

Prestbury Wentworth Acquisitions Limited

Report and Financial Statements

Year ended

31 May 2009

Company No 04892226



PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Annual report and financial statements for the year ended 31 May 2009

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Directors

N M Leslau
S L Gumm

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London W1G 0PJ

Company number

04892226

Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Report of the directors for the year ended 31 May 2009

The directors present their report together with the audited financial statements for the year ended 31 May 2009.

Results and dividends

The results of the company for the year are set out in the profit and loss account on page 5 and show a loss after tax for the year of £40,395,708 (2008: profit of £29,656,419).

The directors do not recommend the payment of a dividend (2008: £nil).

Principal activities, review of business and future developments

The principal activity of the company is acting as an intermediate holding company within the property investment group headed by Prestbury Wentworth Holdings Limited. All the group's operations are within the United Kingdom.

The company itself did not undertake any operating activities during the year and does not have any employees.

Details of events since the balance sheet date are set out in note 1 to the financial statements.

Directors

The directors who held office during the year were:

S L Gumm
N M Leslau

Principal risks and uncertainties - risk management objectives and policies

The company's only significant financial instruments are investments in subsidiary undertakings and inter-company balances.

The company is not exposed to any significant risks or uncertainties.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and accounting estimates that are reasonable and prudent; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

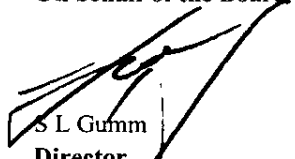
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditors

Both of the directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information which has not been brought to the attention of the auditors.

BDO LLP have expressed their willingness to continue in office.

On behalf of the Board


S L Gumm
Director
17 December 2009

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Independent auditors' report to the members of Prestbury Wentworth Acquisitions Limited

We have audited the financial statements of Prestbury Wentworth Acquisitions Limited for the year ended 31 May 2009 on pages 5 to 12 which have been prepared under the accounting policies set out on page 8. 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 sections 495 and 496 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 statement of directors' responsibilities 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 May 2009 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.



Russell Field (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Epsom, United Kingdom

17 December 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Profit and loss account for the year ended 31 May 2009

	Note	2009 £	2008 £
Write down of loans to subsidiary undertakings	6	(64,204,672)	-
Loss on ordinary activities before interest		(64,204,672)	-
Net income from financing	3	29,575,392	29,656,419
Write down of investment in subsidiary undertaking	5	(5,766,428)	-
(Loss) / profit on ordinary activities before taxation		(40,395,708)	29,656,419
Taxation on (loss) / profit on ordinary activities	4	-	-
Retained (loss) / profit for the year	9	(40,395,708)	29,656,419
All amounts relate to continuing activities.			

There were no differences between historical cost result and reported result on ordinary activities for either year.

There were also no differences between the recognised gains and losses and reported result on ordinary activities for either year.

The notes on pages 8 to 12 form part of the financial statements.

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Reconciliation of movements in shareholders' funds for the year ended 31 May 2009

	Note	2009 £	2008 £
Reconciliation of movements in shareholders' funds			
Retained (loss) / profit for the year	9	(40,395,708)	29,656,419
Movement in shareholders' funds		(40,395,708)	29,656,419
Opening shareholders' funds		554,069,357	524,412,938
Closing shareholders' funds		513,673,649	554,069,357

The notes on pages 8 to 12 form part of the financial statements.

PRESTBURY WENTWORTH ACQUISITIONS LIMITEDRegistered number
04892226**Balance sheet at 31 May 2009**

	Note	2009 £	2008 £
Fixed assets			
Investment in subsidiary undertaking	5	-	5,766,428
Current assets			
Debtors: amounts falling due after more than one year	6	521,729,496	555,896,452
Total assets		521,729,496	561,662,880
Creditors: amounts falling due after more than one year	7	(8,055,847)	(7,593,523)
Net assets		513,673,649	554,069,357
Capital and reserves			
Called up share capital	8	465,701,013	465,701,013
Profit and loss account	9	47,972,636	88,368,344
Shareholders' funds		513,673,649	554,069,357

The financial statements were approved by the Board and authorised for issue on 17th December 2009.



S L Gungun
Director

The notes on pages 8 to 12 form part of the financial statements.

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Notes forming part of the financial statements for the year ended 31 May 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, and are in accordance with applicable accounting standards.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group. The consolidated financial statements of Prestbury Wentworth Holdings Limited, within which this company is included, can be obtained from the address given in note 12.

The following disclosure was included in note 1 of the ultimate parent company's group accounts:

"These financial statements have been prepared on a going concern basis, which assumes that the group will continue to meet its liabilities when they fall due, for the foreseeable future. The directors have prepared cash flow forecasts which indicate, subject to the uncertainty noted below, that the group can continue as a going concern.

With effect from 4 August 2009 a group undertaking is in default of the loan to value covenant, as defined in the facility agreement dated 24 March 2004, on £296,845,404 of its bank loans ("Facility A"), the effect of which is to increase the margin payable on Facility A by two per cent per annum.

In addition to the above, as at 31 May 2009, £55,316,969 ("Facility C") of the group's total banking facilities of £494,829,576, which are secured on the group's assets are due to expire on 31 December 2009. In order to continue as a going concern for the foreseeable future, the group requires either the term of this facility to be extended or the relevant loan to be repaid or refinanced.

The directors are in advanced negotiations with the lender regarding the restructuring of the loans including the extension of Facility C to October 2013. The directors have a reasonable expectation that these negotiations will be satisfactorily concluded. Terms provided by the lenders have been approved by the group's shareholders and syndicate banks, therefore the loan agreement restructure is agreed subject only to documentation."

The company is a party to the credit agreement referred to above and, as disclosed in note 13, is a guarantor of the obligations under that agreement.

Fixed asset investments including investment in subsidiary undertakings

Investments held as fixed assets are stated at cost in the company's balance sheet. Any permanent diminution in value is written off to the profit and loss account.

2 Employees, directors and auditors' remuneration

The average number of employees of the company during the year, excluding directors, was nil (2008: nil).

No director received any emoluments from the company during the year (2008: nil).

The auditors' remuneration is borne by a fellow group company. Fees for the audit of the company were £750 (2008: £750).

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Notes forming part of the financial statements for the year ended 31 May 2009

(Continued)

3 Net cost of financing	2009	2008
	£	£
Interest receivable:		
On unsecured loans to fellow group undertakings	30,037,716	30,120,010
Interest payable and similar charges:		
On loans from fellow group undertakings	(462,324)	(463,591)
	<u>29,575,392</u>	<u>29,656,419</u>

4 Taxation on (loss) / profit from ordinary activities

The tax assessed for the year varies from than the standard rate of corporation tax in the UK. The differences are explained below:

	2009	2008
	£	£
(Loss) / profit on ordinary activities before tax	<u>(40,395,708)</u>	<u>29,656,419</u>
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008: 30%)	(11,310,798)	8,896,926
Effects of:		
Group relief claimed	(8,282,110)	(8,896,926)
Write down of amounts receivable from group undertaking not taxable	17,977,308	
Write down of investment in group undertaking not taxable	1,615,600	
	<u>-</u>	<u>-</u>
Current tax charge for the year	-	-

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Notes forming part of the financial statements for the year ended 31 May 2009

(Continued)

5 Investment in subsidiary undertaking

	Subsidiary undertakings £
<i>Cost:</i>	
At 31 May 2009 and 31 May 2008	<u>5,766,428</u>
<i>Provision:</i>	
Write down in the year and at 31 May 2009	<u>(5,766,428)</u>
<i>Net book value:</i>	
At 31 May 2009	<u>-</u>
At 31 May 2008	<u>5,766,428</u>

The provisions against subsidiary undertakings reflect the underlying financial position of the subsidiary undertakings at 31 May 2009.

Subsidiary undertaking

The following company was a principal subsidiary undertaking at the end of the year:

Name	Country of incorporation and operation	Proportion of voting rights and ordinary share capital held	Nature of business
Prestbury Wentworth Intermediate Limited	England	100%	Intermediate holding company

The above company owns 100% of the issued share capital of Prestbury Wentworth Portfolio Limited. Prestbury Wentworth Portfolio Limited is an intermediate parent company incorporated in England and Wales, which holds the entire issued share capital of ten property investment companies.

6 Debtors: Amounts falling due after more than one year	2009 £	2008 £
Intercompany loan A (see below)	<u>521,729,496</u>	<u>555,896,452</u>

Intercompany loan A is unsecured, bears interest at a rate of 6.45% and has no fixed repayment date. Accrued interest of £120,233,157 (2008: £90,195,441) is included in the current year. At 31 May 2009, amounts due from subsidiary undertakings of £521,729,496 are shown net of provisions amounting in total to £64,204,672. The provisions have been charged to the company's profit and loss account and reflect the net liabilities of certain fellow group undertakings as at the balance sheet date.

7 Creditors: Amounts falling due after more than one year	2009 £	2008 £
Amounts due to fellow group undertaking	<u>8,055,847</u>	<u>7,593,523</u>

The above amounts are unsecured, bear interest at a rate of 8.02% and have no fixed repayment date. Accrued interest of £2,289,418 is included in the current year (2008: £1,827,094).

PRESTBURY WENTWORTH ACQUISITIONS LIMITED

Notes forming part of the financial statements for the year ended 31 May 2009

(Continued)

8 Share capital

	2009 Number	2009 £	2008 Number	2008 £
<i>Allotted, called up and fully paid</i>				
Ordinary share of £1	1	1	1	1
A ordinary shares of £1	465,701,012	465,701,012	465,701,012	465,701,012
	<u>465,701,013</u>	<u>465,701,013</u>	<u>465,701,013</u>	<u>465,701,013</u>

Class rights (as amended pursuant to a written resolution dated 31 May 2005):

The separate classes of shares rank *pari passu*, save as explained below:

A ordinary shares:

a. *Income:* confer upon the holder the right to receive a dividend equal to Z times* the amount of any dividend declared in respect of each fully paid ordinary share divided by the aggregate number of A ordinary shares in issue on the date that such dividend is declared.

b. *Capital:* On a liquidation, reduction of capital, dissolution or winding up of the company, confer upon the holder the right to receive a proportion of the assets available for distribution equal to Z times* the proportion of such assets the holder of each ordinary share shall be entitled to in respect of each ordinary share on any such distribution, divided by the aggregate number of A ordinary shares in issue on the date of such distribution.

c. *Voting:* On a show of hands or a poll declared at a general meeting, confer to the holder thereof a number of votes equal to Z* times the number of votes afforded in respect of each ordinary share to the holder thereof divided by the aggregate number of A ordinary shares in issue at the time of the vote.

* For this purpose Z shall be equal to $432,600,000 + (76,445.75 \times D)$ where D is equal to the number of days between 26 March 2004 and the date the A ordinary shares are first issued (being 31 May 2005) inclusive.

The A ordinary shares shall be allotted and issued by the company on one occasion only.

9 Reserves

	Profit and loss account £
At 31 May 2008	88,368,344
Retained loss for the year	(40,395,708)
At 31 May 2009	<u>47,972,636</u>

10 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of Prestbury Wentworth Holdings Limited.

11 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement, as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

12 Controlling party information

The company's immediate parent company is Prestbury Wentworth Finance Limited. The company's ultimate parent company is Prestbury Wentworth Holdings Limited. Prestbury Wentworth Holdings Limited is a joint venture company incorporated in England and Wales and is not controlled by any one entity or individual. The consolidated accounts of this company are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

13 Commitments and contingencies

The company, along with the other subsidiaries of the ultimate parent company, has entered into an agreement with the bankers of a fellow subsidiary company to cross-guarantee the bank loans made to that company. At 31 May 2009 these bank loans amounted to £494,829,576 (2008: £495,514,433).

Certain tax computations of companies within the group are being enquired into by HM Revenue & Customs. The Directors believe that the tax provisions in these accounts reflect the correct technical position and that no further sums should become payable by any group company once the enquiries are concluded. However, should the Directors' position prove incorrect, tax could become payable by the company for 2004, 2005 and 2006.