

PBN PROPERTY LIMITED
ABBREVIATED ACCOUNTS
30 JUNE 2012

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COMPANIES HOUSE
28 MAR 2013
BELFAST

MANEELY Mc CANN
Chartered Accountants & Statutory Auditor
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

PBN PROPERTY LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 30 JUNE 2012

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PBN PROPERTY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

D Mitchell
H Wilson
P Kearney
P McCartney
N Adair (Non-Executive) (Retired 15/03/13)

Company secretary

H Wilson

Registered office

Adelaide House
Falcon Road
Belfast
BT12 6SJ

Auditor

Maneely Mc Cann
Chartered Accountants
& Statutory Auditor
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

PBN PROPERTY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS *(continued)*

Bankers

Anglo Irish Bank
14 - 18 Great Victoria Street
Belfast
BT2 7BA

First Trust Bank
35 University Road
Belfast
BT7 1ND

Progressive Building Society
33/37 Wellington Place
Belfast
BT1 6HH

Standard Life Bank
PO Box 23966
Edinburgh
EH3 1BF

Bank of Ireland
4 - 8 High Street
Belfast
BT1 2BA

Bank of Scotland Ireland
10-15 Donegall Square North
Belfast
BT1 5GB

Danske Bank
Benmore House
353 Lisburn Road
Belfast
BT9 7EP

Republic of Ireland National Bank Asset Relief Agency

National Asset Management Agency
Treasury Building
Grand Canal Street
Dublin 2
Republic of Ireland

Solicitors

Dickson Minto W.S
16 Charlotte Square
Edinburgh
EH2 4DF
Scotland

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GG

PBN PROPERTY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2012

The directors present their report and the financial statements of the company for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the development, sale and rental of property.

Late in 2010, the PBN Holdings Ltd Group of companies Irish bank (IBRC, Bank of Ireland, Allied Irish Bank (UK)) loans were acquired by the Republic of Ireland National Asset Management Agency (NAMA). The Directors welcome both the advent of this Irish government initiated bank asset relief agency which has both the time and resources to support the full exploitation of the Group's asset base and NAMA's responsible and measured approach to the property and construction industry in Northern Ireland. The Directors, having submitted the Group's Business Plan to NAMA, continue to interact with NAMA to maximise the inherent long term economic value to be derived from the Group's asset base.

The remaining 'non Irish Bank' lender to the Group is Bank of Scotland (Ireland). The Directors are presently negotiating a mutually acceptable way forward with Lloyd's Bank, as owners of Bank of Scotland.

The PBN Holdings Ltd Group of companies have the necessary cash cover to meet their total on-going unsecured creditor obligations and liabilities for the foreseeable future and until the PBN Holdings Ltd Group of companies renegotiate long-term secured loan facilities with NAMA. In light of the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

FUTURE DEVELOPMENTS

Given the financial crisis and the company's current position with its secured creditors, it is the Directors' intention to work through the company's property asset portfolio with the company's secured creditors, developing and realising these assets over their long term economic life.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £417,008. The directors have not recommended a dividend.

PBN PROPERTY LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2012

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in debt, market prices, credit risk, liquidity risk and interest rate risk. The company and the group have in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set out by the board are implemented by the directors.

Given the nature and location of its operations the company and the group are not significantly exposed to price risk or foreign exchange risk.

Liquidity Risk

The company actively maintains a mixture of long term and short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest Rate Risk

The company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include only cash balances, all of which earn interest at a variable rate. The company has a policy of maintaining interest bearing liabilities at fixed rates via fixed interest swaps and swaptions as per the historic insistence and direction of the Group's Irish Banks, the loans of which have now been acquired by NAMA.

Credit Risk

It is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. The nature of contract normally undertaken means there is no undue amount of exposure to any individual customer.

DIRECTORS

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

D Mitchell
H Wilson
P Kearney
P McCartney
N Adair

N Adair retired as a director on 15 March 2013.

PBN PROPERTY LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2012

DIRECTORS' RESPONSIBILITIES

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 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 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;
- 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Maneely Mc Cann are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Adelaide House
Falcon Road
Belfast
BT12 6SJ

Signed by order of the directors



H WILSON
Company Secretary

Approved by the directors on 21 March 2013

PBN PROPERTY LIMITED

INDEPENDENT AUDITOR'S REPORT TO PBN PROPERTY LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts, together with the financial statements of PBN Property Limited for the year ended 30 June 2012 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

PBN PROPERTY LIMITED

INDEPENDENT AUDITOR'S REPORT TO PBN PROPERTY LIMITED *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

OTHER INFORMATION

On 21 March 2013 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 396 of the Companies Act 2006 for the year ended 30 June 2012, and the full text of the company audit report is reproduced below:

"We have audited the financial statements of PBN Property Limited for the year ended 30 June 2012. 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 shareholders, 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 shareholders 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 shareholders 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 set out on page 5, 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 (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 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.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

With respect to investment properties held with a net book value of £63.2 million, the evidence available to us was limited. The directors of the company have fully complied with the requirements of accounting standards in respect of these properties and have valued the investment properties to the best of their ability, at open market value as required by SSAP 19. However, in the current market conditions, we are unable to make an assessment of the accuracy of this valuation. Owing to the unstable nature of the current property environment, there is no active market from which we could make an assessment of its open market value and we were unable to obtain sufficient appropriate audit evidence regarding the valuation of the investment properties by using other audit procedures.

In addition, with respect to the company's stock of development land and work in progress having a carrying amount of £33.4 million, the evidence available to us was limited because, although the directors have valued the stock of development land and work in progress to the best of their ability, there is no active market from which we could make an assessment of its net realisable value. Owing to the unstable nature of the current property environment, we were unable to obtain sufficient appropriate audit evidence regarding the valuation of stock of development land and work in progress by using other audit procedures.

PBN PROPERTY LIMITED

INDEPENDENT AUDITOR'S REPORT TO PBN PROPERTY LIMITED *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

With respect to the company's investments which include £97.7 million of Units held in Unit Trusts, the evidence available to us was limited because, although the directors have valued the properties held in the Unit Trusts to the best of their ability, there is no active market from which we could make an assessment of their market value and consequently the value of the Units in Unit Trusts. Owing to the unstable nature of the current property environment we were unable to obtain sufficient appropriate audit evidence regarding the valuation of investments by using other audit procedures.

Furthermore, with respect to the year end loan balances and loan interest payable, the audit evidence available to us was limited as we were unable to obtain sufficient appropriate audit evidence in relation to the loan balances payable at the year end and the loan interest payable in respect of same for the year. The directors have confirmed that they are in discussions with NAMA to agree long term loan facilities and given the forgoing, and as noted in the directors' report and note 1 to the financial statements, the precise value of the current loan balances will be determined when final agreement is reached with NAMA. Had this information been available to us we might have formed a different opinion on the financial statements. We were unable to obtain sufficient appropriate audit evidence regarding the year end loan balances and loan interest payable by using other audit procedures.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 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.

PBN PROPERTY LIMITED

INDEPENDENT AUDITOR'S REPORT TO PBN PROPERTY LIMITED *(continued)*

UNDER SECTION 449 OF THE COMPANIES ACT 2006

OPINION ON OTHER MATTERS 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

Arising from the limitation of our work referred to above:

- we have not received all the third party information and explanations we require for our audit.

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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not modified in relation to going concern, we have considered the disclosures made in note 1 to the financial statements. The note states that the company, as part of the PBN Holdings Limited Group of Companies, is dependent on the ongoing support of NAMA and Bank of Scotland to enable it to realise the full carrying value of its assets at 30 June 2012. The directors have confirmed that NAMA continues to provide the PBN Holdings Limited Group of Companies with the requisite working capital support and they are in discussions with NAMA to agree long term loan facilities. The directors are currently negotiating a mutually acceptable way forward with Lloyd's Bank, as owners of Bank of Scotland. Whilst the ultimate outcome of this cannot be assessed with certainty at this time, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern. In view of the uncertainty on the going concern basis, we consider that it should be brought to your attention.



CATHAL MANEELY (Senior Statutory Auditor)

For and on behalf of
MANEELY Mc CANN
Chartered Accountants
& Statutory Auditor

Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

21 March 2013

PBN PROPERTY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2012

	Note	Year to 30 Jun 12 £	Period from 1 Jan 10 to 30 Jun 11 £
TURNOVER		7,881,897	11,563,979
Cost of sales		<u>2,939,197</u>	<u>1,634,027</u>
GROSS PROFIT		4,942,700	9,929,952
Administrative expenses		1,784,221	4,510,672
Other operating income		<u>(206,984)</u>	<u>(896,943)</u>
OPERATING PROFIT	2	3,365,463	6,316,223
Interest receivable		2,907	78,242
Interest payable and similar charges	4	<u>(3,775,373)</u>	<u>(11,095,943)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(407,003)</u>	<u>(4,701,478)</u>
Tax on loss on ordinary activities	5	10,005	(322,303)
LOSS FOR THE FINANCIAL YEAR		<u>(417,008)</u>	<u>(4,379,175)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 13 to 27 form part of these financial statements.

PBN PROPERTY LIMITED

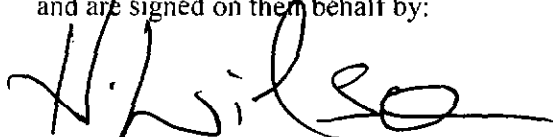
BALANCE SHEET

30 JUNE 2012

	Note	2012	2011
		£	£
FIXED ASSETS			
Tangible assets	6	63,261,642	63,297,273
Investments	7	99,465,239	99,445,238
		<u>162,726,881</u>	<u>162,742,511</u>
CURRENT ASSETS			
Stocks	8	33,401,756	33,401,756
Debtors	9	54,133,755	53,447,262
Cash at bank and in hand		2,199,716	1,371,188
		<u>89,735,227</u>	<u>88,220,206</u>
CREDITORS: Amounts falling due within one year	11	<u>256,290,035</u>	<u>254,355,217</u>
NET CURRENT LIABILITIES		<u>(166,554,808)</u>	<u>(166,135,011)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,827,927)</u>	<u>(3,392,500)</u>
CREDITORS: Amounts falling due after more than one year	12	<u>213,258</u>	<u>231,677</u>
		<u>(4,041,185)</u>	<u>(3,624,177)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	40,000	40,000
Revaluation reserve		7,739,787	7,739,787
Profit and loss account	16	(11,820,972)	(11,403,964)
DEFICIT	17	<u>(4,041,185)</u>	<u>(3,624,177)</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 21 March 2013, and are signed on their behalf by:



H Wilson
Director

Company Registration Number: NI028118

The notes on pages 13 to 27 form part of these financial statements.

PBN PROPERTY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2012

	Note	Year to 30 Jun 12 £	£	Period from 1 Jan 10 to 30 Jun 11 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		4,637,181	2,417,767
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18		(3,772,466)	(11,017,701)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18		(19,532)	(110,893)
ACQUISITIONS AND DISPOSALS	18		-	(1,768,773)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING			845,183	(10,479,600)
FINANCING	18		(18,419)	2,832,168
INCREASE/(DECREASE) IN CASH	18		826,764	(7,647,432)

The notes on pages 13 to 27 form part of these financial statements.

PBN PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

Turnover represents the amounts derived from proceeds of the sale of trading properties, rentals and service charges receivable on letting to tenants and amounts received from the company's Unit Trust investments during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 15% Reducing Balance
Motor Vehicles	- 15% Reducing Balance

Investment properties

Investment properties are revalued annually, surpluses arising thereon being credited to an investment property revaluation reserve. Deficits arising are charged to the Profit and Loss if not exceeded by previous revaluation surpluses.

No depreciation is charged on investment property interests. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their useful economic lives and is necessary to enable the financial statements to give a true and fair view, in accordance with Statement of Standard Accounting Practice No. 19 - Accounting for Investment Properties.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value.

Cost is based on the purchase price of the stock items and includes any directly attributable costs. Net realisable value is the price at which the stock can be realised in the normal course of business.

Work in progress

Sites for development are valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for foreseeable losses where appropriate. No element of profit is included in the valuation for site development.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases, all other leases are classified as finance leases.

(a) Lessor Accounting

Rental income arising from operating leases on development properties is accounted for on a straight line basis over the term of the lease. The company does not lease any assets on a finance lease basis.

(b) Lessee Accounting

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tax losses are surrendered between group companies for no consideration.

Tax arising on the sale of revalued assets is allocated on a pro rata basis between the gain reported in the Profit & Loss Account and the revaluation gain reported previously in the Statement of Total Recognised gains and Losses.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

The company owns 99% of the units in the West One Retail Park Property Unit Trust and the Savoy Centre Property Unit Trust. The company's share of the Unit Trust income has been reflected in these financial statements.

Group accounts

The company is entitled to the exemption under Section 398 of the Companies Act 2006 from the obligation to prepare group accounts.

Investment in Unit Trusts

The company's investment in the two Unit Trusts is stated at cost comprising purchase price of units together with related acquisition costs.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES *(continued)*

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the fact that the company made a loss for the year after tax of £(417,008) and had a net shareholders' deficiency of £(4,041,185) at the year end.

The loans attached to some of the assets of the PBN Holdings Limited Group of Companies have been sold to the Republic of Ireland National Asset Management Agency (NAMA) as part of the Irish National Bank Asset Relief Scheme. The directors have produced and submitted to NAMA a long term comprehensive business plan for the PBN Holdings Limited Group of Companies, which includes PBN Property Limited, over the 10 year life of NAMA pursuant to the NAMA Act 2009 and based upon robust and prudent assumptions. The business plan incorporates a Source and Application of Funds Statement which demonstrates the directors' ability to realise the full carrying value of the Groups assets as at 30 June 2012. Since the acquisition of the loans by NAMA, NAMA has provided the PBN Holdings Limited Group of Companies with the requisite working capital support. The ongoing support of NAMA is fundamental to the continued application of the going concern assumption. The directors are currently in discussions with NAMA to agree long term loan facilities.

The remaining lender to the Company was Bank of Scotland (Ireland) which relinquished its Banking Licence and ceased to trade on 31 December 2010 with the Bank's loans being vested with the Bank of Scotland. Given this Bank's strategy, the Directors are presently negotiating a mutually acceptable way forward with Lloyd's Bank, as owners of Bank of Scotland.

The directors are of the opinion that at the time of approving the financial statements, the PBN Holdings Limited Group of Companies will have adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it appropriate that the financial statements for PBN Property Limited for the year ended 30 June 2012 be prepared on the going concern basis.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

2. OPERATING PROFIT

Operating profit is stated after charging:

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Depreciation of owned fixed assets	16,029	28,759
Loss on disposal of fixed assets	19,133	1,363
Auditor's remuneration - audit of the financial statements	25,150	31,078
Auditor's remuneration - other fees	—	43,900
	2012	2011
	£	£
Auditor's remuneration - audit of the financial statements	25,150	31,078
Auditor's remuneration - other fees:		
- Taxation services	—	13,449
- Accountancy and advisory services	—	30,451
	—	43,900

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	No	No
Number of administrative staff	7	7
Number of sales staff	5	5
	<u>12</u>	<u>12</u>

The aggregate payroll costs of the above were:

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Wages and salaries	299,769	387,338
Social security costs	33,471	38,159
	<u>333,240</u>	<u>425,497</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Interest payable on loans	<u>3,775,373</u>	<u>11,095,943</u>

In the absence of long expired loan contracts, the receipt by NAMA of net rental income has been assumed to represent the cost of finance and has been treated as loan interest in the financial statements.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 30 Jun 12 £	Period from 1 Jan 10 to 30 Jun 11 £
Current tax:		
Corporation tax	-	-
Over/under provision in prior year	-	(20,000)
Total current tax	-	(20,000)
Deferred tax:		
Origination and reversal of timing differences	<u>10,005</u>	<u>(302,303)</u>
Tax on loss on ordinary activities	<u>10,005</u>	<u>(322,303)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2011 - 21%).

	Year to 30 Jun 12 £	Period from 1 Jan 10 to 30 Jun 11 £
Loss on ordinary activities before taxation	<u>(407,003)</u>	<u>(4,701,478)</u>
Loss on ordinary activities by rate of tax	(81,401)	(987,310)
Expenses not deductible for tax purposes	4,236	9,821
Capital allowances for period in excess of depreciation	(27,383)	(61,477)
Unrelieved tax losses	76,647	412,503
Adjustments to tax charge in respect of previous periods	-	(20,000)
Group relief surrendered	<u>27,901</u>	<u>626,463</u>
Total current tax (note 5(a))	-	(20,000)

PBN PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

6. TANGIBLE FIXED ASSETS

	Investment properties £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 July 2011	63,184,329	253,905	9,200	63,447,434
Additions	4,500	4,231	–	8,731
Disposals	–	(105,178)	(9,200)	(114,378)
At 30 June 2012	63,188,829	152,958	–	63,341,787
DEPRECIATION				
At 1 July 2011	–	149,471	690	150,161
Charge for the year	–	16,029	–	16,029
On disposals	–	(85,355)	(690)	(86,045)
At 30 June 2012	–	80,145	–	80,145
NET BOOK VALUE				
At 30 June 2012	63,188,829	72,813	–	63,261,642
At 30 June 2011	63,184,329	104,434	8,510	63,297,273

The investment properties were professionally valued in November 2007 by BTW Shiells, Property Consultants, on the basis of an 'Open Market Valuation' methodology pursuant to the principles of the 'Red Book' valuations as stipulated by the Royal Institute of Chartered Surveyors.

On the accounting principles of Going Concern, the directors are of the opinion that the market valuation of the investment properties are not materially different from that shown in the accounts. The loans attached to these assets have been sold to the Republic of Ireland National Asset Management Agency (NAMA) as part of the Irish National Bank Asset Relief Scheme. The Directors have produced and submitted to NAMA a long term comprehensive Business Plan for the PBN Holdings Limited Group of Companies, which includes PBN Property Limited, based on robust and prudent assumptions, over the 10 year life of NAMA which demonstrates their ability to realise the carrying value of the investment properties at 30 June 2012.

If investment properties had not been revalued they would have been included in the financial statements at 30 June 2012 at an historic cost of £55,408,612 (2011: £55,404,112).

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

7. INVESTMENTS

	Unlisted Investments £	Units in Unit Trusts £	Total £
COST			
At 1 July 2011	1,768,780	97,676,458	99,445,238
Additions	-	20,001	20,001
At 30 June 2012	<u>1,768,780</u>	<u>97,696,459</u>	<u>99,465,239</u>
NET BOOK VALUE			
At 30 June 2012	<u>1,768,780</u>	<u>97,696,459</u>	<u>99,465,239</u>
At 30 June 2011	<u>1,768,780</u>	<u>97,676,458</u>	<u>99,445,238</u>

The unlisted investment represents the following:

- 100% equity holding in Annanpat Limited, a company incorporated in Northern Ireland. At 30 June 2012 Annanpat Limited had net assets of £385,398 (2011: £384,341) and incurred a profit of £1,057 (2011: Loss (£37,485)) in the year ended on that date.

- 100% equity holding in PBN Investments Limited, a company incorporated in Northern Ireland. At 30 June 2012 PBN Investments Limited had net assets of £43,867 (2011: £37,576) and incurred a profit of £6,291 (2011: £10,414) in the year ended on that date.

- 50% equity holding in Ballyhampton Ltd (formerly PBN Rodgers Limited), a company incorporated in Northern Ireland. At 30 June 2012 Ballyhampton Ltd (formerly PBN Rodgers Limited) had net assets of £476 (2011: Net liabilities (£94,074)) and incurred a profit of £94,550 (2011: Loss (£240,475)) in the year ended on that date.

- 50% equity holding in PBN Kearney Limited, a company incorporated in Scotland. At 30 June 2012 PBN Kearney Limited had net liabilities of (£568,120) (2011: (£565,832)) and incurred a loss of (£2,288) (2011: (£68,361)) in the year ended on that date.

The Units in Unit Trusts represent the following:

On 15 February 2007 the company, together with its subsidiary, PBN Investments Limited, acquired all of the units in Savoy Centre Property Unit Trust. Savoy Centre Property Unit Trust is a Jersey Unit Trust governed by a Trust Instrument dated 2 December 2005. The Trust holds the Savoy Centre and Tower, in Glasgow.

On 21 February 2007 the company, together with its subsidiary, PBN Investments Limited, acquired all of the units in the West One Retail Park Property Unit Trust. West One Retail Park Property Unit Trust is a Jersey Unit Trust governed by a Trust Instrument dated 17 March 2006. The Trust holds the West One Retail Park, in Salford, Manchester.

Under the terms of the Trust Instruments the unit holders are entitled to net income arising in the Trust in proportion to their unit holdings.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

8. STOCKS

	2012	2011
	£	£
Development land	25,925,213	25,925,213
Work in progress	7,476,543	7,476,543
	<u>33,401,756</u>	<u>33,401,756</u>

9. DEBTORS

	2012	2011
	£	£
Trade debtors	488,393	655,147
Amounts owed by group undertakings	50,406,582	49,300,429
Other debtors	208,765	438,489
Prepayments and accrued income	252,581	265,758
Deferred taxation (note 10)	2,777,434	2,787,439
	<u>54,133,755</u>	<u>53,447,262</u>

The debtors above include the following amounts falling due after more than one year:

	2012	2011
	£	£
Amounts owed by group undertakings	17,849,853	17,850,484
Deferred taxation	2,777,435	2,787,439
	<u>20,627,288</u>	<u>20,637,923</u>

10. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Year to	Period from
	30 Jun 12	1 Jan 10 to
	£	30 Jun 11
	£	£
Included in debtors (note 9)	<u>2,777,434</u>	<u>2,787,439</u>

The movement in the deferred taxation account during the year was:

	Year to	Period from
	30 Jun 12	1 Jan 10 to
	£	30 Jun 11
	£	£
Balance brought forward	2,787,439	2,485,136
Profit and loss account movement arising during the year	(10,005)	302,303
Balance carried forward	<u>2,777,434</u>	<u>2,787,439</u>

PBN PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

10. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	(386,686)	-	(363,130)	-
Tax losses available	3,164,120	-	3,150,569	-
Other timing differences	-	(680,000)	-	(790,000)
	<u>2,777,434</u>	<u>(680,000)</u>	<u>2,787,439</u>	<u>(790,000)</u>

The deferred tax asset recognised relates primarily to tax losses brought forward which are expected to be offset against future taxable profits. In accordance with Financial Reporting Standard No.19, Deferred Tax, no provision has been made for deferred taxation on gains recognised on revaluing investment properties to their market value because at present management have no intention to dispose of these assets. The unprovided deferred tax detailed above is the tax liability that might arise if these assets were sold at the balances at which they are recognised in the financial statements.

11. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Loans and overdrafts	249,365,361	249,363,597
Trade creditors	399,627	151,875
Other creditors including taxation and social security:		
Other taxation and social security	96,119	72,870
Other creditors	4,649,839	3,543,418
	<u>254,510,946</u>	<u>253,131,760</u>
Accruals and deferred income	1,779,089	1,223,457
	<u>256,290,035</u>	<u>254,355,217</u>

12. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Loans	<u>213,258</u>	<u>231,677</u>

The loans are secured by a combination of legal charges over assets, guarantees, and assignments of rental income.

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

13. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings	
	2012	2011
	£	£
Operating leases which expire:		
Within 1 year	3,368	-
Within 2 to 5 years	3,602	4,491
	<u>6,970</u>	<u>4,491</u>

14. RELATED PARTY TRANSACTIONS

Control

The company is controlled by PBN Holdings Limited, its parent company.

Transactions

The company has availed of the exemption available in FRS8: Related party disclosures from disclosing transactions with certain group undertakings on the grounds that they are 100% subsidiaries.

PBN Kearney Limited

PBN Property Limited holds 50% of the share capital in PBN Kearney Limited. At 30 June 2012 a balance of £321,999 (2011: £321,999), which arose from cash transfers, was due to PBN Property Limited from PBN Kearney Limited.

PBN Lanyon Limited

PBN Holdings Limited holds 100% of the share capital in PBN Private-Equity Limited and of PBN Property Limited. PBN Private-Equity Limited holds 70% of the share capital in PBN Lanyon Limited. Included within trade debtors at 30 June 2012 is a balance of £17,500 (2011: £93,247) due from PBN Lanyon Limited to PBN Property Limited. At 30 June 2012 a balance of £451,032 (2011: £451,241) was due to PBN Property Limited from PBN Lanyon Limited.

15. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

PBN PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

16. PROFIT AND LOSS ACCOUNT

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Balance brought forward	(11,403,964)	(7,024,789)
Loss for the financial year	(417,008)	(4,379,175)
Balance carried forward	<u>(11,820,972)</u>	<u>(11,403,964)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Loss for the financial year	(417,008)	(4,379,175)
Opening shareholders' (deficit)/funds	(3,624,177)	754,998
Closing shareholders' deficit	<u>(4,041,185)</u>	<u>(3,624,177)</u>

18. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Operating profit	3,365,463	6,316,223
Depreciation	16,029	28,759
Loss on disposal of fixed assets	19,133	1,363
Increase in stocks	-	(83,500)
Increase in debtors	(696,498)	(1,011,162)
Increase/(decrease) in creditors	1,933,054	(2,833,916)
Net cash inflow from operating activities	<u>4,637,181</u>	<u>2,417,767</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Interest received	2,907	78,242
Interest paid	(3,775,373)	(11,095,943)
Net cash outflow from returns on investments and servicing of finance	<u>(3,772,466)</u>	<u>(11,017,701)</u>

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

18. NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Payments to acquire tangible fixed assets	(8,731)	(113,243)
Receipts from sale of fixed assets	9,200	2,350
Acquisition of fixed asset investments	<u>(20,001)</u>	<u>—</u>
Net cash outflow for capital expenditure and financial investment	<u>(19,532)</u>	<u>(110,893)</u>

ACQUISITIONS AND DISPOSALS

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
Acquisition of shares in group undertakings	—	(1,768,775)
Disposal of shares in group undertakings	—	2
Net cash outflow from acquisitions and disposals	<u>—</u>	<u>(1,768,773)</u>

FINANCING

	Year to 30 Jun 12	Period from 1 Jan 10 to 30 Jun 11
	£	£
(Repayment of)/increase in loans	<u>(18,419)</u>	<u>2,832,168</u>
Net cash (outflow)/inflow from financing	<u>(18,419)</u>	<u>2,832,168</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012	2011
	£	£
Increase/(decrease) in cash in the period	826,764	(7,647,432)
Net cash outflow from/(inflow) from loans	<u>18,419</u>	<u>(2,832,168)</u>
	<u>845,183</u>	<u>(10,479,600)</u>
Change in net debt	845,183	(10,479,600)
Net debt at 1 July 2011	<u>(248,224,086)</u>	<u>(237,744,486)</u>
Net debt at 30 June 2012	<u>(247,378,903)</u>	<u>(248,224,086)</u>

PBN PROPERTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

18. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2011 £	Cash flows £	At 30 Jun 2012 £
Net cash:			
Cash in hand and at bank	1,371,188	828,528	2,199,716
Overdrafts	(50,204)	(1,764)	(51,968)
	<u>1,320,984</u>	<u>826,764</u>	<u>2,147,748</u>
Debt:			
Debt due within 1 year	(249,313,393)	–	(249,313,393)
Debt due after 1 year	(231,677)	18,419	(213,258)
	<u>(249,545,070)</u>	<u>18,419</u>	<u>(249,526,651)</u>
Net debt	<u>(248,224,086)</u>	<u>845,183</u>	<u>(247,378,903)</u>

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of PBN Holdings Limited, a company registered in Northern Ireland. The directors regard PBN Holdings Limited as the ultimate holding company. The largest and smallest group of undertakings for which group financial statements are prepared and of which the results of PBN Property Limited are consolidated is that headed by PBN Holdings Limited. The consolidated financial statements of PBN Holdings Limited may be obtained from The Secretary, PBN Holdings Limited, Adelaide House, Falcon Road, Belfast, BT12 6SJ.