Centros Bury St Edmunds Link Site Limited

Directors' report and financial statements
5947502
15 months ended 31 March 2009

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Company information

Registered office:	6th Floor, Lansdowne House Berkeley Square London W1J 6ER
Directors:	DV3 Administration UK 1 Limited DV3 Administration UK 2 Limited Mr Jozef Hendriks
Secretary:	DV3 Administration UK 1 Limited
Bankers:	The Royal Bank of Scotland 5-10 Great Tower Street LONDON EC3P 3HX
Solicitors:	Lawrence Graham 190 Strand LONDON WC2R 1JN
Auditors:	ERNST & YOUNG LLP 1 More London Place London SE1 2AF

Directors' report

The directors present their report together with financial statements for the 15 months ended 31 March 2009.

Principal activities

The principal activity of the company is that of property investment.

Results

The results for the period are set out on page 5. The company made a loss for the period of £186k (31 December 2007, loss of £223k). The directors do not recommend payment of a dividend.

Risks and Uncertainties and Key Performance Indicators

The business is currently monitored by way of rental income. The property is subject to a dispute in relation to a development with St Edmundsbury Council. No long term lease can be granted until the dispute with SEBC is resolved. A long term strategy for the property cannot be implemented until the dispute with St Edmundsbury Council is resolved.

Our overriding objective is to maximise rental income and value from the properties.

Directors

The membership of the Board during the period is set out below.

DV3 Administration UK 1 Limited
DV3 Administration UK 2 Limited
Mr Jozef Hendriks (Appointed 25/9/2008)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/it ought to have taken as a director to make himself/itself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

ERNST & YOUNG LLP were re-appointed as auditors of the company.

On behalf of the board

DV3 Administration UK 1 Limited 22/10/09
Director

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Centros Bury St Edmunds Link Site Limited

We have audited the financial statements of Centros Bury St Edmunds Link Site Limited for the 15 month period ended 31 March 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and 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).

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 audit 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 judgments 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss 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.

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditor
London
2009
21/10/09

Profit and loss account
For the 15 month period ended 31 March 2009

	Notes	Period Ended 31 March 2009 £	Period Ended 31 December 2007 £
Turnover	3	**290,337**	290,816
Cost of sales		-	-
Gross profit		**290,337**	290,816
Administrative expenses		**(5,251)**	(5,500)
Operating profit	4	**285,086**	285,316
Interest receivable		**499**	32
Interest payable and similar charges	5	**(471,528)**	(508,286)
Loss on ordinary activities before tax		**(185,943)**	(222,938)
Tax on loss on ordinary activities	6	-	-
Loss for the period	12	**(185,943)**	(222,938)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of Total Recognised Gains and Losses
For the 15 month period ended 31 March 2009

There were no recognised gains or losses other than the loss for either the current or preceding periods.

Balance sheet
as at 31 March 2009

	Notes	31 March 2009 £	31 December 2007 £
Fixed assets			
Investment properties	7	3,250,000	5,458,225
Current assets			
Debtors	8	46,371	69,914
Cash		3,131	-
		49,502	69,914
Creditors: amounts falling due within one year	9	(71,407)	(68,614)
Net current (liabilities)/assets		(21,905)	1,300
Total assets less current liabilities		3,228,095	5,459,525
Creditors: amounts falling due after more than one year	10	(5,959,469)	(5,682,462)
Net liabilities		(2,731,374)	(222,937)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(408,881)	(222,938)
Revaluation Reserve	13	(2,322,494)	-
Shareholders' deficit	13	(2,731,374)	(222,937)

The financial statements were approved by the Board of Directors on 22/10/09 and signed on their behalf by:

Director

Notes to the Financial Statements

For the 15 month period ended 31 March 2009

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 in accordance with applicable accounting standards, modified to include the revaluation of investment properties. The true and fair override provision of the Companies Act 1985 has been invoked. See 'investment properties' below.

Going concern

The financial statements have been prepared on a going concern basis. The related undertakings who retain joint ownership and control over Centros Bury St Edmunds Link Site Limited have indicated their willingness to support the company as to enable it to meet its liabilities as they fall due. A related party, the Centros Bury St Edmunds Limited Partnership has given its undertaking that it will not seek repayment of the loan that it has made available to this company until this company is in a position to make such a repayment without jeopardising the continued operational existence of the company.

Cash flow statement

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Investment properties

Properties held for long term investments are shown as fixed assets and are accounted for in accordance with Statement of Standard Accounting Practice No. 19, as follows:

- investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve, unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Investment properties under construction are held at cost. The cost includes costs of acquisition, design and development costs to date.

The treatment may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption, but for investment and the partners consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the property valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Notes *(continued)*

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- provision is made for deferred tax that would arise on remittance of the retained earnings of joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Directors and employees

There were no staff during the period except the directors. No remuneration was receivable by the directors during the period.

3 Turnover

Turnover represents rental income receivable net of VAT, which is all derived from property in the United Kingdom.

4 Operating profit

	Period Ended 31 March 2009 £	Period Ended 31 December 2007 £
This is stated after charging:		
Auditors' remuneration	2,500	1,750

5 Interest payable and similar charges

	Period Ended 31 March 2009 £	Period Ended 31 December 2007 £
Interest payable on loan from Centros Bury St Edmunds Limited Partnership	(471,528)	(508,286)

Notes *(continued)*

6 Tax on loss on ordinary activities

	Period Ended 31 March 2009 £	Period Ended 31 December 2007 £
Current tax for the period	-	-

The tax charge is higher than the standard rate of tax in the UK of 28% (2007 - 30%). The differences are explained below:

	Period Ended 31 March 2009 £	Period Ended 31 December 2007 £
Loss on ordinary activities before tax	(185,943)	(222,938)
Current tax at 28% (2007: 30%)	(52,064)	(66,881)
Effect of:		
Expenses not deductible for tax purposes	70	-
Losses carried forward	51,994	66,881
Current tax for the period	-	-

The company has trade losses carried forward for use against future profits amounting to £408,631. No deferred tax asset has been recognised as there is uncertainty as to the availability of appropriate future profits available to utilise these losses.

7 Tangible fixed assets

	31 March 2009 £	31 December 2007 £
Investment properties		
Cost:		
At beginning of period at 1st January 2008	5,458,225	-
Additions	114,269	5,458,225
Revaluation	(2,322,494)	-
As at 31st March 2009	3,250,000	5,458,225

Notes *(continued)*

8 Debtors

	31 March 2009 £	31 December 2007 £
Trade debtors	46,370	69,913
Unpaid share capital	1	1
	46,371	69,914

9 Creditors: amounts falling due within one year

	31 March 2009 £	31 December 2007 £
Accruals and deferred income	44,322	57,686
Other creditors	27,085	10,928
	71,407	68,614

10 Creditors: amounts falling due after more than one year

	31 March 2009 £	31 December 2007 £
Loan payable to Centros Bury St Edmunds Limited Partnership due in 2-5 yrs	5,959,469	5,682,462
	5,959,469	5,682,462

The balance is held between the entity and Centros Bury St Edmunds Limited Partnership, where an interest rate of 6.43% is being applied. The loan is repayable by 5th September 2010.

11 Share capital

	31 March 2009 £	31 December 2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and unpaid		
1 ordinary share of £1	1	1

12 Profit and loss account

	Period ended 31 March 2009 £	Period ended 31 December 2007 £
As at 31 December 2007	222,938	-
Loss for the period	185,943	222,938
At 31 March 2009	408,881	222,938

Notes *(continued)*

13 Reconciliation of movements in shareholders' deficit

	Period Ended 31 March 2009	Period Ended 31 December 2007
	£	£
Opening shareholders' deficit	(222,937)	-
Loss for the period	(185,943)	(222,938)
Called up share capital	-	1
Revaluation	(2,322,494)	-
Net decrease in shareholders' funds	(2,508,437)	(222,937)
Shareholders' deficit at 31 March 2009	(2,731,374)	(222,937)

14 Capital commitments

The company had no capital commitments at 31 March 2009.

15 Contingent liabilities

Centros Bury St Edmunds Limited Partnership has a development loan facility of £71.75m with Royal Bank of Scotland secured on the investment asset. When it converts to investment facility in September 2010 the facility will be £100m. There is a cross guarantee arrangement in place between the partnership and Centros Bury St Edmunds Link Site Ltd.

16 Transactions with related parties

During the period to 31 March 2009 the company received a loan of £277,007 (2007: £5,776,744) from Centros Bury St Edmunds Limited Partnership, of which Bury St Edmunds General Partner Limited is the controlling general partner. As at 31 March 2009 the balance outstanding was £5,959,469. (2007: £5,682,462). Centros Bury St Edmunds Limited Partnership has charged £471,528 (2007: £508,286) interest on the loan, which is outstanding at the period end.

17 Controlling party

Bury St Edmunds General Partner Limited is the company's immediate parent. There is no ultimate parent company because Bury St Edmunds General Partner Limited is jointly owned and controlled by DV3 Holdings Bury St Edmunds Limited and DV4 Holdings Bury St Edmunds Limited. For the same reason, there is no smallest or largest group into which they are consolidated.