Company Registration No. 3818321

ANNINGTON RENTALS (HOLDINGS) LIMITED

Report and Financial Statements

31 March 2011

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ANNINGTON RENTALS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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ANNINGTON RENTALS (HOLDINGS) LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Hopkins
R N Barr

SECRETARY

J B Chambers

REGISTERED OFFICE

1 James Street
London
W1U 1DR

SOLICITORS

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

BANKERS

The Royal Bank of Scotland
London Corporate Service Centre
PO Box 39952
2 1/2 Devonshire Square
London
EC2M 4XJ

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal purpose of Annington Rentals (Holdings) Limited (the company) is that of a holding company

DIRECTORS

The directors who served during the year were

J C Hopkins
R N Barr

Qualifying third party indemity provisions were in place for all directors of the company for the current and preceding year

BUSINESS REVIEW

This Business Review describes the current and future trends and factors affecting the development, performance and position of the company and its subsidiaries during the year ended 31 March 2011

This Business Review has been prepared solely to assist members to assess the Board's strategies and their potential to succeed This Review should not be relied upon by any other party, or for any other purpose Forward-looking statements are made by the Directors in good faith based on information available to them up until the date on which the Report was approved Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks

THE GROUP

The Annington Rentals (Holdings) Limited Group (ARHG) was established in 1999 with the purpose of creating a residential investment portfolio, free of the constraints and conditions governing the Annington Homes Limited Group (AHLG) portfolio

A series of subsidiaries has been established to hold properties with different commercial characteristics, each requiring slightly different management decisions to achieve their individual objectives The ARHG provides a number of 'products' including, letting properties to 'prove' market rents in key locations for the AHLG portfolio, letting properties to individuals with a view to making strategic gains in the medium term, bulk letting properties to 'institutions' (such as universities, housing associations and local authorities) to secure longer term rental contracts, and longer-term bulk letting to the Secretary of State for Defence (SoSD) Annington Rentals Management Limited (ARML) does not own properties, but refurbishes and lets vacant properties on behalf of SoSD

In the current year, a new wholly owned subsidiary has been incorporated This subsidiary, Annington Rentals (No 7) Limited (AR7), has purchased ten properties in the current period These properties have been let under bulk leases to the SoSD commencing in April 2011

PERFORMANCE AND DIVIDENDS

The company

During the current year, there has been a restructuring of the ARHG's internal financing Changes have been made to place the subsidiary entities in the ARHG in stronger individual financial positions This has been achieved by providing capital contributions from the company to certain of its subsidiaries by cancelling intercompany loans This has enabled these subsidiaries to report net asset positions and be individually profit making during the current year This change only affects the individual companies in the ARHG but will not change the consolidated position of the ARHG

DIRECTORS' REPORT (continued)

PERFORMANCE AND DIVIDENDS (continued)

The company (continued)

The company's investments in the underlying subsidiaries were previously held in the form of a nominal investment, with a significant intercompany loan from the company providing the necessary funding for capital acquisitions and operations within the subsidiary entities Upon cancelling a portion of the intercompany loans, the company's investment in its subsidiaries increases but the interest earned by the company will reduce on the back of lower intercompany loan balances, causing the company to report a loss in the current year of £10,137,075 (2010 profit £525,136) No dividend has been paid or proposed (2010 £nil)

The group

The ARHG again has seen low numbers of void properties and costs maintained below forecast (see KPIs below) Gross rents for ARHG have increased to £14,625K (2010 £12.957K), primarily through the acquisition of a further 123 properties by Annington Rentals (No 6) Limited (AR6), which have been let to the SoSD on ten-year leases On a consolidated like-for-like basis, rents have again declined This is due to several factors, the largest of which relates to AR6, which lets properties on a five year fixed rent basis The fixed rental earned in AR6 means that there is no growth in rent on these units other than at the end of the five year period No leases in this business (representing over one third of the ARHG) have reached the end of their fifth year, meaning that there has been no uplift in the rent for a large part of the ARHG Another factor is that one large bulk lease was renewed on less favourable financial terms, reflecting the difficulties faced by local authorities in the face of current austerity measures

During the year, 12 property disposals were achieved by Annington Rentals (No 2) Limited (2010 29 disposals by three ARHG companies) This resulted in a turnover of £2,071K (2010 £4,824K) and gross profit of £114K (2010 £450K) These sale proceeds were held by RBS as part of the facilities agreements

During the year, (in July and August 2010) a total of £7,100K (2010 £3,000K) was released to RBS to reduce the company's Revolving Seven Year Facility

KEY PERFORMANCE INDICATORS

The company is a holding company and is reliant on its subsidiaries to generate adequate returns The main key performance indicators considered appropriate for the company and its subsidiaries are

KPI	2011	2010	Basis of calculation
To achieve long term year on year rental growth of 3 0% through careful management and rent review	-0 74%	-0 34%	To compare rental levels for comparable units year on year, excluding rental movements arising through acquisitions and disposals
To manage costs within pre-defined targets	-4 06%	-8 26%	To compare actual expenditure levels against predetermined forecasts, to ensure adequate control over expenditure exists The KPI is measured as a percentage +/- from forecast
To maintain void levels below 5 0%	1 26%	1 51%	To measure the amount of potential rent lost arising from properties being void as a percentage of total potential rent

During the current year, the ARHG has continued to grow AR6 and has also continued expansion in this area through AR7 In light of this, the directors have identified that the KPI relating to long term rental growth may not be appropriate to use as a measure of the ARHG's performance in future periods The directors intend to review the key performance indicators used to measure the business over the next year

DIRECTORS' REPORT (continued)

OUTLOOK

The ARHG has plans in place to continue its investment programme These plans focus on the newly incorporated AR7, which will invest mainly in new build properties As a result of the economic conditions, there have been fewer new-build houses released for sale in our target locations, making the procurement of suitable properties more difficult than in previous years However, to date, sufficient suitable properties have been located to meet the ARHG's objectives and it is believed that this situation will continue in the future

The programme of reviewing stock held within the other ARHG subsidiaries is ongoing and, where properties are identified by management as being surplus to future requirements, they will be considered for sale and the funds raised used to reduce the company's loan facility, prior to maturity in 2012 This loan is expected to be replaced with a similar facility upon its maturity

FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The company is financed by another ARHG company Annington Homes Limited (note 11) and has third party debt (note 12) Servicing of the debt is reliant on rental income and low void periods being achieved by the wholly owned subsidiaries

The table below outlines the principal risks and uncertainties

Area of Potential Uncertainty	Risk	Strategy
Fluctuating interest rates	ARHG has entered into medium term funding arrangements to fit with the medium-term investment strategy	To counter the medium-term exposure to fluctuating interest rates, ARHG, has fixed interest rates through to September 2012 by entering into facilities at a floating interest rate and simultaneously entering into interest rate swaps to fix the interest liability
Changing demand for rental property	A number of ARHG subsidiaries let residential property using assured shorthold tenancies There is a risk of changing demand, which could effect either or both void and rental levels	Management constantly reviews properties, which may become void in the short-term and decide what rental levels should be achieved on re-letting Should it become uneconomic to retain such properties then options, including potential refurbishment and / or disposal are considered
Changing demand for bulk residential rental properties	Annington Rentals (No 4) Limited, Annington Rentals (No 6) Limited and Annington Rentals (No 7) Limited let blocks of properties to 'corporate' organisations If the demand reduces then the relevant rental company could have a significant number of void units to deal with	Annington Rentals (No 4) Limited lets blocks of property for periods of 3 – 5 years In-house staff maintain regular contact with the 'tenant organisation' in order that any potential lease terminations are noted as early as possible, in order to facilitate timely consideration of options to re-let, refurbish and / or sell With regards Annington Rentals (No 6) Limited and Annington Rentals (No 7) lettings, each property is let on an individual lease for 10 years with a 5-year break Again regular contact is maintained with the 'tenant organisation' to monitor demand and changing requirements

DIRECTORS' REPORT (continued)

GOING CONCERN

After making enquiries the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis are to be found in Note 1 to the Financial Statements

DIRECTORS' RESPONSIBILITIES STATEMENT

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,
- state whether applicable accounting standards have been followed, 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

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

J B Chambers

Secretary

12 August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON RENTALS (HOLDINGS) LIMITED

We have audited the financial statements of Annington Rentals (Holdings) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 March 2011 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

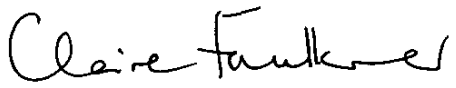
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON RENTALS (HOLDINGS) LIMITED (continued)

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



Claire Faulkner (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
12 August 2011

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover		-	-
Administration expenses		(1,923,464)	1,157,068
OPERATING (LOSS)/PROFIT	2	(1,923,464)	1,157,068
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(1,923,464)	1,157,068
Interest receivable and similar income	4	8,000,545	12,871,230
Interest payable and similar charges	5	(16,214,156)	(13,503,162)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(10,137,075)	525,136
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(10,137,075)	525,136

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2011

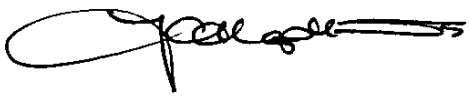
	2011 £	2010 £
(Loss)/profit for the financial year	(10,137,075)	525,136
(Deficit)/surplus on revaluation of investment in group undertakings	(42,583,271)	8,457,705
Total recognised gains and losses for the financial year	(52,720,346)	8,982,841

BALANCE SHEET
As of 31 March 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	7	85,877,848	8,461,117
CURRENT ASSETS			
Debtors			
Due within one year	8	218,652	2,046
Due after one year	8	76,626,860	199,577,107
Cash at bank and in hand	9	6,079,495	13,098,678
		82,925,007	212,677,831
CREDITORS: amounts falling due within one year	10	(681,872)	(1,346,347)
NET CURRENT ASSETS		82,243,135	211,331,484
TOTAL ASSETS LESS CURRENT LIABILITIES		168,120,983	219,792,601
CREDITORS: amounts falling due after more than one year	11	(224,467,486)	(223,418,758)
NET LIABILITIES		(56,346,503)	(3,626,157)
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Warrants	15	1,000	1,000
Revaluation reserve	16	(34,122,159)	8,461,112
Profit and loss account	16	(22,225,344)	(12,088,269)
SHAREHOLDERS' DEFICIT	17	(56,346,503)	(3,626,157)

The financial statements of Annington Rentals (Holdings) Limited, registered number 3818321, were approved by the Board of Directors and authorised for issue on 12 August 2011

Signed on behalf of the Board of Directors



J C Hopkins

Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below They have been applied consistently throughout the year and preceding year

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets on a going concern basis, and in accordance with applicable United Kingdom accounting standards

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 2 to 5 which describes the financial position of the company, its cash flows and liquidity position, its objectives, policies and process for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk

The Company is funded by another group undertaking Annington Homes Limited (Note 11) and an existing Loan facility (Note 12) which requires two covenant tests to be maintained - Loan to Value and Interest Coverage Ratio During the year to 31 March 2009, as a result of falling property values, the Loan to Value covenant was breached The company remedied the breach by increasing the amount of security provided, by way of additional properties and cash deposits Following the 31 March 2010 valuation, property values had recovered sufficiently that the cash deposits were released and used to reduce the outstanding loan during the 2011 financial year The interest coverage ratio has been maintained, and given that the interest rate is mostly fixed, using interest rate swaps, until September 2012, there is not expected to be any breach of these covenants in the foreseeable future The valuation, together with the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of this revised facility

The company has sought and received commitment for future support from Annington Homes Limited

After making enquiries and having assessed the responses of the directors of the company's parent Annington Holdings plc to their enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual report and accounts

Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company for which consolidated accounts are prepared

Cash flow statement

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which includes a consolidated cash flow statement and are publicly available

The company has therefore taken advantage of the exemption under Financial Reporting Standard No 1 (revised 1996) and has not prepared a cash flow statement

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Borrowings and finance costs

Borrowings are carried at loan proceeds plus finance costs less amounts paid Finance costs, which comprise interest and issue costs are allocated over the period of the borrowing to achieve a constant rate on the carrying amount

FRS 29

The company is a subsidiary of Annington Holding plc and has taken advantage of the exemption provided in Financial Reporting Standard No 29 "Financial Instruments Disclosures", not to make disclosure of financial instruments that are disclosed in the consolidated financial statements

Investments in subsidiary undertakings

The company's investments in the shares of the subsidiary undertakings are stated at net asset value Surpluses and deficits arising from changes in net asset value are taken to the revaluation reserve

Provision for warrants

The value attributable to the shareholders in Annington Rentals (Holdings) Limited is restricted due to Nomura Investments (AH) Limited's holding of cash warrants in the company A provision is made, where necessary, to reflect the amount due to the warrant holders based on the cash settlement amount, being the excess of the open market value of the ordinary shares over the par value of the ordinary shares issued

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements The company does not hold or issue derivative financial instruments for speculative purposes

The company's derivative instruments are not designated as hedging instruments and are held on the balance sheet at fair value Changes in the fair value are recognised in the profit and loss account as they arise Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates

2. OPERATING LOSS

The auditors' remuneration was £11,900 (2010 - £15,500) for the audit of the company's annual accounts, £9,800 (2010 - £4,700) for other services relating to taxation and £200 (2010 - £2,200) for other accounting services and was borne by another group company, Annington Management Limited, in the current and preceding year

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to this company in the current and preceding year

The company had no employees of its own during the year (2010 - nil) The cost of performing work for the company is borne by another group company, Annington Management Limited, in the current and preceding year

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank interest receivable	39,252	97,812
Interest receivable on inter-company balances	6,073,453	12,773,418
Fair value gain on interest rate swaps	1,887,840	-
	8,000,545	12,871,230

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank loan	3,290,095	3,601,059
Amortisation on issue costs	65,925	65,843
Swap break costs	455,000	-
Interest payable on inter-company balances	12,403,092	9,815,014
Other finance charges	44	99
Fair value loss on interest rate swaps	-	21,147
	16,214,156	13,503,162

The prior year figure for interest payable on bank loan has been updated and split to show the amortisation on issue costs separately

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
Current tax		
United Kingdom corporation tax at 28% (2010 - 28%)	-	-

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28% (2010 - 28%) The current tax credit for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(10,137,075)	525,136
Tax on (loss)/profit on ordinary activities at standard rate	(2,838,381)	147,038
Factors affecting credit for the year		
Expenses not deductible for tax purposes	3,077,599	610,486
Non-taxable income	(1,412,867)	(3,576,557)
Creation of tax losses	-	875,926
Group relief surrendered	1,173,649	1,943,107
Total actual amount of current tax	-	-

The amount of tax losses carried forward at 31 March 2011 is £22,839,230 (2010 - £21,273,569)

A deferred tax asset has not been recognised in respect of losses carried forward as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £5,938,200 (2010 - £5,956,599)

From April 2011, the headline rate of corporation tax reduces from 28% to 26%, with further 1% reductions expected each year until a rate of 23% is in place by April 2014, as declared in the 2011 Budget Announcement

7. INVESTMENT IN GROUP UNDERTAKING

	2011 £	2010 £
Valuation		
At 1 April	8,461,117	3,412
Additions	120,000,002	-
Revaluations	(42,583,271)	8,457,705
At 31 March	85,877,848	8,461,117

The historical cost of the investment in subsidiaries was £120,000,007 (2010 - £5)

The principal undertakings at 31 March 2011, which are wholly owned, are shown below

Name of subsidiary undertakings	Country of incorporation	Principal activity
Annington Rentals Limited	Great Britain	Property investment
Annington Rentals (No 2) Limited	Great Britain	Property investment
Annington Rentals (No 3) Limited	Great Britain	Property investment
Annington Rentals (No 4) Limited	Great Britain	Property investment
Annington Rentals (No 5) Limited	Great Britain	Property investment
Annington Rentals (No 6) Limited	Great Britain	Property investment
Annington Rentals (No 7) Limited	Great Britain	Property investment
Annington Rentals Management Limited	Great Britain	Real estate management

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

8. DEBTORS

	2011 £	2010 £
Due within one year		
Other debtors	4,435	2,046
Amounts due from group undertakings	214,217	-
	218,652	2,046
Due after more than one year		
Amounts due from group undertakings	76,626,860	199,577,107

Amounts due to the company from group undertakings within one year include £214K (2010 - £nil) which are unsecured, interest free and have no fixed date of repayment

Amounts due to the company from group undertakings after more than one year include £nil (2010 – £8,734K) which are unsecured, interest free and have no fixed date of repayment Also £76,627K (2010 - £190,843K) loans which are unsecured, interest bearing at 8% (2010 - 6 82%) and have a fixed date of repayment of 31 March 2020 (2010 – 31 March 2025)

9. CASH AT BANK

	2011 £	2010 £
Blocked and restricted cash	6,079,495	13,098,678

In compliance with the RBS funding arrangements and to act as a mechanism to reduce the bank's exposure to the company, three (2010 – four) bank accounts exist to cover various aspects of the company's operations These are in the name of the company and administered by RBS These arrangements are considered temporary and funds will be released provided certain conditions are met There are no penalties associated with these arrangements

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	45,380	24,155
Amounts due to group undertakings	129,693	733,315
Accruals	506,799	588,877
	681,872	1,346,347

Amounts due by the company to group undertakings are unsecured, interest free and have no fixed date of repayment

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £	2010 £
Bank loan (note 12)	55,803,931	62,838,006
Amounts due to group undertakings	166,066,555	156,095,912
Interest rate swap (notes 12,13)	2,597,000	4,484,840
	224,467,486	223,418,758

Amounts due by the company to group undertakings include £166,067K (2010 - £156,096K) loans which are unsecured, interest bearing at fixed rates of 8% (2010 – 6 8%) and have a fixed date of repayment of 31 March 2020 (2010 – 31 March 2025)

12. BANK LOANS

The company has entered into a Revolving Seven Year Facility Agreement dated 13 September 2005 with The Royal Bank of Scotland plc enabling it to borrow up to a maximum of £55 9 million (2010 £63 million) against residential properties held by certain of its subsidiaries (note 7) using a loan to value ratio, currently 65% Interest is payable on the loan at a floating rate Interest rates are fixed by two (2010 – three) swap agreements which end 13 September 2012 (note 13)

Annington Rentals (Holdings) Limited	2011 £	Amortisation £	Swaps £	Repayments £	2010 £
Bank loan secured					
Royal Bank of Scotland Plc	55,803,931	65,925	-	(7,100,000)	62,838,006
Interest rate swaps	2,597,000	-	(1,887,840)	-	4,484,840
	58,400,931	65,925	(1,887,840)	(7,100,000)	67,322,846

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

13. FINANCIAL LIABILITIES AND INSTRUMENTS

	31 March 2011		
	Par value of debt £	Balance sheet value £	Fair value £
Bank loan (note 12)	55,900,000	55,803,931	55,900,000
Interest rate swaps			
£46 million pay fixed 4 58250% and receive floating (note 11)	-	2,124,406	2,124,406
£9 9 million pay fixed 4 69000% and receive floating (note 11)	-	472,594	472,594
	-	2,597,000	2,597,000

	31 March 2010		
	Par value of debt £	Balance sheet value £	Fair value £
Bank loan (note 12)	63,000,000	62,838,006	63,000,000
Interest rate swaps			
£46 million pay fixed 4 58250% and receive floating (note 11)	-	3,307,165	3,307,165
£9 9 million pay fixed 4 69000% and receive floating (note 11)	-	737,498	737,498
£5 million pay fixed 5 25000% and receive floating (note 11)	-	440,177	440,177
	-	4,484,840	4,484,840

The bank loan balance sheet value includes unamortised costs of £96,069 (2010 £161,994)

14. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up, allotted and fully paid		
1 ordinary share of 1p	-	-

15. WARRANTS

	2011 £	2010 £
Allotted and fully paid (99,999 warrants issued)	1,000	1,000

There are 99,999 warrants in force in relation to the company's shares, exercisable at a strike price of £0 01 per warrant The warrants are for cash settlement only and upon exercise of the warrants, the cash settlement amount of a warrant shall be the price which is in excess (if any) of the open market value of an ordinary share over the cost to the subscriber at par for the ordinary share over which the warrant is being exercised

The warrants were issued to Nomura International plc in a prior period On 27 March 2002, Nomura International plc transferred the right under these warrants to Nomura Investments (AH) Limited, a wholly owned subsidiary of Nomura International plc In both the current and prior year, no provision for warrants has been recorded as the net shareholders deficit in the group is such that the open market value of the group has been determined to be a nominal value

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

16. MOVEMENTS IN RESERVES

	Profit and loss account £	Revaluation reserve £	Total £
At 1 April 2010	(12,088,269)	8,461,112	(3,627,157)
Loss for the financial year	(10,137,075)	-	(10,137,075)
Revaluation of investments	-	(42,583,271)	(42,583,271)
At 31 March 2011	(22,225,344)	(34,122,159)	(56,347,503)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Loss/(profit) for the financial year	(10,137,075)	525,136
Movement in revaluation reserve	(42,583,271)	8,457,705
Net (increase)/decrease in shareholders' deficit	(52,720,346)	8,982,841
Opening shareholders' deficit	(3,626,157)	(12,608,998)
Closing shareholders' deficit	(56,346,503)	(3,626,157)

18. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc The company has taken advantage of the exemption provided in Financial Reporting Standard 8 "Related Party Disclosures" not to make disclosure of transactions with other entities that are part of the same group, on the basis that all subsidiary undertakings party to the transactions are wholly owned by a member of the group

19. CONTROLLING PARTY

Annington Holdings plc, a company incorporated in Great Britain, is the immediate parent company and Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party

Le Grand Annington Limited is the parent company of the largest and Annington Holdings plc is the parent company of the smallest group of which the company is a member and for which consolidated financial statements are drawn up Group accounts for both companies are available on request from the registered offices at 1 James Street, London W1U 1DR