

Brookhouse (Christchurch) Limited

Annual report and financial statements
for the year ended 24 September 2009

Registered number 4828310

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Directors' report

For the year ended 24 September 2009

The directors present their annual report for the year ended 24 September 2009, together with the financial statements and auditors' report. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Principal activities and business review

The principal activities of the company are property investment and management.

The results for the year are set out in the Profit and Loss account on page 6. The directors consider the results for the year to be satisfactory and look forward to the coming year with confidence.

Principal risks and uncertainties

The ongoing risks associated with the company's activities continue to be the valuation risk associated with the ownership of investment properties and the strength and quality of tenant demand for the properties being developed and held as investments. The company continues to manage these risks through active asset and tenant management initiatives. Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in the statement of accounting policies. These disclosures discuss the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

All activities are currently conducted in sterling.

The company currently has no external line of credit and is dependent upon other related group companies for funding.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that may be caused by the company's activities.

Employees

The company has no employees (refer to note 3 to these financial statements).

Health and safety

The company gives high priority to providing a safe and healthy working environment for all group employees and contractors and is determined to maintain its good record for the preservation of health and safety.

Results and dividends

The results for the year, together with the movement on distributable reserves, were

	£'000
Retained profit, beginning of year	4,315
Profit for the financial year	386
Retained profit, end of year	<u>4,701</u>

The directors do not recommend the payment of a dividend (2008 - £Nil).

Directors' report (continued)

For the year ended 24 September 2009

Directors

The directors of the company during the year and thereafter are shown below

J Hindle, Jnr (Chairman)

A Gardner

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the company's auditors are aware of that information

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

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually, Deloitte LLP have expressed their willingness to continue in office as auditors of the company and are therefore deemed to be reappointed for a further term

By order of the Board,



P Chape

Secretary

Prospect House

168 – 170 Washway Road

Sale

Cheshire

M33 6RH

11th JANUARY 2010

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.

Independent auditors' report

Independent Auditors' Report to the Members of Brookhouse (Christchurch) Limited

We have audited the financial statements of Brookhouse (Christchurch) Limited for the year ended 24 September 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 24 September 2009 and of its profit 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 auditors' report (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



Timothy Edge (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Manchester

United Kingdom

13 January 2010

Profit and loss account

For the year ended 24 September 2009

	Notes	2009 £'000	2008 £'000
Property and investment income	1	475	557
Other operating expenses	2	<u>(69)</u>	<u>(214)</u>
Profit on ordinary activities before taxation	3	406	343
Tax on profit on ordinary activities	4	<u>(20)</u>	<u>(17)</u>
Profit for the financial year transferred to reserves	10,11	<u>386</u>	<u>326</u>

A statement of movements in reserves is given in note 10. All activities have arisen from continuing operations.

Statement of total recognised gains and losses

For the year ended 24 September 2009

	2009 £'000	2008 £'000
Profit for the financial year	386	326
Revaluation deficit	<u>(2,079)</u>	<u>(1,975)</u>
Total recognised gains and losses for the financial year	<u>(1,693)</u>	<u>(1,649)</u>

Balance Sheet

At 24 September 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	5	10,750	12,707
Current assets			
Debtors	6	7	49
Creditors Amounts falling due within one year	7	(7,275)	(7,601)
Net current liabilities		<u>(7,268)</u>	<u>(7,552)</u>
Total assets less current liabilities		3,482	5,155
Provisions for liabilities	8	<u>(229)</u>	<u>(209)</u>
Net assets		<u>3,253</u>	<u>4,946</u>
Capital and reserves			
Called-up share capital	9	2,906	2,906
Profit and loss account	10	4,701	4,315
Revaluation reserve	10	<u>(4,354)</u>	<u>(2,275)</u>
Shareholders' funds	11	<u>3,253</u>	<u>4,946</u>

Signed on behalf of the Board



A Gardner
Director

11 JANUARY 2010

Statement of accounting policies

For the year ended 24 September 2009

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

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 applicable United Kingdom law and accounting standards.

Cash flow statement

The company has taken advantage of the exemption from presenting a cash flow statement afforded by Financial Reporting Standard No. 1 (Revised) because it is a wholly owned subsidiary of the group of companies owned by Brookhouse Properties Limited, a UK based company which prepares consolidated financial statements which are publically available.

Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" not to disclose transactions with other members of the group headed by Brookhouse Properties Limited.

Going concern

The performance, financial position and the key risks impacting the company are detailed in the Directors Report on page 1. The company is a subsidiary within the Brookhouse Properties Limited group, which manages its working capital on a pooled basis across the group. Based on the strong trading relationship between this company and the parent company, the directors of this company have sought and received a confirmation from the parent company that it will provide support as may be necessary for the foreseeable future. In relying on this parent company support, the directors of this company are cognisant of the following going concern disclosure which appears in the financial statements of Brookhouse Properties Limited for the year ended 24 September 2009:

The financial statements have been prepared on a going concern basis. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Business Review. The group has granted a number of leasehold interests in its assets that span the year-end and periods thereafter that are subject to upwards only rent reviews on a periodic basis. After considering the income flows available to the group together with the underlying covenant strength of its tenants (including the impact of the uncertainties in the general economy) and its commitments including, in particular, those in relation to the financing of the group, the directors have the reasonable expectation that the group has adequate resources to continue to operate in operational existence for the foreseeable future. This position is constantly monitored by the directors and accordingly the financial statements have been prepared on a going concern basis.

Statement of accounting policies (continued)

For the year ended 24 September 2009

Going concern (continued)

The group has external bank borrowings of £103 million (2008 - £104 million), £67.4m of which is due for repayment in December 2010 which, given the current financial climate, present an obvious risk and uncertainty to the business. The Directors acknowledge this risk and continue to work with the Banks with a view to re-financing these facilities on competitive terms. Given the responses received by the Directors to date they remain confident that the facilities will be re-financed in advance of their expiry dates thereby enabling the business to continue to trade as normal. These borrowings are hedged through the use of interest rate SWAP arrangements, consequently the financial consequences of an interest rate rise are largely minimised within the company. Details of the current hedge products in place are shown in note 11 to these financial statements. Part of these borrowings is secured by assets owned by fellow group undertakings.

After making the enquiries outlined above, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by an external firm of Chartered Surveyors at open market value. Changes in the market value of such assets are accounted for by way of a movement in revaluation reserve and are included in the statement of total recognised gains and losses unless a deficit (or its reversal) on an individual property is expected by the directors to be permanent, in which case the change in market value is charged (credited) to the profit and loss account. On disposal, the cumulative revaluation surpluses or deficits are transferred from the revaluation reserve to the profit and loss account.

In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the period would have been decreased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value between land and buildings.

Statement of accounting policies (continued)

For the year ended 24 September 2009

Taxation

Current tax, including UK corporation 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Property and investment income

Property and investment income comprises rental income from properties excluding VAT.

Rental income from properties is recognised in the period to which it relates in accordance with the lease terms. Rent invoiced in advance is recognised in the profit and loss account in the following accounting period and treated as deferred income at the year end.

Service charge residual costs (arising from voids or inclusive rental arrangements) which are not recovered from tenants are included within other operating expenses. All income is generated from the company's principal activity in the UK.

Profit on sale of tangible fixed assets

Sales of tangible fixed assets are accounted for in the period in which contracts are completed. The profit (loss) on sale of tangible fixed assets represents sales proceeds less disposal costs and the carrying value of the asset at the time of disposal. The latter in the case of revalued assets represents the revalued amount.

Notes to financial statements
For the year ended 24 September 2009

1 Property and investment income

	2009 £'000	2008 £'000
Rental income	<u>475</u>	<u>557</u>

2 Other operating expenses

	2009 £'000	2008 £'000
Property expenses	27	89
Administrative expenses	<u>42</u>	<u>125</u>
	<u>69</u>	<u>214</u>

Administrative expenses of £42,000 (2008 - £125,000) were recharged from fellow group undertakings

3 Profit on ordinary activities before taxation

There were no directors' emoluments, staff costs or non-audit fees during the year. The auditors' remuneration of £2,140 (2008 - £2,140) in respect of the statutory audit of the company for the current and prior year is borne by another group company, Brookhouse Builders Limited, and recharged.

4 Tax on profit on ordinary activities

The tax charge for the year totals £20,000 (2008 - £17,000). This comprises current tax of £Nil (2008 - £Nil) and deferred tax of £20,000 (2008 - £17,000).

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>406</u>	<u>343</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 - 29%)	114	99
Effects of		
Capital allowances	(20)	(31)
Group relief received free of charge	<u>(94)</u>	<u>(68)</u>
Current tax charge for year	<u>-</u>	<u>-</u>

Notes to financial statements (continued)

For the year ended 24 September 2009

5 Tangible fixed assets

The movement on tangible fixed assets was

	Freehold investment properties £'000
Valuation	
Beginning of year	12,707
Additions	122
Devaluation in the year	(2,079)
End of year	<u>10,750</u>
Net book value	
End of year	<u>10,750</u>
Beginning of year	<u>12,707</u>

Investment properties were revalued at 24 September 2009 by Lambert Smith Hampton, Chartered Surveyors, at open market value. The historical cost of the properties is £15,104,000 (2008 - £14,982,000)

6 Debtors

	2009 £'000	2008 £'000
Amounts falling due within year		
Trade debtors	7	1
Prepayments and accrued income	-	48
	<u>7</u>	<u>49</u>

7 Creditors Amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	-	32
Amounts due to fellow group undertakings	7,254	7,553
Accruals and deferred income	21	16
	<u>7,275</u>	<u>7,601</u>

Amounts due to fellow group undertakings are unsecured, interest free and repayable on demand

Notes to financial statements (continued)

For the year ended 24 September 2009

8 Provisions for liabilities

Deferred tax is provided as follows

	2009 £'000	2008 £'000
Accelerated capital allowances	<u>229</u>	<u>209</u>

The movement on the deferred tax account is as follows

	£'000
Beginning of year	209
Charged to the profit and loss account (note 4)	<u>20</u>
	<u>229</u>

A deferred taxation asset relating to the revaluation of tangible fixed assets of £4.4 million (2008 – £1.2 million) has not been recognised since the directors do not expect this to crystallise in the foreseeable future

9 Called-up share capital

	2009 £	2008 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
3,250,000 Non-Redeemable Preference shares of £1 each	<u>3,250,000</u>	<u>3,250,000</u>
	<u>3,251,000</u>	<u>3,251,000</u>
<i>Issued and fully-paid</i>		
1 Ordinary share of £1	1	1
2,905,561 Non-Redeemable Preference shares of £1 each	<u>2,905,561</u>	<u>2,905,561</u>
	<u>2,905,562</u>	<u>2,905,562</u>

The Non-Redeemable Preference shares carry no voting rights or dividend entitlements and have priority on a winding up over the ordinary shares

Notes to financial statements (continued)

For the year ended 24 September 2009

10 Reserves

The movement on reserves during the year was

	Revaluation Reserve £'000	Profit and loss account £'000
Beginning of year	(2,275)	4,315
Profit for the financial year	-	386
Revaluation deficit in the year	(2,079)	-
End of year	<u>(4,354)</u>	<u>4,701</u>

The directors are of the opinion that the negative revaluation reserve is temporary due to extraordinary current market conditions within the property sector and therefore expect this position to reverse in future periods

11 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	386	326
Devaluation in the year	(2,079)	(1,975)
Net reduction in shareholders' funds	(1,693)	(1,649)
Shareholders' funds, beginning of year	4,946	6,595
Shareholders' funds, end of year	<u>3,253</u>	<u>4,946</u>

12 Ultimate parent company and controlling party

The company's ultimate parent company is Aggregate Company S a r l , a company incorporated in Luxembourg
The ultimate controlling party of that company is the Aggregate Trust

The smallest and largest group in which the results of the company are consolidated is that headed by Brookhouse Properties Ltd incorporated in the UK