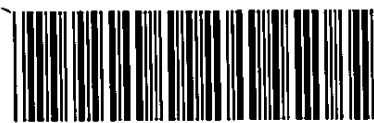


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LIBERTY LIVING (SEVERN POINT) LIMITED

**Report and Financial Statements
For the year ended 31 August 2008**

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LIBERTY LIVING (SEVERN POINT) LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2008

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LIBERTY LIVING (SEVERN POINT) LIMITED

REPORT AND FINANCIAL STATEMENTS For the year ended 31 August 2008

DIRECTORY

Directors:

R Boyland
R Chadwick
J Rose

Registered Number:

4313995 (England and Wales)

Registered Office:

32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

Company Secretary:

Brandeaux Administrators Limited
Brandeaux House
13 Upper Mount Street
Dublin 2
Ireland

Auditors:

Deloitte & Touche
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Property Valuer:

Lambert Smith Hampton
79 Mosley Street
Manchester M2 3LQ
United Kingdom

Solicitors:

Olswang
90 High Holborn
London WC1V 6XX
United Kingdom

Property Asset Manager:

Liberty Living plc
32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

LIBERTY LIVING (SEVERN POINT) LIMITED

DIRECTORS' REPORT

The Directors of Liberty Living (Severn Point) Limited (the "Company") present their Annual Report and the audited Financial Statements for the year ended 31 August 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is the letting and management of property.

RESULTS AND DIVIDENDS

The Company made a profit for the year of £19,771 (2007: profit of £58,983), which has been transferred to reserves.

The Directors do not recommend the payment of a dividend (2007: £nil).

DIRECTORS

The Directors set out below held office from 1 September 2007 to the date of this report unless otherwise stated:

R Boyland
R Chadwick (appointed 3 July 2008)
J Holmes (resigned 30 September 2008)
J Rose

At no time during the year or to date did any Director have any beneficial interest in the shares of the Company.

SECRETARY

The Secretary of the Company during the year and to date is:

Brandeaux Administrators Limited

AUDITORS

Deloitte & Touche, Chartered Accountants, have expressed their willingness to remain in office.

Approved by the Board of Directors on 28 November 2008 and signed on its behalf by:


R Chadwick
Director

LIBERTY LIVING (SEVERN POINT) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom accounting standards; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY LIVING (SEVERN POINT) LIMITED

We have audited the Financial Statements of Liberty Living (Severn Point) Limited (the "Company") for the year ended 31 August 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 12. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we neither accept nor assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the Financial Statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility, as independent auditors, is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion: proper books of accounts are being kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the Financial Statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's Balance Sheet and Profit and Loss Account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and director's transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 circumstances of the Company, 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 evaluated the overall adequacy of the presentation of information in the Financial Statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY LIVING (SEVERN POINT) LIMITED (CONTINUED)

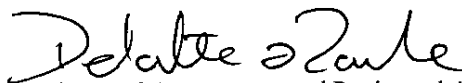
Opinion

In our opinion the Financial Statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the Company as at 31 August 2008 and of the profit of the Company for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. The Company's Balance Sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the Financial Statements.



Chartered Accountants and Registered Auditors
Dublin

28 November 2008

LIBERTY LIVING (SEVERN POINT) LIMITED

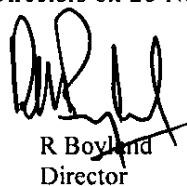
PROFIT AND LOSS ACCOUNT For the year ended 31 August 2008

	Note	2008 £	2007 £
Turnover	1	914,197	760,722
Operating costs		(821,631)	(675,371)
Gross profit		<u>92,566</u>	<u>85,351</u>
Administrative expenses		(91,435)	(82,899)
Operating profit / (loss)	3	<u>1,131</u>	<u>2,452</u>
Interest receivable and similar income		18,640	68,735
Profit / (loss) on ordinary activities before tax		<u>19,771</u>	<u>71,187</u>
Tax on profit / (loss) on ordinary activities	4	-	(12,204)
Profit / (loss) on ordinary activities after tax transferred to reserves	8	<u><u>19,771</u></u>	<u><u>58,983</u></u>

All gains and losses arise from continuing activities.

The Financial Statements were approved by the Board of Directors on 28 November 2008 and signed on its behalf by:


R Chadwick
Director

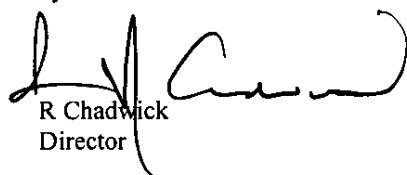

R Boyd
Director

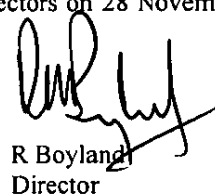
LIBERTY LIVING (SEVERN POINT) LIMITED

BALANCE SHEET As at 31 August 2008

	Note	2008 £	2007 £
Current assets			
Cash at bank		-	708,391
Debtors, prepayments and accrued income	5	6,610,422	5,602,910
		<u>6,610,422</u>	<u>6,311,301</u>
Creditors: amounts falling due within one year	6	<u>(6,536,898)</u>	<u>(6,257,548)</u>
Net current assets		<u>73,524</u>	<u>53,753</u>
Net assets		<u><u>73,524</u></u>	<u><u>53,753</u></u>
Share capital and reserves			
Share capital	7	2	2
Reserves	8	<u>73,522</u>	<u>53,751</u>
Equity Shareholder's funds	9	<u><u>73,524</u></u>	<u><u>53,753</u></u>

The Financial Statements were approved by the Board of Directors on 28 November 2008 and signed on its behalf by:


R Chadwick
Director


R Boyland
Director

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2008

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and are denominated in pounds sterling (£). The particular accounting policies adopted are described below.

Turnover

Turnover comprises rental income which is accounted for on an accruals basis.

Deferred tax

The payment of tax is deferred or accelerated because of timing differences in the treatment of certain items for tax and accounting purposes. Full provision for deferred tax is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS 19 deferred tax is not provided on revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date.

Cash flow statement

The company is exempt from publishing a cash flow statement because it is ultimately a wholly owned subsidiary undertaking of Liberty Living UK Limited which publishes a consolidated cash flow statement.

Leases

Rentals payable under operating leases are charged to the profit and loss account on an accrual basis over the term of the lease. The initial advance payment made in relation to the operating lease is treated as part of the rentals payable and accordingly these costs are also charged to the profit and loss account on a straight line basis over the lease term and are classified within prepayments.

2. STAFF COSTS

	2008	2007
	£	£
Salaries and wages	67,823	11,706
Social security costs	5,194	118,366
Total salary and wage costs	<u>73,017</u>	<u>130,072</u>
Average number of staff	<u>4</u>	<u>6</u>

3. OPERATING PROFIT / (LOSS)

The operating profit / (loss) is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	3,000	3,500
Directors' remuneration	-	-
Rent payable	<u>254,066</u>	<u>69,739</u>

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2008

4. TAX

Analysis of the tax charge

The tax charge / (credit) on the profit / (loss) on ordinary activities for the year was as follows:

	2008	2007
	£	£
Deferred tax	-	12,204
Tax charge / (credit)	-	12,204

Factors affecting the tax charge:

	2008	2007
	£	£
Profit / (loss) on ordinary activities before tax	19,771	71,187
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% and 30% (2007: 30%)	5,773	21,356
Effects of:		
Expenditure not tax deductible	-	-
Group relief	(5,773)	(9,152)
Timing differences reflected in deferred tax	-	-
Current tax charge / (credit)	-	12,204

5. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2008	2007
	£	£
Amounts falling due within one year		
Due from non Group related parties	1,085,569	-
Other debtors, prepayments and accrued income	180,929	136,138
	1,266,498	136,138
Amounts falling due after one year		
Other debtors, prepayments and accrued income	5,343,924	5,466,772
Aggregate amount	6,610,422	5,602,910

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2008

6. CREDITORS: amounts falling due within one year

	2008 £	2007 £
Due to Group related parties	6,348,161	6,049,258
Due to non Group related parties	22,307	9,232
Other creditors and accrued expenses	166,430	199,058
	<u>6,536,898</u>	<u>6,257,548</u>

7. SHARE CAPITAL

Authorised

	2008 £	2008 Number of shares	2007 £	2007 Number of shares
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Issued

	2008 £	2008 Number of shares	2007 £	2007 Number of shares
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

8. STATEMENT OF MOVEMENTS ON RESERVES

	Revenue reserve £
At 1 September 2007	53,751
Transfer from Profit and Loss Account	19,771
At 31 August 2008	<u>73,522</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2008 £	2007 £
Profit / (loss) for the year	19,771	58,983
Net increase / (decrease) in equity Shareholder's funds	<u>19,771</u>	<u>58,983</u>
Opening equity Shareholder's funds	53,753	(5,230)
Closing equity Shareholder's funds	<u>73,524</u>	<u>53,753</u>

LIBERTY LIVING (SEVERN POINT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2008

10. CONTROLLING PARTIES

The Company's intermediate parent is Liberty Living Properties Limited ("LLPL"), a company incorporated in, and registered as a BVI Business Company in, the British Virgin Islands. The Group comprises LLPL and its Subsidiaries and is at the balance sheet date ultimately owned by the following companies incorporated in the British Virgin Islands:

Brandeaux Student Accommodation Fund Limited
Brandeaux Sterling Fund Limited
Brandeaux US Dollar Fund Limited
Brandeaux Euro Fund Limited

11. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption available under FRS 8 Related Party Disclosures from disclosure of transactions between Group companies. Balances with Group entities are disclosed in debtors and creditors as Group related parties.

R Boyland, a director of the companies listed in note 10 above, has an interest in fees paid to the Company's Property Asset Manager, Liberty Living plc ("LLPLC"), which charged the Company rent collection fees of £85,934 (2007: £71,071). The Company owed LLPLC fees of £22,307 (2007: £9,232) at the year end.

Included within amounts due from non Group related parties are amounts totalling £1,085,569 (2007: £nil) representing monies owed by LLPLC to the Company.

Included within amounts due to non Group related parties are amounts totalling £22,307 (2007: £9,232) representing monies owed to LLPLC by the Company.

12. OTHER FINANCIAL COMMITMENTS

The Company is party to a guarantee for a bank loan facility of £200,000,000 made to the Group. The Company's assets including investment property are used as security for this facility. As at 31 August 2008 the facility was fully drawn by the Group.