shares £ 000	Unit Trusts £ 000	Joint ventures £ 000	Limited Partnerships £ 000	Total £ 000
Cost					
As at 1 March 2007	4,069	67,684	1,202	249	73,204
Share of (loss)/profits in Limited Partnerships	-	-	-	(9)	(9)
Additions	1,271	6,136	10	-	7,417
Disposals	-	(18,105)	-	-	(18,105)
As at 30 June 2008	5,340	55,715	1,212	240	62,507
Impairment					
Impairment for the period	1,416	11,971	456	-	13,843
Net book value					
As at 30 June 2008	3,924	43,744	756	240	48,664
As at 28 February 2007	4,069	67,684	1,202	249	73,204

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

In the opinion of the directors, the aggregate value of the company's investments is not less than the amount at which they are stated in the accounts.

The company holds more than 20% of the share capital of the following companies:

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Bouquet Limited	Scotland	Non trading	ordinary	100
Coleridge (No.1) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.3) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.5) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.6) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.8) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.9) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.13) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.14) Limited	Scotland	Property investment	ordinary	100
Coleridge (No.26) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.27) Limited	England and Wales	Property investment	ordinary	100
Valad Combined GP Limited	Scotland	General Partner to Limited Partnership	ordinary	100
Coleridge (No.33) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.34) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.35) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.36) Limited	England and Wales	General Partner to Limited Partnership	ordinary	100
Coleridge (No.39) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.41) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.43) Limited	England and Wales	Property investment	ordinary	100
Melville Street Properties Limited	Scotland	Property investment	ordinary	100
Coleridge (Dormants) Limited	England and Wales	Holding company	ordinary	100

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

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Coleridge (No.45) Limited	England and Wales	Property investment	ordinary	100
Coleridge (No.47) Limited	Jersey	Property investment	ordinary	100
Coleridge (No.48) Limited	England and Wales	Property investment	ordinary	100
Coleridge (Theobalds Road) Limited	England & Wales	Property investment	ordinary	100
Valad Properties (Marsh Mills) Ltd	England & Wales	Property investment	Ordinary Shares	100
Valad Properties (Archways) Ltd	Isle of Man	Property investment	Ordinary Shares	100

Joint Ventures

Bondi Properties Limited	England & Wales	Holding company	'A' ordinary	50
Valad Ventures UK Limited	England & Wales	Holding company	Ordinary Shares	49

The company also has an interest in the following:

	Principal activity	Location	Ownership	%
Other entities				
Valad Combined Limited Partnership	Property investment	Scotland	partners capital	50
Valad Capital Partners Limited Partnership	Property investment	England & Wales	partners capital	50
Senate Unit Trust	Property investment	Jersey	units	96
Prisma Unit Trust	Property investment	Jersey	units	98
Summit House Unit Trust	Property investment	Jersey	units	98
Norwich House Camberley Unit Trust	Property investment	Jersey	units	97
Regent House Unit Trust	Property investment	Jersey	units	97
Turnham Green Unit Trust	Property investment	Jersey	units	98
Britannia Park Unit Trust	Property investment	Jersey	units	92
Watling Park Unit Trust	Property investment	Jersey	units	100

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

..... continued

12 Debtors

	30 June 2008	28 February 2007
	£ 000	£ 000
Amounts owed by group undertakings	150,780	209,228
Amounts owed by Joint Ventures	34,470	16,541
Other debtors	3,152	11,424
Deferred tax	15	15
Prepayments and accrued income	1,343	5,675
	<u>189,760</u>	<u>242,883</u>

Debtors includes £0 (28 February 2007 - £4,221,000) receivable after more than one year.

This can be analysed as follows:

	30 June 2008	28 February 2007
	£ 000	£ 000
Prepayments and accrued income	<u>-</u>	<u>4,221</u>

During the period, the prepaid management fees had been written off.

13 Creditors: Amounts falling due within one year

	30 June 2008	28 February 2007
	£ 000	£ 000
Other loans	-	27,799
Trade creditors	233	11
Amounts owed to group undertakings	8,192	696
Social security and other taxes	-	72
Other creditors	85	89
Accruals and deferred income	3,874	3,203
	<u>12,384</u>	<u>31,870</u>

The amounts owed to group undertakings are not repayable within the next 12 months.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

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14 Creditors: Amounts falling due after more than one year

	30 June 2008	28 February 2007
	£ 000	£ 000
Bank loans	<u>215,953</u>	<u>254,941</u>

The bank loans are secured by way of charges over the group's property assets and a floating charge over all of the group's assets. At the period end the company had £165,000,000 worth of interest rate hedges which have capped the interest rate payable by the company on a portion of its total borrowings. These hedge instruments expire in June 2010.

At the period end the company had entered a further interest rate hedge agreement which fixed the interest rate at 5.69% to cover £75,000,000 worth of borrowing. The instrument came into force in September 2008 and expires in September 2018.

The bank loans are repayable in 2014.

15 Share capital

	30 June 2008	28 February 2007
	£	£
Authorised		
Equity		
500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
7,500,000 'C' ordinary shares of 1 pence each	75,000	75,000
7,500,000 'D' ordinary shares of 1 pence each	75,000	75,000
	<u>151,000</u>	<u>151,000</u>

Allotted, called up and fully paid

Equity		
500 'A' ordinary shares of £1 each	500	500
500 'B' ordinary shares of £1 each	500	500
7,500,000 'C' ordinary shares of 1 pence each	75,000	75,000
7,500,000 'D' ordinary shares of 1 pence each	75,000	75,000
	<u>151,000</u>	<u>151,000</u>

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

..... continued

16 Reserves

	Share premium reserve £ 000	Profit and loss reserve £ 000	Total £ 000
Balance at 1 March 2007	14,850	14,275	29,125
Transfer from profit and loss account for the period	-	6,811	6,811
Dividends	-	(26,000)	(26,000)
Balance at 30 June 2008	<u>14,850</u>	<u>(4,914)</u>	<u>9,936</u>

17 Reconciliation of movements in shareholders' funds

	30 June 2008 £ 000	28 February 2007 £ 000
Profit attributable to members of the company	6,811	11,655
Dividends	<u>(26,000)</u>	<u>-</u>
	(19,189)	11,655
Opening equity shareholders' funds	<u>29,276</u>	<u>17,621</u>
Closing equity shareholders' funds	<u>10,087</u>	<u>29,276</u>

18 Contingent liabilities

The company is party to a guarantee covering the bank loans and overdrafts of Valad (Hurst) Ltd and its subsidiaries, which at 30 June 2008 stood at £242,294,000 (2007: £272,870,000). The guarantee was secured by a standard security over fixed assets and a bond and floating charge over the assets of the respective companies.

19 Related parties

Controlling entity

The company's immediate parent undertaking is Valad Property Holdings Limited (formerly Scarborough Property Holdings Limited).

The company's ultimate parent undertaking is Valad Property Group, an Australian listed entity, which is the parent company of the smallest and largest group for which group accounts are drawn up and of which the company is a member. Copies of the accounts of Valad Property Group can be obtained from Level 9, Chifley Square, Sydney, NSW 2000, Australia.

Valad Properties (UK) Ltd

Notes to the Financial Statements for the Period Ended 30 June 2008

..... *continued*

Related party transactions

The company has taken advantage of the exemption permitted by FRS 8 not to disclose details of transactions with other group companies within the Valad Property Group.