

Financial statements

PT Southern Limited

For the year ended 31 March 2011



Company No. 2884661

PT Southern Limited
Financial statements for the year ended 31 March 2011

Company information

Company registration number	2884661
Registered office	Kingsgate House 115 High Holborn London WC1V 6JJ
Directors	A K C Cheng N C F Chan
Secretary	N C F Chan
Auditor	Cargil Management Services Limited Grant Thornton UK LLP Chartered Accountants Registered Auditor 30 Finsbury Square London EC2P 2YU

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2011

Principal activities and business review

The company carries on the business of property investment, trading and development

The company's continued objective is to maximise growth in assets from increases in investment property values and from retained earnings from property rental. The company's parent undertaking monitors net assets per share in managing the group's property portfolio

Results and dividends

The profit for the year, after taxation, amounted to £260,433. During the year dividends of £220,000 (2010: £700,000) were paid

Financial risk management objectives and policies

The company uses various financial instruments, these include loans and cash to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of risks, which are described in more detail below

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company uses long term finance to fund the acquisition of investment properties and to ensure continuity of funding. The maturity of borrowings is set out in the notes to the financial statements. Liquid resources are deemed to be cash and overdraft facilities

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings and inter group finance

Credit risk

The company's principal financial assets are cash. The credit risk associated with cash is limited as the counterparties have high credit ratings

Directors

The directors who served throughout the year were as follows

A K C Cheng
N C F Chan

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Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 judgments 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

The directors are responsible for keeping adequate 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 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



N C F Chan
Secretary
28th September 2011

Report of the independent auditor to the members of PT Southern Limited

We have audited the financial statements of PT Southern Limited for the year ended 31 March 2011 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes

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 explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 of the financial statements

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/private.cfm

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 March 2011 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



Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28th September 2011

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous year, and are set out below

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover is the total amount receivable from rent recognised on a straight line basis over the term of the lease

Fixed assets

All fixed assets are initially recorded at cost

Investment properties

Basis of estimation techniques

The primary source of evidence for valuations is recent, comparable market transactions on arms length terms. The current economic environment means that there have been fewer transactions and, consequently there is a greater degree of uncertainty in respect of the figures reported

In accordance with Statement of Standard Accounting Practice No. 19, the company's properties held for long term investment are included in the balance sheet at their open market values. The surpluses or deficits on revaluation of such properties are transferred to the revaluation reserve unless a deficit below its original cost, or its reversal, on an individual property is considered to be permanent, in which case it is recognised in the profit and loss account for the period. Depreciation is not provided in respect of freehold investment properties. Leasehold investment properties are not amortised where the unexpired term is over twenty years

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted

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Profit and loss account

	Note	2011 £	2010 £
Turnover	1	907,935	895,326
Cost of sales		213,256	206,727
Gross profit		<u>694,679</u>	<u>688,599</u>
Other operating charges	2	195	175
Other operating income	3	15,138	4,624
Operating profit	4	<u>709,622</u>	<u>693,048</u>
Interest receivable	6	3	9
Interest payable and similar charges	7	278,928	282,075
Profit on ordinary activities before taxation		<u>430,697</u>	<u>410,982</u>
Tax on profit on ordinary activities	8	170,264	110,823
Profit for the financial year	19	<u><u>260,433</u></u>	<u><u>300,159</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements

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Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	10	<u>11,486,495</u>	<u>11,486,495</u>
Current assets			
Debtors	11	107,692	54,719
Cash at bank and in hand		<u>36,734</u>	<u>17,347</u>
		144,426	72,066
Creditors amounts falling due within one year	12	<u>3,798,924</u>	<u>3,426,316</u>
Net current liabilities		<u>(3,654,498)</u>	<u>(3,354,250)</u>
Total assets less current liabilities		<u>7,831,997</u>	<u>8,132,245</u>
Creditors amounts falling due after more than one year	13	<u>3,560,363</u>	<u>3,910,363</u>
		4,271,634	4,221,882
Provisions for liabilities			
Deferred tax	14	209,659	200,340
		<u>4,061,975</u>	<u>4,021,542</u>
Capital and reserves			
Called-up equity share capital	17	1	1
Revaluation reserve	18	4,043,396	4,043,396
Profit and loss account	19	18,578	(21,855)
Shareholders' funds	20	<u>4,061,975</u>	<u>4,021,542</u>

These financial statements were approved by the directors and authorised for issue on 28th September 2011, and are signed on their behalf by



N C F Chan
Director

Company registration number 2884661

The accompanying accounting policies and notes form part of these financial statements

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	<u>907,935</u>	<u>895,326</u>

2 Other operating charges

	2011 £	2010 £
Administrative expenses	<u>195</u>	<u>175</u>

3 Other operating income

	2011 £	2010 £
Other operating income	<u>15,138</u>	<u>4,624</u>

4 Operating profit

Auditor's remuneration is borne by a fellow group company

5 Directors and employees

The company had no employees during the current or prior year

6 Interest receivable

	2011 £	2010 £
Bank interest receivable	<u>3</u>	<u>9</u>

7 Interest payable and similar charges

	2011 £	2010 £
Interest payable on bank borrowings	216,844	238,940
Interest payable to group undertakings	<u>62,084</u>	<u>43,135</u>
	<u>278,928</u>	<u>282,075</u>

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8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2010 28%)	160,945	182,306
Adjustment in respect of prior year	-	(82,107)
Total current tax	<u>160,945</u>	<u>100,199</u>
Deferred tax		
Origination and reversal of timing differences	9,319	11,648
Adjustment in respect of prior year	-	(1,024)
Total deferred tax	<u>9,319</u>	<u>10,624</u>
Tax on profit on ordinary activities	<u>170,264</u>	<u>110,823</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 28%)

The differences are explained as follows -

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>430,697</u>	<u>410,982</u>
Profit on ordinary activities by rate of tax	120,595	115,075
(Income)/expenses not (taxable)/allowable for tax purposes	855	(99)
Capital allowances in excess of depreciation	(9,319)	(11,648)
Group relief surrendered	48,814	78,978
Adjustment in respect of prior years	-	(82,107)
Total current tax	<u>160,945</u>	<u>100,199</u>

9 Dividends

Dividends on shares classed as equity

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	<u>220,000</u>	<u>700,000</u>

Ordinary shares - final dividend of £220,000 per share (2010 £700,000)

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10 Tangible fixed assets

	Freehold Property £
Cost or valuation At 1 April 2010 and at 31 March 2011	<u>11,486,495</u>
Depreciation At 1 April 2010 and at 31 March 2011	<u>-</u>
Net book value At 31 March 2011	<u>11,486,495</u>
At 31 March 2010	<u>11,486,495</u>

Valuations of investment properties as at 31 March 2011 were carried out in accordance with the RICS Valuation Standards by the Directors, who have been advised by external professional valuers

Full independent valuations of investment properties were carried out in accordance with RICS Valuation Standards by Atisreal an independent firm of professional valuers, 6 May 2003, 31 March 2006 and 8 January 2007

If the investment property had not been revalued, they would have been included on the historical cost basis at £7,443,099 (2010 £7,443,099)

11 Debtors

	2011 £	2010 £
Trade debtors	104,790	47,290
Amounts owed by group undertakings	-	6,077
Other debtors	<u>2,902</u>	<u>1,352</u>
	<u>107,692</u>	<u>54,719</u>

12 Creditors amounts falling due within one year

	2011 £	2010 £
Bank loans	350,000	350,000
Amounts owed to group undertakings	2,909,158	2,543,261
Corporation tax	104,717	182,306
Other taxation	39,337	25,680
Other creditors	134,901	108,871
Accruals and deferred income	<u>260,811</u>	<u>216,198</u>
	<u>3,798,924</u>	<u>3,426,316</u>

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13 Creditors amounts falling due after more than one year

	2011 £	2010 £
Bank loans	<u>3,560,363</u>	<u>3 910,363</u>

The bank loans are secured by a charge on certain freehold investment properties

The bank loans are repayable in quarterly instalments and the rates of interest payable are 1 15% and 1 10% over LIBOR. Bank loans maturing in more than 5 years are £nil (2010 £nil). Contingent liabilities regarding this loan are detailed in note 16.

14 Deferred taxation

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	200,340	189,716
Profit and loss account movement arising during the year	9,319	11,648
Adjustment in respect of prior years	-	(1 024)
Provision carried forward	<u>209,659</u>	<u>200 340</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	<u>209,659</u>	<u>200 340</u>

15 Capital commitments

The company had no capital commitments at 31 March 2011 or 31 March 2010.

16 Contingent liabilities

A cross guarantee exists between the company, PT Northern Limited, Sternberg Properties Limited, Daggons Holdings Limited, Polmadie Limited, Barlborough Links Limited, Telford Way Limited and Minorities Limited, in favour of Bank of Ireland. All companies are either subsidiaries of or fellow subsidiaries of The Property Trust Plc. The total value of guaranteed loan outstanding at 31 March 2011 was £37,131,625 (2010 £38,342,875) of which £3 910,363 (2010 £4,260,363) is reflected in creditors above.

17 Share capital

Authorised share capital			2011 £	2010 £
1,000 Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid				
	2011 No	2011 £	2010 No	2010 £
Ordinary £1 share	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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18	Revaluation reserve	2011	2010
		£	£
	Balance brought forward and carried forward	<u>4,043,396</u>	<u>4,043,396</u>
19	Profit and loss account	2011	2010
		£	£
	Balance brought forward	(21,855)	377,986
	Profit for the financial year	260,433	300,159
	Equity dividends paid (note 9)	<u>(220,000)</u>	<u>(700,000)</u>
	Balance carried forward	<u>18,578</u>	<u>(21,855)</u>
20	Reconciliation of movements in shareholders' funds	2011	2010
		£	£
	Profit for the financial year	260,433	300,159
	Equity dividends paid (note 9)	<u>(220,000)</u>	<u>(700,000)</u>
	Net addition to shareholders' funds	40,433	(399,841)
	Opening shareholders' funds	<u>4,021,542</u>	<u>4,421,383</u>
	Closing shareholders' funds	<u>4,061,975</u>	<u>4,021,542</u>

21 Ultimate parent undertaking and controlling related party

The ultimate parent undertaking and controlling related party of this company is PT Holdings Limited, which is incorporated under the laws of Bermuda. The largest group of undertakings for which group accounts have been drawn up is that headed by PT Holdings Limited and the smallest such group of undertakings, including the company, is that headed by The Property Trust Plc which is registered in England and Wales.

As a wholly owned subsidiary of PT Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by PT Holdings Limited.