

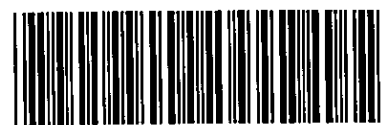
Company Registration No. 3580998 (England and Wales)

COMPANIES HOUSE COPY

PCO 199 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2008



PCO 199 LIMITED

COMPANY INFORMATION

Directors	D A Pearlman F Hunter
Secretary	P Colvin
Company number	3580998
Registered office	Quadrant House - Floor 6 17 Thomas More Street Thomas More Square London E1W 1YW
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Business address	3rd Floor 9 White Lion Street London N1 9PD
Bankers	Anglo Irish Bank Corporation Plc 10 Old Jewry London EC2R 8DN National Westminster Bank Plc 20 Amhurst Road London E8 1QZ
Solicitors	Eversleys Percy House 363 Liverpool Road London N1 1NL

PCO 199 LIMITED

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PCO 199 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2008

The directors present their report and financial statements for the year ended 30 September 2008.

Principal activities and review of the business

The company's principal activity continued to be that of property investment.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 October 2007:

D A Pearlman

F Hunter

Auditors

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

PCO 199 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

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 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 period. In preparing these financial statements, the directors are required to:

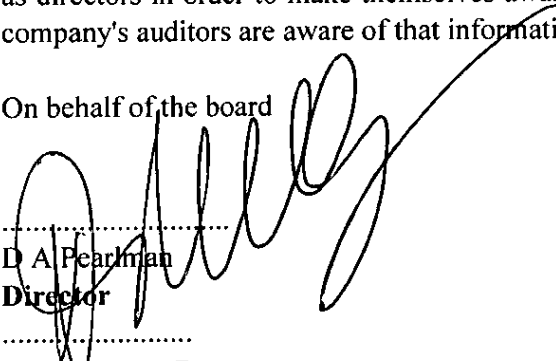
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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 of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



.....
D A Pearlman
Director
.....
30-7-08

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF PCO 199 LIMITED**

We have audited the financial statements of PCO 199 Limited for the year ended 30 September 2008 set out on pages 6 to 15. 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 directors and auditors

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF PCO 199 LIMITED

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. With regard to the investment properties having a carrying value of £19,642,500, the evidence available to us was limited as due to the current economic climate neither the directors nor businesses associated with them have undertaken recent transactions in comparable properties. We were unable to obtain sufficient appropriate external and comparable evidence regarding the property valuations by way of any alternative audit procedures.

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 PCO 199 LIMITED

Opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient external and comparable evidence concerning the investment property valuations, 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 company's affairs as at 30 September 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our audit work relating to the valuation of the investment properties; we have not obtained all the third party information that we considered necessary for the purpose of our audit.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

UHY Hacker Young

UHY Hacker Young

Chartered Accountants
Registered Auditor

30th July 2009

PCO 199 LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	1,382,553	935,831
Property expenses		(230,184)	(209,713)
Gross profit		1,152,369	726,118
Administrative expenses		(37,671)	(14,358)
Operating profit	3	1,114,698	711,760
Investment income	4	241,441	-
Other interest receivable and similar income	4	11,548	208,717
Interest payable and similar charges	5	(1,152,833)	(945,169)
Profit/(loss) on ordinary activities before taxation		214,854	(24,692)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) on ordinary activities after taxation	12	214,854	(24,692)

The company's operation in the year continued unchanged; no operations were disposed of or acquired.

There are no recognised gains and losses other than those passing through the profit and loss account.

PCO 199 LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	7	19,642,500	15,950,000
Investments	8	7	7
		<u>19,642,507</u>	<u>15,950,007</u>
Current assets			
Debtors	9	177,996	4,757,541
Cash at bank and in hand		364,584	197,246
		<u>542,580</u>	<u>4,954,787</u>
Creditors: amounts falling due within one year	10	<u>(2,739,733)</u>	<u>(4,862,921)</u>
Net current (liabilities)/assets		<u>(2,197,153)</u>	<u>91,866</u>
Total assets less current liabilities		<u>17,445,354</u>	<u>16,041,873</u>
Creditors: amounts falling due after more than one year	11	<u>(16,011,526)</u>	<u>(12,999,137)</u>
		<u>1,433,828</u>	<u>3,042,736</u>
Capital and reserves			
Called up share capital	12	100	100
Revaluation reserve	13	3,529,938	5,353,700
Profit and loss account	13	<u>(2,096,210)</u>	<u>(2,311,064)</u>
Shareholders' funds	14	<u>1,433,828</u>	<u>3,042,736</u>

Approved by the Board and authorised for issue on 30.7.09


D A Pearman
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The directors believe that the going concern basis is applicable on the basis that the company will receive continued support from its shareholders.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for rents and service charges net of VAT.

1.4 Tangible fixed assets and depreciation

Freehold investment properties are revalued annually by the directors. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve unless a deficit (or its reversal) on an individual property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account.

No depreciation is provided in respect of freehold investment properties although it is a departure from the general requirement of the Companies Act 1985 to provide depreciation in respect of fixed assets having a limited useful economic life. These properties are not held for consumption but for investment and the directors consider that systematic depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is not provided on timing differences arising from the revaluations of fixed assets, where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

1 Accounting policies **(Continued)**

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

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 profit	2008	2007
	£	£

Operating profit is stated after charging:

Auditors' remuneration	15,375	6,000
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	<u>15,375</u>	<u>6,000</u>
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4 Investment income	2008	2007
	£	£

Income from shares in group undertakings	241,441	-
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Bank interest	11,548	7,949
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Other interest	-	200,768
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	<u>252,989</u>	<u>208,717</u>
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Income from shares in group undertakings comprises wholly of dividends received from subsidiaries.

5 Interest payable	2008	2007
	£	£

On amounts payable to group companies	110,807	101,658
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On bank loans and overdrafts	1,041,866	843,511
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Other interest	160	-
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	<u>1,152,833</u>	<u>945,169</u>
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PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

6 Taxation	2008	2007
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	214,854	(24,692)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.00% (2007 - 30.00%)	62,308	(7,408)
Effects of:		
Non deductible expenses	294	12
Capital allowances	(1,385)	(2,122)
Tax losses utilised	(23,383)	(146,179)
Group relief	613	125,200
Non taxable income	(70,018)	-
Other tax adjustments	31,571	30,497
	(62,308)	7,408
Current tax charge	-	-

On the basis of these financial statements no provision has been made for corporation tax.

7 Tangible fixed assets	Investment properties £
Cost or valuation	
At 1 October 2007	15,950,000
Additions	5,516,262
Revaluation	(1,823,762)
At 30 September 2008	19,642,500

The properties were valued on an open market basis as at 30 September 2008 by the directors.

In the current economic climate there are few comparable transactions partly due to the lack of liquidity in the capital markets and limited activity in the property market. Consequently, the annual directors' valuation of the investment portfolio has proven more difficult.

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 October 2007	7
Additions	4,865,687
Distribution in specie of property asset	(4,865,687)
	<hr/>
At 30 September 2008	7
	<hr/>
Net book value	
At 30 September 2008	7
	<hr/> <hr/>
At 30 September 2007	7
	<hr/> <hr/>

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			
PCO (Watling Street) Limited	England	Ordinary	100.00
Kingussie Limited	England	Ordinary	100.00
Strontian Limited	England	Ordinary	100.00
Mallaig Limited	England	Ordinary	100.00
Rodel Limited	England	Ordinary	100.00
Onich Limited	England	Ordinary	100.00
Gatesbishop	England	Ordinary	100.00

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

8 Fixed asset investments

(Continued)

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 2008	Profit/(loss) for the year 2008
	Principal activity	£	£
PCO (Watling Street) Limited	Dormant	2	-
Kingussie Limited	Dormant	1	-
Strontian Limited	Dormant	1	-
Mallaig Limited	Dormant	1	-
Rodel Limited	Dormant	1	-
Onich Limited	Dormant	1	-
Gatesbishop	Non trading	669	667

9 Debtors

	2008	2007
	£	£
Amounts owed by subsidiary undertakings	-	4,629,264
Other debtors	158,995	106,336
Prepayments and accrued income	19,001	21,941
	177,996	4,757,541

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	4,999	-
Trade creditors	187,208	85,272
Amounts owed to participating interests	1,618,108	4,080,928
Taxes and social security costs	58,378	-
Directors' current accounts	324,500	269,096
Other creditors	280,379	214,122
Accruals and deferred income	266,161	213,503
	2,739,733	4,862,921

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

11 Creditors: amounts falling due after more than one year	2008	2007
	£	£
Bank loans	15,390,026	12,377,637
9% Unsecured loan notes 2002	621,500	621,500
	<u>16,011,526</u>	<u>12,999,137</u>
Analysis of loans		
Wholly repayable within five years	15,390,026	12,377,637
	<u>15,390,026</u>	<u>12,377,637</u>
Loan maturity analysis		
In more than two years but not more than five years	-	12,377,637
In more than five years	15,390,026	-
	<u>15,390,026</u>	<u>12,377,637</u>

The bank loans are secured by a first legal charge over the company's investment properties of the company and its subsidiary companies. The loans are interest only. The bank holds a right of set off against any cash at bank and in hand relating to trading properties.

12 Share capital	2008	2007
	£	£
Authorised		
5,500 A Ordinary shares of 10p each	550	550
4,500 B Ordinary shares of 10p each	450	450
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
550 A Ordinary shares of 10p each	55	55
450 B Ordinary shares of 10p each	45	45
	<u>100</u>	<u>100</u>

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

13 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 October 2007	5,353,700	(2,311,064)
Profit for the year	-	214,854
Revaluation during the year.	(1,823,762)	-
Balance at 30 September 2008	<u>3,529,938</u>	<u>(2,096,210)</u>

14 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit/(Loss) for the financial year	214,854	(24,692)
Other recognised gains and losses	(1,823,762)	(269,266)
Net depletion in shareholders' funds	(1,608,908)	(293,958)
Opening shareholders' funds	<u>3,042,736</u>	<u>3,336,694</u>
Closing shareholders' funds	<u>1,433,828</u>	<u>3,042,736</u>

15 Contingent liabilities

The company has a cross guarantee with a joint venture arrangement, controlled by shareholders, to guarantee the bank borrowings.

16 Employees

Number of employees

There were no employees during the year apart from the directors.

PCO 199 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

17 Related party transactions

Interest amounting to £110,807 (2007: £101,658) was charged during the year in respect of interest due on the unsecured loan notes due to shareholders as disclosed in note 5 to these accounts.

Interest received includes £nil received from Strontian Limited (2007: £39,213); £nil received from Kingussie Limited (2007: £84,771); £nil received from Rodel Limited (2007: £14,116); £nil from Onich Limited (2007: £39,210); and £nil received from Mallaig Limited (2007: £23,528). These amounts have arisen as a result of PCO 199 Limited arranging finance for the purchase of properties in the respective subsidiary companies.