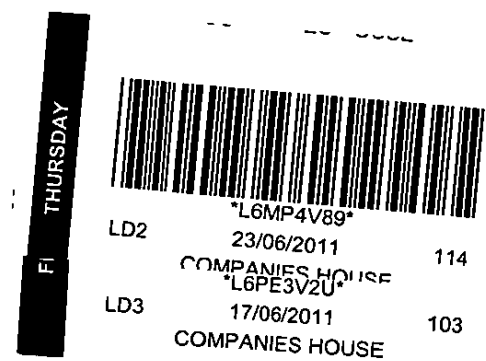


Avanta Properties (No.2) Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended
31 March 2010



Company Registration No 6406288

Avanta Properties (No.2) Limited

DIRECTORS, OFFICERS AND ADVISORS

DIRECTORS

RWM Brook
DAV Alberto
AD Pepper
DJ Kinnaird

COMPANY SECRETARY

P Alexander
RBS Nominees Limited

REGISTERED OFFICE

1 Lyric Square
London
W6 ONB

REGISTERED AUDITOR

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

Avanta Properties (No.2) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Avanta Properties (No 2) Limited for the year ended 31 March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was property letting

REVIEW OF THE BUSINESS

The directors are satisfied with the result for the year and financial position of the company at the year end

GOING CONCERN

The company incurred a loss in the year of £0.7m and had net liabilities at the year end of £0.8m. Subsequent to the Balance Sheet date the company along with its parent company and certain other subsidiaries breached certain covenants associated with a number of property loans and consequently entered into discussions with their bankers regarding the refinancing of their borrowings, upon which the Company is reliant both in terms of its own property loan and parent company support in regard to working capital requirements. This refinancing was completed on 3 June 2011 and accordingly, the directors consider that the company has adequate resources to continue in operation for the foreseeable future based on the parent company's support.

POST BALANCE SHEET EVENTS

The company's ultimate parent company changed to Avanta Nominees Limited on 27 May 2011. Subsequent to the Balance Sheet date the parent company and certain subsidiaries entered into discussions with their bankers regarding the refinancing of their borrowings, part of which are guaranteed by the Company and upon which the Company is reliant for future funding. This refinancing was completed on 3 June 2011 and the directors accordingly consider that the Company will remain a going concern for the foreseeable future.

DIVIDENDS

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

DIRECTORS

The following directors held office during the year

RWM Brook
DAV Alberto
AD Pepper
S Dempsey (Resigned 12 June 2009)
DJ Kinnaird

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR


The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

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

By order of the board


P Alexander
Secretary
17 June 2011

Avanta Properties (No.2) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVANTA PROPERTIES (NO 2) LIMITED

We have audited the financial statements on pages 5 to 11. 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 the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the 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 March 2010 and of its loss 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 in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



HOWARD FREEDMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

17 June 2011

Avanta Properties (No.2) Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2010

	Note	2010 £	2009 £
TURNOVER	1	170,813	189,922
Cost of sales		-	-
GROSS PROFIT		170,813	189,922
Administrative expenses		(12,599)	(54,063)
OPERATING PROFIT		158,214	135,859
Exceptional item	3	(737,729)	-
Interest payable (net)	5	(124,042)	(209,029)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(703,557)	(73,170)
Taxation	6	(892)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAX	13	(704,449)	(73,170)
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Loss for the financial year	13	(704,449)	(73,170)
Unrealised deficit on revaluation of property		-	(500,518)
Total gains and losses relating to the year		(704,449)	(573,688)

The operating profit for the year arises from the company's continuing operations

Avanta Properties (No.2) Limited

BALANCE SHEET

As at 31 March 2010

Company Registration No: 6406288

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	2,050,000	2,784,287
CURRENT ASSETS			
Debtors	8	57,094	87,506
Cash at bank and in hand		-	2,997
		57,094	90,503
Creditors Amounts falling due within one year	9	(699,160)	(2,958,089)
NET CURRENT LIABILITIES		(642,066)	(2,867,586)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,407,934	(83,299)
Creditors Amounts falling due after more than one year	10	(2,194,790)	-
PROVISIONS FOR LIABILITIES	11	(892)	-
NET LIABILITIES		(787,748)	(83,299)
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	(787,749)	(83,300)
EQUITY SHAREHOLDER'S FUNDS	14	(787,748)	(83,299)

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

Approved by the board and authorised for issue on 17 June 2011



ALAN PEPPER

Avanta Properties (No.2) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties

GOING CONCERN

The company incurred a loss in the year of £0.7m and had net liabilities at the year end of £0.8m. Subsequent to the Balance Sheet date the company along with its parent company and certain other subsidiaries breached certain covenants associated with a number of property loans and consequently entered into discussions with their bankers regarding the refinancing of their borrowings, upon which the Company is reliant both in terms of its own property loan and parent company support in regard to working capital requirements. This refinancing was completed on 3 June 2011 and accordingly, the directors consider that the company has adequate resources to continue in operation for the foreseeable future based on the parent company's support.

TURNOVER

Turnover represents rent receivable and income from the provision of other services in the year.

INVESTMENT PROPERTIES

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 2006 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Included in the carrying value of the investment property is capitalised interest of £69,044 (2009: £69,044).

Avanta Properties (No.2) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1 TURNOVER

The company's turnover and loss on ordinary activities before taxation was made in the United Kingdom

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Loss on ordinary activities before taxation is stated after charging		
Auditors Remuneration - Statutory audit	5,787	1,210
- Tax compliance	1,364	894

3 EXCEPTIONAL ITEM

	2010	2009
	£	£
Decrease on valuation of investment property	737,729	-

The investment property has been valued at £2,050,000 which has the effect on decreasing the value by £737,729 (see note 7)

4 EMPLOYEES

No director received any remuneration from the company during the year Apart from the directors of the company, there were no other employees of the company

5 INTEREST RECEIVABLE / (PAYABLE)

	2010	2009
	£	£
Bank interest receivable	-	3,257
Bank interest payable	(54,828)	(105,194)
Intercompany interest	(69,214)	(107,092)
Interest payable (net)	(124,042)	(209,029)

6 TAXATION

	2010	2009
	£	£
Current Tax		
UK Corporation tax on profits on the period	-	-
Total Current Tax	-	-
Deferred Taxation		
Origination and reversal of timing differences	892	-
Total deferred tax	892	-
Tax on profit on ordinary activities	892	-

Avanta Properties (No.2) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

6 TAXATION (continued)	2010 £	2009 £
Factors affecting tax charge for the period		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK The differences are explained below		
Loss on ordinary activities before tax	(703,557)	(73,170)
Loss on ordinary activities multiplied by standard rate or corporation tax in the UK of 28% (2009 28%)	(196,996)	(20,488)
Effects of		
Expenses not deductible for tax purposes	-	6,155
Group relief not paid for	36,122	-
Capital allowances in excess of depreciation	190,603	(19,828)
Losses carried forward	(29,729)	34,161
Tax charge for the period	-	-

The company has unrelieved tax losses of £116,507 (2009 £222,682) which, subject to agreement with the Inland Revenue, are available to carry forward and offset against future profits of the same trade

A deferred tax asset of £32,622 (2009 £39,475) has not been provided in respect of those losses, net of a liability on accelerated capital allowances of £14,605 (2009 £26,876) as the recoverability is uncertain for the foreseeable future

7 TANGIBLE FIXED ASSETS	Investment Property £
Valuation	
1 April 2009	2,784,287
Additions	3,442
Impairments	(737,729)
31 March 2010	2,050,000

The historical cost of the revalued freehold property is £2,787,729 The property is revalued annually, which the directors consider necessary in order to show a true and fair view No depreciation is provided in respect of investment properties The last professional valuation of the investment property was made on 31 March 2010 by Colliers CRE, Chartered Surveyors, on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors The valuation has been completed by the directors, which has the effect of decreasing net assets by £737,729 (2009 decrease of £499,168)

8 DEBTORS	2010 £	2009 £
Other debtors	-	11,225
Prepayments and accrued income	57,094	76,281
	57,094	87,506

Avanta Properties (No.2) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

9 CREDITORS: Amounts falling due within one year	2010 £	2009 £
Bank loan	-	2,189,825
Trade creditors	308	-
Amounts owed to group undertakings	649,276	723,171
Other tax and social security	8,269	7,925
Other creditors	5,500	5,501
Accruals and deferred income	35,807	31,667
	<u>699,160</u>	<u>2,958,089</u>

10 CREDITORS: Amounts falling due after more than one year	2010 £	2009 £
Bank loan	<u>2,194,790</u>	

The bank loan of £2,200,000 was repayable on 5 June 2011 at the balance sheet date. Subsequent to the balance sheet date this facility was extended and is now repayable on 31 March 2012. Interest is payable at a rate of LIBOR plus 1.75% per annum.

The loan is secured on the property owned by the company. In addition, the company's fellow subsidiary, Avanta Properties (Heathrow) Limited has provided a guarantee to the bank in respect of the loan.

11 PROVISIONS FOR LIABILITIES	2009 £	2008 £
Deferred Tax		
1 April	-	-
Charged to the profit and loss Account	892	-
31 March	<u>892</u>	<u>-</u>

The above provision relates to other timing differences.

12 SHARE CAPITAL	2010 £	2009 £
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

Avanta Properties (No.2) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

13 PROFIT AND LOSS ACCOUNT	2010	2009
	£	£
1 April	(83,300)	(10,130)
Loss for the financial year	(704,449)	(73,170)
31 March	<u>(787,749)</u>	<u>(83,300)</u>
14 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2010	2009
	£	£
Loss for the financial year	(704,449)	(73,170)
Opening shareholder's funds	(83,299)	(10,129)
Closing shareholder's funds	<u>(787,748)</u>	<u>(83,299)</u>

15 IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is Avanta Group Limited, a company incorporated in England and Wales. The ultimate parent company is Avanta Nominees Limited, a company incorporated in England and Wales.

16 POST BALANCE SHEET EVENTS

The company's ultimate parent company changed to Avanta Nominees Limited on 27 May 2011.

Subsequent to the Balance Sheet date the parent company and certain subsidiaries entered into discussions with their bankers regarding the refinancing of their borrowings, part of which are guaranteed by the Company and upon which the Company is reliant for future funding. This refinancing was completed on 3 June 2011 and the directors accordingly consider that the Company will remain a going concern for the foreseeable future.

17 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 that transactions do not need to be disclosed with companies 100% of whose voting rights are controlled within the group.

18 CONTROL

The company is part of the group controlled by David Alberto.