Company Registration No. 06641265 (England and Wales)

LDC (MARGARET RULE FREEHOLD) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

LDC (MARGARET RULE FREEHOLD) LIMITED

COMPANY INFORMATION

Director	M P Bennett
Secretary	A D Reid
Company number	06641265
Registered office	The Core 40 St Thomas Street BRISTOL BS1 6JX
Auditors	KPMG Audit Plc 8 Salisbury Square LONDON EC4Y 8BB
Business address	The Core 40 St Thomas Street BRISTOL BS1 6JX

LDC (MARGARET RULE FREEHOLD) LIMITED

CONTENTS

LDC (MARGARET RULE FREEHOLD) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The director presents his report and financial statements for the year ended 31 December 2009 The company registration number is 06641265

Principal activities
The principal activity of the company is property investment The directors do not recommend the payment of a dividend for the year (2008 £nil)

The company registration number is 06641265

Directors
The following directors have held office since 1 January 2009

M P Bennett
S Grant (Resigned 26 April 2010)

Statement of disclosure to auditors
The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each 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 auditors are aware of that information

Auditors
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Statement of director's responsibilities in respect of the Directors' Report and the financial statements
The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

By order of the board

A D Reid
Secretary
24 September 2010

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LDC (MARGARET RULE FREEHOLD) LIMITED

We have audited the financial statements of LDC (Margaret Rule Freehold) Limited for the year ended 31 December 2009 set out on pages 4 to 10 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 director and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

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 December 2009 and of its profit for the year then ended
- have been properly prepared in accordance with UK 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

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

Stephen Bligh (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor 24 September 2010
Chartered Accountants

8 Salisbury Square
LONDON
EC4Y 8BB

LDC (MARGARET RULE FREEHOLD) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover	2	381,926	-
Cost of sales		-	-
Gross profit		381,926	-
Impairment of fixed asset property		(327,067)	-
Profit on ordinary activities before taxation	3	54,859	-
Tax on profit on ordinary activities	4	-	-
Profit for the year	9	54,859	-

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

There is no difference between the result as disclosed in the profit and loss account and the result given by the unmodified cost basis

LDC (MARGARET RULE FREEHOLD) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	5		9,000,000		-
Current assets					
Debtors	6	1		1	
Creditors: amounts falling due within one year	7	(8,945,141)		-	
Net current (liabilities)/assets			(8,945,140)		1
Net assets			54,860		1
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account	9		54,859		-
Shareholders' funds - equity interests	10		54,860		1

Approved by the Board and authorised for issue on 24 September 2010

M P Bennett
Director

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

1.1 Accounting convention

The financial statements are prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Going concern

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

1.3 Turnover

Turnover from investment property leased out under an intra group management lease is recognised in the profit and loss account on a straight line basis over the term of the lease Lease incentives granted are recognised as an integral part of the total rental income and are spread over the shorter of the lease term or the date when it is expected rent will revert to the prevailing market rate

1.4 Tangible fixed assets and depreciation

In accordance with SSAP19 Accounting for Investment Properties

- investment properties are revalued every six months at market value (determined in accordance with the Guidance Notes on the valuation of assets issued by the Royal Institution of Chartered Surveyors) Surpluses and deficits arising are transferred to the revaluation reserve except that any permanent impairment in the value of an investment property is taken to the profit and loss account for the year where it cannot be demonstrated that the recoverable amount of the asset is greater than the revalued amount, and

- no depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning the depreciation of fixed assets However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate The accounting policy adopted is therefore necessary for the accounts to give a true and fair view Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

Net gains or losses on disposal of investment properties are calculated by reference to book value at the date of disposal and any revaluation surpluses of earlier years are transferred from revaluation reserve to the profit and loss account as a reserve movement

1 Accounting policies **(continued)**

1.5 Deferred taxation

The charge for taxation is based on the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and treatment under the company's accounting policies

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation

In accordance with FRS19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future except as otherwise provided by FRS19 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 the sale has been recognised in the financial statements Deferred tax is measured on a non-discounted basis

2 Turnover

Turnover is generated in the UK and from the company's principal activity

3 Profit on ordinary activities before taxation	**2009**	**2008**
	£	**£**
Profit on ordinary activities before taxation is stated after charging		
Impairment of fixed asset property	327,067	-
and after crediting		
Rental income received under operating leases	(381,926)	-

Auditors remuneration of £650 was borne by another group company

Fees paid to the company's auditors, KPMG Audit Plc and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, The UNITE Group plc are required to disclose non audit fees on a consolidated basis

Directors' remuneration was borne by another group company in respect of both years

4 Taxation

	2009	2008
	£	£
Current tax charge	-	-
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	54,859	-
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2008 - 28 50%)	15,361	-
Effects of		
Non deductible expenses	91,579	-
Group relief claimed	(100,293)	-
Other tax adjustments	(6,647)	-
	(15,361)	-
Current tax charge	-	-

5 Tangible fixed assets

	Investment properties
	£
Cost	
At 1 January 2009	-
Additions	9,327,067
Impairment	(327,067)
At 31 December 2009	9,000,000

The investment property was valued as at 31 December 2009, on the basis of 'open market value' as defined in the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors by Messrs King Sturge, Chartered Surveyors, as external valuers

6 Debtors

	2009	2008
	£	£
Amounts owed by group undertakings	1	1

All debtors are due within one year

7 Creditors: amounts falling due within one year

	2009	2008
	£	£
Amounts owed to group undertakings	8,945,141	-

8 Share capital

	2009	2008
	£	£
Authorised		
1 ordinary share of £1 each	1	1
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1

9 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2009	-
Profit for the year	54,859
Balance at 31 December 2009	54,859

10 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for the financial year	54,859	-
Proceeds from issue of shares	-	1
Net addition to shareholders' funds	54,859	1
Opening shareholders' funds	1	-
Closing shareholders' funds	54,860	1

11 Contingent liabilities

The company had no contingent liabilities at 31 December 2009 (31 December 2008 £nil)

12 Capital commitments

The company had no capital commitments at 31 December 2009 (31 December 2008 £nil)

13 Employees

There were no employees during either year apart from the directors, who received no remuneration

14 Control

The company's immediate parent undertaking is LDC (Holdings) plc

The company's ultimate parent undertaking is The UNITE Group plc The largest and smallest group in which the results of the company are consolidated is that headed by The UNITE Group plc The consolidated accounts of this company are available to the public and can be obtained from The Core, 40 St Thomas Street, BRISTOL, BS1 6JX

15 Related party transactions

As the company is a wholly owned subsidiary of The UNITE Group plc, the company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking