

Allied London (Manchester House) Limited

Company Number 5261598

Report and Financial Statements

Year ending 31 December 2010

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Allied London (Manchester House) Limited

Report and financial statements for the year ended 31 December 2010

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Directors

M J Ingall
F P Graham-Watson

Secretary and registered office

Suresh Gorasia
1st Floor, 33 Cork Street,
London, W1S 3NQ

Company number 5261598

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Allied London (Manchester House) Limited
Report of the directors for the year ended 31 December 2010

The directors present their annual report and financial statements of the company for the year ended 31 December 2010

Activities

The principal activity of the company is property investment

Review of the business

The profit and loss account is set out on page 3 and shows a loss for the year of £310 285
The company received rental income from its investment property but expenditure was in excess of this income

During the year the company commenced a refurbishment of its investment property which it is anticipated will add value to the property over the coming years

The directors of the company are reliant on the parent company for financial support. Whilst there are no binding legal agreements in place at the approval date of these financial statements the directors are confident that the group will be able to conclude ongoing negotiations satisfactorily in relation to extending and increasing the group's loan facilities and the deferment of payment to a significant creditor of the group. Therefore the directors of the company have prepared the financial statements on a going concern basis (Refer to Note 1)

Directors

The directors of the company during the financial period were

M J Ingall
F P Graham-Watson

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 judgments and estimates that are reasonable and prudent
- 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

All the current directors have taken all the steps 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 of which the auditors are unaware. BDO LLP have expressed their willingness to continue in office.

By Order of the Board



F P Graham-Watson
Director

Date 29th September 2011

Allied London (Manchester House) Limited

Independent Auditor's Report to the Members of Allied London (Manchester House) Limited

We have audited the financial statements of Allied London (Manchester House) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds 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 statement of directors' responsibilities, 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

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 December 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.

Emphasis of matter -- Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's reliance on financial support by the parent company. The parent company's directors are in discussion with the lender to extend and increase its current bank facilities and with a significant creditor of the group to defer settlement of outstanding balances. At the date these financial statements were approved there is no binding agreement with the lender or creditor. This matter indicates the existence of a material uncertainty over the ability of the parent company to provide support which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters 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 and the directors' report in accordance with the small companies' regime.

Bob W.

Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date

30th September 2011

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

Allied London (Manchester House) Limited

Profit and loss account for the year ended 31 December 2010

Notes

		2010	2009
		£	£
Turnover		65,165	147,314
Cost of sales		(175,450)	(362,466)
		-----	-----
Gross loss	2	(110,285)	(215,152)
Administrative expenses		(200,000)	(50,000)
		-----	-----
Loss before and after tax for the year	3	(310,285)	(265,152)
		=====	=====

All amounts relate to continuing activities

The notes on pages 6 to 9 form part of these financial statements

Allied London (Manchester House) Limited
Company Number 5261598
Balance sheet as at 31 December 2010

	Notes	31 December 2010 £	31 December 2009 £
Fixed assets			
Investment property	4	7,000,000	6,000,000
Current assets			
Debtors	5	38,892	116,225
Current liabilities			
Creditors amounts falling due within one year	6	(8,676,509)	(7,392,806)
Net current liabilities		(8,637,617)	(7,276,581)
Total net liabilities		(1,637,617)	(1,276,581)
Capital and reserves			
Called up share capital	7	1,700,001	1
Revaluation reserve	8	(2,789,958)	(1,039,207)
Profit and loss account	8	(547,660)	(237,375)
Shareholders' deficit		(1,637,617)	(1,276,581)

The financial statements were approved by the Board and authorised for issue on 29/9/11

F P Graham-Watson

F P Graham-Watson
Director

The notes on pages 6 to 9 form part of these financial statements

Allied London (Manchester House) Limited

Additional financial statements for the year ended 31 December 2010

**Statement of total recognised gains and losses
for the year ended 31 December 2010**

	Note	2010 £	2009 £
Loss for the financial period		(310,285)	(265,152)
Unrealised deficit on revaluation of investment properties	4	(1,750,751)	(4,650)
Total recognised losses in the period		<u>(2,061,036)</u>	<u>(269,802)</u>

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2010**

	2010 £	2009 £
Loss for the financial period	(310,285)	(265,152)
Unrealised deficit on revaluation of investment properties	(1,750,751)	(4,650)
Shares issued in the year	1,700,000	-
Net decrease in shareholders' deficit	<u>(361,036)</u>	<u>(269,802)</u>
Opening shareholders' deficit	<u>(1,276,581)</u>	<u>(1,006,779)</u>
Closing shareholders' deficit	<u>(1,637,617)</u>	<u>(1,276,581)</u>

The notes on pages 6 to 9 form part of these financial statements

Allied London (Manchester House) Limited

Notes forming part of the financial statements

1. Accounting policies

The following principal accounting policies have been applied in the preparation of these financial statements

a) Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets

b) Going concern

In preparing the financial statements the directors are required to make an assessment of the company's ability to continue to trade as a going concern. As at 31 December 2010 the company has a net deficit on shareholders funds of £1,637,617 and is reliant on the financial support by its parent undertaking.

The main consideration in forming their opinion is the assessment of ongoing discussions by the parent company with the lender in relation to extending and increasing the group's loan facilities that are due to expire in December 2011 and ongoing discussions with a significant creditor of the group to defer settlement of its outstanding balances.

There is currently no binding agreement with the creditors and lender and the directors of the parent company are confident that they will be able to conclude negotiations satisfactorily with the creditor and the lender. Therefore the directors of the company have prepared the financial statements on a going concern basis.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

c) Turnover

Turnover is stated net of VAT and comprises rental income, commissions and fees receivable. This is attributable to the company's principal activity and arises wholly in the United Kingdom.

d) Investment properties

The investment property is valued by the directors each year on an open market value basis and the aggregate surplus or temporary deficit arising from such revaluation is transferred to revaluation reserve. Deficits that are expected to be permanent are taken to profit and loss account. Acquisitions and disposals of properties are recognised where binding contracts have been exchanged during the accounting year, provided completion takes place prior to approval of the accounts.

e) Depreciation – Investment properties

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold properties and leasehold properties with over 20 years to run. Although the Companies Act would normally require the systematic depreciation of such assets, the Directors believe that this departure from the statutory rules is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation, and it is not practicable to quantify separately the amount which might otherwise have been shown.

f) Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Allied London (Manchester House) Limited

Notes forming part of the financial statements (continued)

2. Turnover and profit

	31 December	31 December
	2010	2009
	£	£
Rent receivable	65,165	147,314
Property outgoings	(175,450)	(362,466)
	-----	-----
	(110,285)	(215,152)
	=====	=====

The company has no employees other than the directors, none of whom received remuneration in the period. Audit fees are borne by the parent company.

3. Taxation on profit on ordinary activities

	2010	2009
	£	£
Reconciliation of current year tax charge		
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 – 28%)	(86,880)	(74,243)
Effects of		
Tax losses not utilised	86,880	74,243
	-----	-----
	-	-
	=====	=====

4 Investment property

	£
Valuation	
At 1 January 2010	6,000,000
Additions	2,750,751
Revaluation	(1,750,751)

Balance 31 December 2010	7,000,000
	=====

The freehold investment property was valued by the directors at open market value on an existing use basis. The historical cost of the investment property is £9,789,958 (2009: £7,039,207).

Allied London (Manchester House) Limited

Notes forming part of the financial statements (continued)

5. Debtors

	2010	2009
	£	£
Trade debtors	(12,269)	41,173
Other debtors	4,233	8,271
Prepayments and accrued income	46,928	66,781
	<u>38,892</u>	<u>116,225</u>
	=====	=====

The amounts are all due within one year

6 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	83,090	35,817
Other creditors	12,389	326
Amounts due to group undertakings	7,792,640	7,245,974
Accruals and deferred income	788,390	110,690
	<u>8,676,509</u>	<u>7,392,806</u>
	=====	=====

7 Share capital

	2010	2009
	£	£
Authorised		
Ordinary shares of £1 each	1,700,001	100
	=====	=====
Allotted, issued and full paid		
Ordinary shares of £1 each	1,700,001	1
	=====	=====

1 700,000 Ordinary £1 shares were issued during the year at a value of £1 700 000

8. Reserves

	Revaluation	Profit and loss account
	£	£
Balance at 1 January 2010	(1,039,207)	(237 375)
Deficit arising on revaluation	(1,750 751)	-
Retained loss for the financial year	-	(310 285)
	<u>(2,789,958)</u>	<u>(547,660)</u>
	=====	=====

Allied London (Manchester House) Limited

Notes forming part of the financial statements (continued)

9 Capital commitments

As at 31 December 2010 there were contracts for capital expenditure entered into by the company amounting to £1.3m (2009 £nil)

10. Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of Arrow Property Investments Limited and its funds are managed as part of that company's group funds. A group cash flow statement is included in the accounts of Arrow Property Investments Limited.

11 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8, not to disclose details of related party transactions with entities that are included in the consolidated financial statements of Arrow Property Investments Limited and are 100% owned.

12 Ultimate parent company

Arrow Property Investments Limited, a company registered in England, is the parent company of the largest group of which this company is a member. Copies of the consolidated financial statements of Arrow Property Investments Limited are available from Companies House. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in British Virgin Islands.