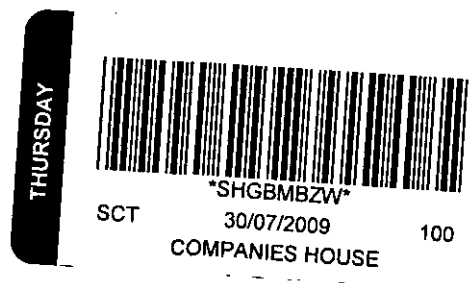




# Financial statements Park Lane Rented Homes Limited

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**For the Year Ended 30 September 2008**



## Company information

|                                    |   |
|------------------------------------|---|
| <b>Company registration number</b> | SC150648  |
| <b>Registered office</b>           | 87 Port Dundas Road<br>Cowcaddens<br>Glasgow<br>G4 0HF  |
| <b>Directors</b>                   | B J Clarke<br>D S Robinson  |
| <b>Secretary</b>                   | D S Robinson  |
| <b>Bankers</b>                     | Bank of Scotland<br>56 Main Street<br>Uddingston<br>G71 7LS   |
| <b>Solicitors</b>                  | Anderson Fyfe<br>72 Gordon Street<br>Glasgow<br>G1 3RN<br><br>Semple Fraser<br>130 St Vincent Street<br>Glasgow<br>G2 5HF |
| <b>Auditor</b>                     | Grant Thornton UK LLP<br>Chartered Accountants<br>Registered Auditors<br>95 Bothwell Street<br>Glasgow<br>G2 7JZ          |

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## Report of the directors

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

### **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 £42,019 (2007 - £350,691).

### **Directors**

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

B J Clarke  
D S Robinson

### **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 auditor is 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 auditor is 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



D.S. Robinson  
Secretary

29 July 2009



## 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 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 15. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), 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.

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

## **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.

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 2008 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  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

Glasgow



## 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 2007).

### **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 investments**

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

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **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.

### **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

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.



### **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.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transaction or events that give the company an obligation to pay more tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have either been enacted or substantively enacted by the balance sheet date.

### **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

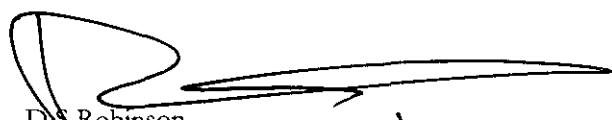
|  | Note | 2008<br>£        | 2007<br>£        |
|--|------|------------------|------------------|
| Turnover   |      | 691,872          | 685,352          |
| Cost of sales                                      |      | (195,534)        | (169,952)        |
| Gross profit                                       |      | 496,338          | 515,400          |
| Other operating charges                            | 1    | (59,631)         | (289,938)        |
| <b>Operating profit</b>                            | 2    | <b>436,707</b>   | <b>225,462</b>   |
| Income from shares in group undertakings           | 3    | 175,000          | 150,000          |
| Interest receivable and similar income             |      | 27,413           | 54,473           |
| Interest payable and similar charges               |      | (804,751)        | (852,174)        |
| <b>Loss on ordinary activities before taxation</b> |      | <b>(165,631)</b> | <b>(422,239)</b> |
| Tax on loss on ordinary activities                 | 4    | 123,612          | 71,548           |
| <b>Loss for the financial year</b>                 | 14   | <b>(42,019)</b>  | <b>(350,691)</b> |

## Balance sheet

|  | Note | 2008<br>£           | 2007<br>£           |
|--|------|---------------------|---------------------|
| <b>Fixed assets</b>  |      |                     |                     |
| Tangible assets  | 5    | 17,793,425          | 18,726,805          |
| Investments  | 6    | 2,859,909           | 2,859,909           |
|  |      | <u>20,653,334</u>   | <u>21,586,714</u>   |
| <b>Current assets</b>  |      |                     |                     |
| Debtors  | 7    | 1,719,215           | 1,435,423           |
| Cash at bank   |      | 686,394             | 147,409             |
|  |      | <u>2,405,609</u>    | <u>1,582,832</u>    |
| <b>Creditors: amounts falling due within one year</b>          | 8    | <u>(2,226,609)</u>  | <u>(1,578,038)</u>  |
| <b>Net current assets</b>                                      |      | <u>179,000</u>      | <u>4,794</u>        |
| <b>Total assets less current liabilities</b>                   |      | <u>20,832,334</u>   | <u>21,591,508</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 9    | <u>(12,139,030)</u> | <u>(12,120,000)</u> |
|  |      | <u>8,693,304</u>    | <u>9,471,508</u>    |
| <b>Capital and reserves</b>                                    |      |                     |                     |
| Called-up equity share capital                                 | 13   | 1,000               | 1,000               |
| Revaluation reserve  | 14   | 9,085,522           | 10,001,707          |
| Profit and loss account  | 14   | (393,218)           | (531,199)           |
| <b>Shareholders' funds</b>                                     | 14   | <u>8,693,304</u>    | <u>9,471,508</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 2007).

These financial statements were approved by the directors and authorised for issue on 29 July 2009, and are signed on their behalf by:



D S Robinson  
Director

## Other primary statements

### Statement of total recognised gains and losses

|   | 2008<br>£        | 2007<br>£      |
|---|------------------|----------------|
| Loss for the financial year                                     | (42,019)         | (350,691)      |
| Unrealised (loss)/profit on revaluation of certain fixed assets | (736,185)        | 869,803        |
| Total gains and losses recognised for the year                  | <u>(778,204)</u> | <u>519,112</u> |

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

## Notes to the financial statements

### **1 Other operating charges**

|                         | 2008<br>£     | 2007<br>£      |
|-------------------------|---------------|----------------|
| Administrative expenses | <u>59,631</u> | <u>289,938</u> |

### **2 Operating profit**

Operating profit is stated after charging:

|                                    | 2008<br>£    | 2007<br>£    |
|------------------------------------|--------------|--------------|
| Depreciation of owned fixed assets | 16,633       | 14,820       |
| Loss on disposal of fixed assets   | 36,034       | —            |
| Auditor's fees                     | <u>4,100</u> | <u>5,300</u> |

### **3 Income from shares in group undertakings**

|                                | 2008<br>£      | 2007<br>£      |
|--------------------------------|----------------|----------------|
| Income from group undertakings | <u>175,000</u> | <u>150,000</u> |

### **4 Taxation on ordinary activities**

(a) Analysis of charge in the year

|  | 2008<br>£        | 2007<br>£       |
|--|------------------|-----------------|
| Current tax:   |                  |                 |
| UK Corporation tax based on the results for the year at 29% (2007 - 30%) | (123,612)        | (71,548)        |
| Total current tax  | <u>(123,612)</u> | <u>(71,548)</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 lower than the standard rate of corporation tax in the UK of 29% (2007 - 30%).

|  | 2008<br>£        | 2007<br>£        |
|--|------------------|------------------|
| Loss on ordinary activities before taxation              | <u>(165,631)</u> | <u>(422,239)</u> |
| Loss on ordinary activities by rate of tax               | (98,783)         | (126,672)        |
| Expenses not deductible for tax purposes                 | 11,513           | 815              |
| Capital allowances for period in excess of depreciation  | 1,366            | (141)            |
| Tax losses carried forward                               | —                | 99,450           |
| Adjustments to tax charge in respect of previous periods | (311)            | —                |
| Rounding on tax charge                                   | 1                | —                |
| Non taxable income                                       | —                | (45,000)         |
| Chargeable gains   | 28,434           | —                |
| Utilisation of tax losses and other deductions           | <u>(65,832)</u>  | <u>—</u>         |
| Total current tax (note 4(a))                            | <u>(123,612)</u> | <u>(71,548)</u>  |

**5 Tangible fixed assets**

|                      | Investment<br>Property<br>£ | Fixtures &<br>Fittings<br>£ | Total<br>£        |
|----------------------|-----------------------------|-----------------------------|-------------------|
| Cost or valuation    |                             |                             |                   |
| At 1 October 2007    | 18,696,311                  | 59,279                      | 18,755,590        |
| Additions            | 144,185                     | 7,253                       | 151,438           |
| Disposals            | (332,000)                   | —                           | (332,000)         |
| Revaluation          | (736,185)                   | —                           | (736,185)         |
| At 30 September 2008 | <u>17,772,311</u>           | <u>66,532</u>               | <u>17,838,843</u> |
| Depreciation         |                             |                             |                   |
| At 1 October 2007    | —                           | 28,785                      | 28,785            |
| Charge for the year  | —                           | 16,633                      | 16,633            |
| At 30 September 2008 | <u>—</u>                    | <u>45,418</u>               | <u>45,418</u>     |
| Net book value       |                             |                             |                   |
| At 30 September 2008 | <u>17,772,311</u>           | <u>21,114</u>               | <u>17,793,425</u> |
| At 30 September 2007 | <u>18,696,311</u>           | <u>30,494</u>               | <u>18,726,805</u> |

**5 Tangible fixed assets (continued)**

An investment property carried at £244,311 was valued on 6 October 2006 at £230,000. The directors consider the carrying value of £244,311 to be an accurate reflection of the valuation of this property as at 30 September 2008.

The company's remaining investment properties were valued on 20 October 2008 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 2008.

The basis of all valuation used was open market value and the loss has been transferred to the revaluation reserve.

The net book value of investment property determined under the historical cost convention is £8,506,789 (2007 - £8,694,604).

**6 Investments**

|   | Shares in<br>group<br>companies<br>£ |
|---|--------------------------------------|
| Cost                                    |                                      |
| At 1 October 2007 and 30 September 2008 | <u>2,859,909</u>                     |
| Net book value                          |                                      |
| At 30 September 2008                    | <u>2,859,909</u>                     |
| At 30 September 2007                    | <u>2,859,909</u>                     |

|  | Country of<br>registration<br>£ | Class of<br>share<br>capital held<br>£ | Proportion<br>held by<br>parent<br>£ | Nature of<br>business<br>£ | Share<br>capital &<br>reserves<br>£ | Profit /<br>(loss)<br>£ |
|--|---------------------------------|--|--------------------------------------|----------------------------|-------------------------------------|-------------------------|
| Park Lane Rented Homes<br>(Scotland) Limited | England                         | Ordinary                               | 100%                                 | Property<br>investment     | 6,201,802                           | 174,434                 |

**7 Debtors**

|                                    | 2008<br>£        | 2007<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | 1,711,172        | 1,422,471        |
| Corporation tax repayable          | 311              | —                |
| Other debtors                      | 3,319            | 4,917            |
| Called up share capital not paid   | 2                | 2                |
| Prepayments and accrued income     | 4,411            | 8,033            |
|                                    | <u>1,719,215</u> | <u>1,435,423</u> |

**8 Creditors: amounts falling due within one year**

|                                    | 2008             | 2007             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Bank loans and overdrafts          | 1,074,936        | 320,691          |
| Trade creditors                    | 53,849           | 189,273          |
| Amounts owed to group undertakings | 853,029          | 853,029          |
| Other creditors                    | 125,534          | 115,268          |
| Accruals and deferred income       | 119,261          | 99,777           |
|                                    | <u>2,226,609</u> | <u>1,578,038</u> |

**9 Creditors: amounts falling due after more than one year**

|            | 2008              | 2007              |
|------------|-------------------|-------------------|
|            | £                 | £                 |
| Bank loans | <u>12,139,030</u> | <u>12,120,000</u> |

The bank loans and overdrafts are secured by a standard security over the investment properties held by the company, and the bank also holds a floating charge and a debenture for all sums due over whole company assets.

The bank loans are repayable in full on 3 September 2012.

**10 Capital commitments**

The company had no capital commitments at 30 September 2008 or 30 September 2007.

**11 Contingent liabilities**

The company has cross guarantees with P L Holdings Limited group companies. At 30 September 2008 the bank borrowings of the group amounted to £33,775,777 (2007 - £24,276,413).

**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:

|                                  | 2008         | 2007         |
|----------------------------------|--------------|--------------|
|                                  | £            | £            |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |



**13 Share capital (continued)**

Allotted and called up:

|                            | 2008         |              | 2007         |              |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | No           | £            | 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:

|                 | 2008     | 2007     |
|-----------------|----------|----------|
|                 | £        | £        |
| Ordinary shares | <u>2</u> | <u>2</u> |

**14 Reconciliation of shareholders' funds and movement on reserves**

|  | Share capital | Revaluation reserve | Profit and loss account | Total shareholders' funds |
|--|---------------|---------------------|-------------------------|---------------------------|
|  | £             | £                   | £                       | £                         |
| At 1 October 2007                      | 1,000         | 10,001,707          | (531,199)               | 9,471,508                 |
| Loss for the year                      | —             | —                   | (42,019)                | (42,019)                  |
| Other gains and losses                 |               |                     |                         |                           |
| - Revaluation of fixed assets          | —             | (736,185)           | —                       | (736,185)                 |
| Other movements                        |               |                     |                         |                           |
| - transfer to/from revaluation reserve | —             | (180,000)           | 180,000                 | —                         |
| At 30 September 2008                   | <u>1,000</u>  | <u>9,085,522</u>    | <u>(393,218)</u>        | <u>8,693,304</u>          |

**15 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.