

**PRIVILEGED PROPERTIES (NORTHERN)
LIMITED**

Report and Financial Statements

Year ended 30 June 2007



PRIVILEGED PROPERTIES (NORTHERN) LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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PRIVILEGED PROPERTIES (NORTHERN) LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H N Moser
G D Beckett
M R Goldberg
M J Ridley (appointed 27 July 2007)

SECRETARY

M J Ridley

REGISTERED OFFICE

Bracken House
Charles Street
Manchester
M1 7BD

PRINCIPAL BANKERS

Royal Bank of Scotland
Spinningfields
Manchester
M3 3AP

AUDITORS

Deloitte & Touche LLP
Manchester
United Kingdom

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The company's principal activity was that of a property holding company. On 15 September 2006 the company disposed of its entire portfolio of properties and ceased to trade.

The directors consider the results for the year to be in line with expectation.

The company qualifies as small in accordance with the provisions of S246(4) of the Companies Act 1985 and is therefore exempt from its requirement to prepare an enhanced business review.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 30 June 2007 are set out on pages 6 to 12. The loss for the year after tax was £4,323 (2006 - £4,819).

No dividend was paid during the year (2006 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company are set out on page 1. All of the directors served throughout the year, except as noted on page 1.

AUDIT INFORMATION

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

- as far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) 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 statement is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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

M J Ridley
Secretary



28 April

2008

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements with applicable law and regulations. Under that law the directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for establishing and maintaining the system of internal control, 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 TO THE MEMBERS OF PRIVILEGED PROPERTIES (NORTHERN) LIMITED

We have audited the financial statements of Privileged Properties (Northern) Limited for the year ended 30 June 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. These financial statements have been prepared 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 Directors' report 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 other information contained in the annual report as set out in the contents page, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit 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 judgments 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, of the state of the Company's affairs as at 30 June 2007 and of the 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 Directors' Report is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRIVILEGED PROPERTIES (NORTHERN) LIMITED**

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion of the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than a going concern basis

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom
30 APRIL 2008



PRIVILEGED PROPERTIES (NORTHERN) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2007

	Note	2007 £	2006 £
TURNOVER	2	872	2,727
Administrative expenses		<u>(854)</u>	<u>(1,347)</u>
OPERATING PROFIT		18	1,380
Profit/(loss) on disposal of investment property		5,034	(1,500)
Finance charges (net)	4	<u>751</u>	<u>(3,841)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		5,803	(3,961)
Tax on profit / (loss) on ordinary activities	6	<u>(10,126)</u>	<u>(858)</u>
LOSS FOR THE FINANCIAL YEAR	10	<u><u>(4,323)</u></u>	<u><u>(4,819)</u></u>

All activity has arisen from discontinued operations

There were no recognised gains and losses in either year other than the loss for the year and consequently no separate statement of recognised gains and losses has been presented

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

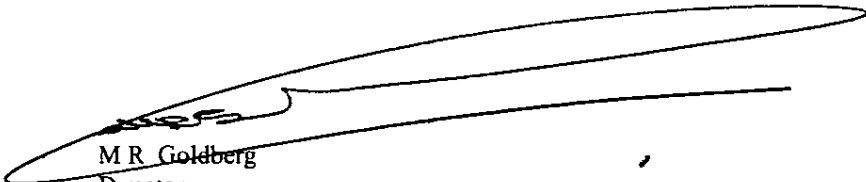
BALANCE SHEET 30 June 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investment properties	7	-	37,500
CURRENT ASSETS			
Debtors – amounts due from group undertakings		21,848	-
Cash at bank and in hand		100	100
CREDITORS: Amounts falling due within one year	8	<u>(10,126)</u>	<u>(21,455)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>11,822</u>	<u>(21,355)</u>
NET ASSETS		<u>11,822</u>	<u>16,145</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Revaluation reserve	10	-	32,088
Profit and loss account	10	<u>11,722</u>	<u>(16,043)</u>
EQUITY SHAREHOLDER'S FUNDS	11	<u>11,822</u>	<u>16,145</u>

These financial statements were approved by the Board of Directors on 28 April 2008

Signed on behalf of the Board of Directors


G D Beckett
Director


M R Goldberg
Director

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

1 ACCOUNTING POLICIES

The particular accounting policies adopted are described below. They have been applied consistently throughout the current and prior year.

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards under the historical cost convention as modified by the revaluation of investment properties.

On 15 September 2006 the company disposed of its entire portfolio of investment properties and has ceased trading.

As required by FRS18 (Accounting Policies), the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Investment properties

A valuation of investment properties is made annually as at the balance sheet date by the directors, at open market value. A sample of valuations is conducted by external Chartered Surveyors on a periodic basis. Changes in the market value of investment properties 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 investment 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 reserve.

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 principles 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 SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the loss for the financial year would have been increased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of the cost/value as between land and buildings.

Taxation

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 company'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.

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover, which is derived wholly within the UK, consists of rental income, which is recognised on an accruals basis

2. TURNOVER

	2007	2006
	£	£
Rental income	872	2,727
	<u>872</u>	<u>2,727</u>

3. STAFF COSTS

The company had no employees and paid no directors' emoluments during either year

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest receivable on bank balances	751	-
Interest payable on intragroup loans	-	(3,841)
	<u>751</u>	<u>(3,841)</u>

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)

	2007	2006
	£	£
(Profit)/loss on disposal of investment properties	(5,034)	1,500
	<u>(5,034)</u>	<u>1,500</u>

The audit fee was borne by a fellow group undertaking in both years

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The differences 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

	2007 £	2006 £
Profit/(Loss) on ordinary activities before tax	<u>5,803</u>	<u>(3,961)</u>
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2006 – 30%)	1,741	(1,188)
Effects of		
Expenses not deductible for tax purposes	-	450
Effects of gains	9,094	2,094
Effects of other tax rates/credits	-	(496)
Other	<u>(709)</u>	<u>(2)</u>
Current tax charge for year	<u>10,126</u>	<u>858</u>

There is an unprovided potential deferred tax liability at the year end of £nil (2006 - £9,627) on the revaluation of properties

7. INVESTMENT PROPERTIES

	Freehold property investment £
Valuation	
At 1 July 2006	37,500
Disposals	<u>(37,500)</u>
At 30 June 2007	<u>-</u>

The entire investment property portfolio was sold during the year See note 14

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Corporation Tax	10,126	858
Amounts owed to group undertakings	-	20,597
	<u>10,126</u>	<u>21,455</u>

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

9 CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, called-up and fully paid 100 ordinary shares of £1 each	100	100

10. RESERVES

	Profit and loss reserve £	Revaluation reserve £	Total £
At 1 July 2006	(16,043)	32,088	16,045
Loss for the financial year	(4,323)	-	(4,323)
Transfer to profit and loss account	32,088	(32,088)	-
At 30 June 2007	11,722	-	11,722

11. RECONCILIATION OF EQUITY SHAREHOLDER'S FUND

	2007 £	2006 £
Loss for the financial year	(4,323)	(4,819)
Opening equity shareholder's funds	16,145	20,964
Closing equity shareholder's funds	11,822	16,145

12. CONTINGENT LIABILITY

The company's assets are subject to a fixed and floating charge in respect of £722.5 million of bank borrowings of the group (2006 - £481 million)

13. CASH FLOW STATEMENT

As permitted by FRS 1 (Revised 1996) "cash flow statements", the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Jerrold Holdings Ltd which has produced consolidated financial statements that are publicly available

14 RELATED PARTY TRANSACTIONS

On 15 September 2006 the entire investment property portfolio of the company was sold to Bracken House Properties LLP, of which Henry Moser is the controlling party. The property was sold at market value for a total consideration of £35,394, giving a loss of £2,106 and a realisation of the revaluation reserve of £32,088.

As a subsidiary undertaking of Jerrold Holdings Ltd, the company has taken advantage of the exemption in FRS 8, "Related party disclosures" not to disclose transactions with other members of the group headed by Jerrold Holdings Ltd.

PRIVILEGED PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2007

15. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Jerrold Holdings Ltd a company incorporated in Great Britain and registered in England and Wales

The largest and smallest group of which Privileged Properties (Northern) Limited is a member, and for which group financial statements are drawn up, is that headed by Jerrold Holdings Ltd, whose principal place of business is at Bracken House, Charles Street, Manchester, M1 7BD