



Company Registration No 03005262 (England and Wales)

LDC (PORTFOLIO ONE) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

WEDNESDAY



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LDC (PORTFOLIO ONE) LIMITED

COMPANY INFORMATION

Directors	M C Allan A D Reid J J Lister N Richards M P Bennett	(Appointed 5 October 2007)
Secretary	A D Reid	
Company number	03005262	
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX	
Auditors	KPMG Audit Plc PO Box 695 8 Salisbury Square LONDON EC4Y 8BB	
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX	

LDC (PORTFOLIO ONE) LIMITED

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LDC (PORTFOLIO ONE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007

Principal activities and review of the business

The principal activity of the company continued to be that of the holding and letting of investment property as student accommodation

The directors do not recommend the payment of a dividend (31 December 2006 £55,000,000)

The directors are satisfied with the results for the year

The directors consider that the principal risks facing the company are as follows

Uncertain revenues arising from the short term nature of tenancies,
The cyclical effect of property markets

The directors consider that these risks are mitigated by both geographical diversification and the availability of experienced brand, sales and marketing teams within The UNITE Group plc as a whole

At 31 December 2007, one investment property remained in the company

Results and dividends

The results for the year are set out on page 5

Financial instruments

The company holds or issues financial instruments for two main purposes

- to finance the development and subsequent long term retention of investment properties,
- to manage the interest rate risks arising from its operations and from its sources of finance

The main risks arising from the company's financial instruments are interest rate risk and market price risk. The company does not trade in financial instruments

Directors

The following directors have held office since 1 January 2007

M C Allan

A D Reid

J J Lister

N Richards

M P Bennett

(Appointed 5 October 2007)

Statement of disclosure 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, KPMG Audit Plc, will be deemed to be reappointed for each succeeding financial year

LDC (PORTFOLIO ONE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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 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, 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 its 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

On behalf of the board



M P Bennett

Director

2 AUGUST 2008

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LDC (PORTFOLIO ONE) LIMITED

We have audited the financial statements of LDC (Portfolio One) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. 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 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 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 (CONTINUED)
TO THE SHAREHOLDERS OF LDC (PORTFOLIO ONE) LIMITED

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 December 2007 and of its loss for the year 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

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor

6 August 2008

PO Box 695
8 Salisbury Square
LONDON
EC4Y 8BB

LDC (PORTFOLIO ONE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
Turnover	2	889	15,549
Cost of sales		-	-
Gross profit		889	15,549
(Loss)/profit on disposal of investment property		(941)	5,723
Operating (loss)/profit	3	(52)	21,272
Other interest receivable and similar income	4	18	8
Interest payable and similar charges	5	(1,023)	(19,012)
(Loss)/profit on ordinary activities before taxation		(1,057)	2,268
Tax on (loss)/profit on ordinary activities	6	-	1,749
Retained (loss)/profit for the year	15	(1,057)	4,017

All the above activities arise from continuing operations

LDC (PORTFOLIO ONE) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£000	£000
(Loss)/profit for the financial year	(1,057)	4,017
Unrealised (deficit)/surplus on revaluation of properties	(2,590)	17,398
Unrealised surplus on fixed asset investments	<u>78</u>	<u>68</u>
Total recognised gains and losses relating to the year	<u>(3,569)</u>	<u>21,483</u>

Note of historical cost profits and losses

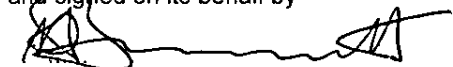
	2007	2006
	£000	£000
Reported (loss)/profit on ordinary activities before taxation	(1,057)	2,268
Realisation of investment property revaluation gains	<u>-</u>	<u>50,899</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(1,057)</u>	<u>53,167</u>
Historical cost loss for the year retained after taxation, extraordinary items and dividends	<u>(1,057)</u>	<u>(84)</u>

LDC (PORTFOLIO ONE) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	8	22,550	24,631
Investments	9	167	89
		<u>22,717</u>	<u>24,720</u>
Current assets			
Debtors	10	11,646	11,322
Cash at bank and in hand		407	505
		<u>12,053</u>	<u>11,827</u>
Creditors amounts falling due within one year	11	<u>(10,651)</u>	<u>(24,724)</u>
Net current assets/(liabilities)		<u>1,402</u>	<u>(12,897)</u>
Total assets less current liabilities		<u>24,119</u>	<u>11,823</u>
Creditors amounts falling due after more than one year	12	<u>(15,865)</u>	<u>-</u>
Net assets		<u><u>8,254</u></u>	<u><u>11,823</u></u>
Capital and reserves			
Called up share capital	14	-	-
Revaluation reserve	15	(2,618)	(28)
Other reserves	15	167	89
Profit and loss account	15	10,705	11,762
Shareholders' funds - equity interests	16	<u><u>8,254</u></u>	<u><u>11,823</u></u>

The financial statements were approved by the Board on 8 AUGUST 2008
and signed on its behalf by



M P Bennett
Director

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

1.1 Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention modified to include the revaluation of freehold land and buildings

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Investment and development properties

In accordance with SSAP19 Accounting for Investment Properties

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors)

Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount, and

- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run

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

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from the revaluation reserve to the profit and loss account as a reserve movement.

The cost of investment properties includes amounts relating to interest and attributable overheads, in addition to direct costs. For this purpose, the interest rate applied to funds provided for properties under construction is arrived at by reference, where appropriate, to the actual rate payable for development purposes.

1.3 Investment in subsidiary undertakings

The company values its investment in subsidiary undertakings on an underlying net asset basis, whereby the cost of the original investment is adjusted for the movement in the underlying net assets applicable to the investment since their acquisition with an adjustment to the company's revaluation reserve.

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies (continued)

1.4 Taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

1.5 Group accounts

The company is exempt from preparing consolidated financial statements on the grounds that it is a wholly owned subsidiary, and is included in the consolidated accounts of the ultimate parent undertaking, The UNITE Group plc. The financial statements therefore present information about the company as an individual undertaking and not about its group.

1.6 Borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

1.7 Turnover

Turnover from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit

Auditors remuneration of £620 (2006: £575) was borne by another group company.

Fees paid to the company's auditors, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis.

Directors' remuneration was borne by another group company in respect of both years.

4 Other interest receivable and similar income	2007 £000	2006 £000
Bank interest	18	8

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

5	Interest payable and similar charges	2007 £000	2006 £000
	Bank overdraft interest	-	256
	Bank loan interest	1,021	-
	Group interest payable	-	12,017
	Exceptional swap break costs	-	6,739
	Other interest payable	2	-
		<u>1,023</u>	<u>19,012</u>
6	Taxation	2007 £000	2006 £000
	Current tax charge	<u>-</u>	<u>-</u>
	Deferred tax charge		
	Deferred tax charge/credit current year	<u>-</u>	<u>(1,749)</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(1,057)</u>	<u>2,268</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	<u>(317)</u>	<u>680</u>
	Effects of		
	Income not taxable	-	(11,168)
	Capital allowances in excess of depreciation	(752)	8,449
	Tax losses utilised	-	(2,868)
	Other tax adjustment	-	(794)
	Group relief surrendered	1,069	5,701
		<u>317</u>	<u>(680)</u>
	Current tax charge	<u>-</u>	<u>-</u>
	Factors that may affect future tax charges		
	Deferred tax balances arising in the company are set out in detail in note 13		
7	Dividends	2007 £000	2006 £000
	Ordinary final paid	<u>-</u>	<u>55,000</u>

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

8 Tangible fixed assets

	Investment properties £000
Cost or valuation	
At 1 January 2007	24,631
Additions	509
Revaluation	(2,590)
At 31 December 2007	<u>22,550</u>

The freehold investment property was valued as at 31 December 2007, on the basis of 'open market value' as defined in the RICS Appraisal and Valuation Manual issued by The Royal Institution of Chartered Surveyors by CB Richard Ellis Ltd and Messrs King Sturge, Chartered Surveyors as external valuers. The historical cost of the property at 31 December 2007 was £25,168,890 (31 December 2006 £24,659,644).

9 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost or valuation	
At 1 January 2007	89
Revaluation	78
At 31 December 2007	<u>167</u>

Holdings of more than 20%

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

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Unite Accommodation Management 1 Ltd	England and Wales	Ordinary	100 00
LDC (Lime Street Management) Limited	England and Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £000	Profit/(loss) for the year 2007 £000
	Principal activity		
Unite Accommodation Management 1 Ltd	Property management	167	78
LDC (Lime Street Management) Limited	Property management	<u>-</u>	<u>-</u>

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

10 Debtors	2007 £000	2006 £000
Amounts owed by subsidiary undertakings	11,617	11,293
Prepayments and accrued income	29	29
	<u>11,646</u>	<u>11,322</u>
All debtors are due within one year		
11 Creditors amounts falling due within one year	2007 £000	2006 £000
Bank loans	-	12,500
Amounts owed to subsidiary undertakings	10,473	12,175
Taxes and social security costs	-	16
Accruals and deferred income	178	33
	<u>10,651</u>	<u>24,724</u>
12 Creditors amounts falling due after more than one year	2007 £000	2006 £000
Bank loans	<u>15,865</u>	<u>-</u>
Loan maturity analysis		
In more than two years but not more than five years	<u>15,865</u>	<u>-</u>
	<u>15,865</u>	<u>-</u>

The bank loan, which totals £16,000,000 is disclosed net of amortised refinance costs of £134,886. The loan is repayable in full on 15 March 2010 and is secured on the freehold investment property. Interest is payable quarterly at a rate of 1.1% over LIBOR.

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

13 Provisions for liabilities and charges

The deferred tax balance at 31 December 2007 comprised as follows

	Amount not provided £000
Deferred tax asset on losses not provided	5,801
Deferred tax asset in respect of capital allowances not provided	1,550
	<u>7,351</u>
Balance at 31 December 2007	<u>7,351</u>

No other provisions were made during the period

14 Share capital	2007 £	2006 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

15 Statement of movements on reserves

	Revaluation reserve £000	Investment revaluation reserve £000	Profit and loss account £000
Balance at 1 January 2007	(28)	89	11,762
Retained loss for the year	-	-	(1,057)
Revaluation during the year	<u>(2,590)</u>	<u>78</u>	<u>-</u>
Balance at 31 December 2007	<u>(2,618)</u>	<u>167</u>	<u>10,705</u>

16 Reconciliation of movements in shareholder's funds

	2007 £000	2006 £000
(Loss)/Profit for the financial year	(1,057)	4,017
Dividends	<u>-</u>	<u>(55,000)</u>
	(1,057)	(50,983)
Other recognised gains	(2,590)	17,398
Movements on other reserves	<u>78</u>	<u>68</u>
Net depletion in shareholder's funds	(3,569)	(33,517)
Opening shareholder's funds	<u>11,823</u>	<u>45,340</u>
Closing shareholder's funds	<u>8,254</u>	<u>11,823</u>

LDC (PORTFOLIO ONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

17 Contingent liabilities

The company had no contingent liabilities at 31 December 2007 (31 December 2006 £nil)

18 Capital commitments

The company had no capital commitments at 31 December 2007 (31 December 2006 £nil)

19 Employees

Number of employees

There were no employees during either year apart from the directors

20 Parent undertaking

The company's immediate parent undertaking is LDC (Holdings) plc

The company's ultimate parent undertaking is The UNITE Group plc. The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc. The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX

21 Related party transactions

As more than 90% of the company's voting rights are controlled within the group headed by The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking