

Financial Statements
Park Lane Rented Homes
Limited

For the Year Ended 30 September 2007

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Company No. SC150648

Company information

Company Registration Number	SC150648
Registered Office	87 Port Dundas Road Cowcaddens Glasgow G4 0HF
Directors	B J Clarke D S Robinson
Secretary	D S Robinson
Bankers	Bank of Scotland 56 Main Street Uddingston G71 7LS
Solicitors	Anderson Fyfe 72 Gordon Street Glasgow G1 3RN Semple Fraser 130 St Vincent Street Glasgow G2 5HF McClure Naismith 292 St Vincent Street Glasgow G2 5TQ
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

Contents

Report of the directors	3 4
Report of the independent auditor	5 6
Principal accounting policies	7 8
Profit and loss account	9
Balance sheet	10
Other primary statements	11
Notes to the financial statements	12 16

Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2007

Principal activities and business review

The company is principally engaged in property acquisition and investment

There was a loss for the year after taxation amounting to £350,691 (2006 profit £49,718) The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

B J Clarke
D S Robinson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

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 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 judgements 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 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

In so far as the directors are 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

Auditor

A resolution to re appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a horizontal line and a loop.

D S Robinson
Secretary

15 May 2008



Report of the independent auditor to the members of Park Lane Rented Homes Limited

We have audited the financial statements of Park Lane Rented Homes Limited for the year ended 30 September 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 16. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), 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 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

Report of the independent auditor to the members of Park Lane Rented Homes Limited (continued)

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.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 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 Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Glasgow

19/5/08

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 the Financial Reporting Standard for Smaller Entities (effective January 2005)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss accounts represents amounts invoiced during the year.

Rental income is received monthly in advance and recognised evenly over the month with deposits not being recognised as revenue unless the tenant defaults on the rental agreement.

Income from investment

Investment income comprises dividends declared during the accounting period and interest receivable on unlisted investments.

Investments

Investments are included at cost less provision for any diminution in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	25% Straight line
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Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with the FRSSE which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. In the opinion of the directors, the departure from the provisions of the Act is required in order to give a true and fair view.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

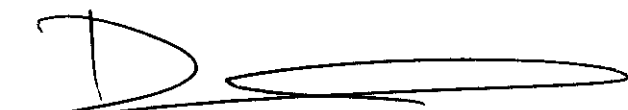
	Note	2007 £	2006 £
Turnover		685,352	661,221
Cost of sales		(169,952)	(183,077)
Gross profit		515,400	478,134
Other operating charges	1	(289,938)	(109,944)
Operating profit	2	225,462	368,190
Income from fixed asset investments	3	150,000	305,295
Interest receivable and similar income		54,473	19,755
Interest payable and similar charges		(852,174)	(756,633)
Loss on ordinary activities before taxation		(422,239)	(63,393)
Tax on loss on ordinary activities		71,548	113,111
(Loss)/profit for the financial year	15	(350,691)	49,718

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	5	18,726,805	17,287,494
Investments	6	2,859,909	2,859,909
		<u>21,586,714</u>	<u>20,147,403</u>
Current assets			
Debtors	7	1,435,423	1,195,221
Cash at bank		147,409	558,567
		<u>1,582,832</u>	<u>1,753,788</u>
Creditors, amounts falling due within one year	8	<u>(1,578,038)</u>	<u>(1,780,665)</u>
Net current assets/(liabilities)		<u>4,794</u>	<u>(26,877)</u>
Total assets less current liabilities		<u>21,591,508</u>	<u>20,120,526</u>
Creditors: amounts falling due after more than one year	9	<u>(12,120,000)</u>	<u>(11,168,130)</u>
		<u>9,471,508</u>	<u>8,952,396</u>
Capital and reserves			
Called up equity share capital	13	1,000	1,000
Revaluation reserve	14	10,001,707	9,131,904
Profit and loss account	15	(531,199)	(180,508)
Shareholders' funds		<u>9,471,508</u>	<u>8,952,396</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on 15 May 2008 and are signed on their behalf by



D S Robinson

Other primary statements

Statement of total recognised gains and losses

	2007 £	2006 £
(Loss)/profit for the financial year	(350,691)	49,718
Unrealised profit on revaluation of certain fixed assets	869,803	780,082
Total recognised gains and losses for the year	519,112	829,800
Prior year adjustment	–	(135,295)
Total gains and losses recognised since the last financial statements	519,112	694,505

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

Notes to the financial statements

1 Other operating charges

	2007 £	2006 £
Administrative expenses	<u>289,938</u>	<u>109,944</u>

2 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Depreciation of owned fixed assets	14,820	11,865
Auditor's fees	<u>5,300</u>	<u>3,000</u>

3 Income from fixed asset investments

	2007 £	2006 £
Income from other fixed asset investments	<u>150,000</u>	<u>305,295</u>

Fixed asset investment income relates to dividends paid from subsidiary undertakings

4 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 30%)	<u>(71,548)</u>	<u>(113,111)</u>
Total current tax	<u>(71,548)</u>	<u>(113,111)</u>

4 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 30%)

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(422,239)</u>	<u>(63,393)</u>
Loss on ordinary activities by rate of tax	(126,672)	(38,606)
Expenses not deductible for tax purposes	815	—
Capital allowances for period in excess of depreciation	(141)	(2,505)
Tax losses carried forward	99,450	—
Non taxable income	(45,000)	<u>(72,000)</u>
Total current tax (note 4(a))	<u>(71,548)</u>	<u>(113,111)</u>

5 Tangible fixed assets

	Investment Property £	Fixtures & Fittings £	Total £
Cost or valuation			
At 1 October 2006	17,254,000	47,459	17,301,459
Additions	572,508	11,820	584,328
Revaluation	869,803	—	869,803
At 30 September 2007	<u>18,696,311</u>	<u>59,279</u>	<u>18,755,590</u>
Depreciation			
At 1 October 2006	—	13,965	13,965
Charge for the year	—	14,820	14,820
At 30 September 2007	<u>—</u>	<u>28,785</u>	<u>28,785</u>
Net book value			
At 30 September 2007	<u>18,696,311</u>	<u>30,494</u>	<u>18,726,805</u>
At 30 September 2006	<u>17,254,000</u>	<u>33,494</u>	<u>17,287,494</u>

5 Tangible fixed assets (continued)

The company's investment properties were valued on 3 October 2007 by Allied Surveyors, independent surveyors and valuers registered with The Royal Institution of Chartered Surveyors. The directors consider this valuation to be appropriate at 30 September 2007. The basis of the valuation used was open market value and the surplus has been transferred to the revaluation reserve. No other assets have been revalued.

The net book value of investment property determined under the historical cost convention is £8,694,604 (2006 £8,122,096)

6 Investments

	Shares in group companies £
Cost	
At 1 October 2006 and 30 September 2007	<u>2,859,909</u>
Net book value	
At 30 September 2007	<u>2,859,909</u>
At 30 September 2006	<u>2,859,909</u>

	Country of registration £	Class of share capital held £	Proportion held by parent £	Nature of business £	Share capital & reserves £	Profit / (loss) £
Park Lane Rented Homes (Scotland) Limited	England	Ordinary	100%	Property investment	6,279,667	163,248

7 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	1,422,471	1,191,323
Other debtors	4,917	1,200
Called up share capital not paid	2	2
Prepayments and accrued income	8,033	2,696
	<u>1,435,423</u>	<u>1,195,221</u>

8 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	320,691	659,808
Trade creditors	189,273	30,628
Amounts owed to group undertakings	853,029	853,029
Other creditors	115,268	115,142
Accruals and deferred income	99,777	122,058
	<u>1,578,038</u>	<u>1,780,665</u>

The bank hold standard securities over the properties of the company

9 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdrafts	<u>12,120,000</u>	<u>11,168,130</u>

The bank loans and overdrafts are secured by a standard security over the investment properties held by the company

The bank also holds a floating charge and a debenture for all sums due over whole company assets

10 Capital commitments

The company had no capital commitments at 30 September 2007 or 30 September 2006

11 Contingent liabilities

The company has cross guarantees with P L Holdings Limited group companies At 30 September 2007 the bank borrowings of the group amounted to £24,276,413 (2006 £23,855,362)

12 Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard "Related Parties" in not disclosing transactions with other companies in the PL Holdings Limited Group

13 Share capital

Authorised share capital

	2007 £	2006 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted and called up

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	2007 £	2006 £
Ordinary shares	<u>2</u>	<u>2</u>

14 Revaluation reserve

	2007 £	2006 £
Balance brought forward	9,131,904	8,351,822
Revaluation of fixed assets	869,803	780,082
Balance carried forward	<u>10,001,707</u>	<u>9,131,904</u>

15 Profit and loss account

	2007 £	2006 £
Balance brought forward as previously reported	(180,508)	(94,931)
Prior year adjustment	—	(135,295)
Balance brought forward restated	<u>(180,508)</u>	<u>(230,226)</u>
(Loss)/profit for the financial year	<u>(350,691)</u>	<u>49,718</u>
Balance carried forward	<u>(531,199)</u>	<u>(180,508)</u>

16 Ultimate parent company

The directors consider that the ultimate parent undertaking of this company is PL Holdings Limited, a company registered in Scotland. At the balance sheet date the registered office of PL Holdings was 87 Port Dundas Road, Cowcaddens, Glasgow, G4 0HF. Copies of the PL Holdings Group accounts can be obtained from this address.