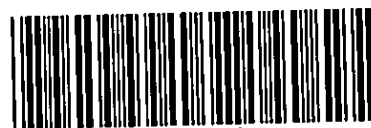


Trenport Investments Limited

(registered number: 1265480)

Report and Consolidated Financial Statements For the year ended 31 December 2008

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Trenport Investments Limited

Report of the Directors for the year ended 31 December 2008

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2008.

Principal activities and business review

The Group owns a portfolio of agricultural, residential and commercial properties held either as trading stock or as long term investments..

The results for the year are set out on page 6. The Group made a loss of £3.1 million (2007: loss £3.3 million).

The value of properties, including work in progress, owned by the Group is carried in the financial statements at their cost of £29.5 million (2007: £68.9 million). The Directors believe that the open market value of the properties is in the order of £57 million.

Future developments

The Group has an ongoing strategy for the disposal of land which has little or no prospect of securing planning consent for development in the foreseeable future. It will also sell smaller sites from within the portfolio for development as and when approval is obtained from the respective planning authorities. In addition, the Group has a portfolio of larger sites with development potential. Planning applications are being progressed to secure consent for development with the intention that these sites will be sold but with the benefit of services installed to attract higher land values.

Directors

The Directors of the Company during the year ended 31 December 2008, were:

Mr A S Barclay
Mr C. Hall
Mr D. Horner
Mr R K Mowatt
Mr A J T Parson
Mr P L Peters
Mr M Seal

Results and dividends

The loss of £3.1 million (2007: loss £3.3 million) has been transferred to reserves. The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: NIL).

Employee involvement

The Company and Group have continued to maintain its commitment to employee involvement throughout the business.

Employees are kept well informed of the performance and objectives of the Company and Group through personal briefings, regular meetings and e-mail.

Trenport Investments Limited

Report of the Directors for the year ended 31 December 2008 (continued)

Equal opportunities

The Company and Group are committed to an active Equal Opportunities Policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

It is the Company's and Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

The Company and Group is responsive to the needs of its employees, customers and the community at large and is an organisation that endeavours to use everyone's talents and abilities to the full.

Creditor payment policy

For all trade creditors, it is the Company's and Group's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

Statement of Directors' Responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that year.

In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently.
- b) make judgements and estimates that are reasonable and prudent.
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Auditors and disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's and Group's auditors are unaware and the Directors' have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's and Group's auditors are aware of that information.

Trenport Investments Limited

Report of the Directors for the year ended 31 December 2008 (continued)

Financial risk management

The Group's activities expose it to a variety of financial risks, including liquidity risk and cash flow risk. The Group's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the Group.

(a) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital. The Group has debt facilities that are designed to ensure it has sufficient available funds for operations and planned expansions.

(b) Interest rate cash flow risk

The Group has interest bearing liabilities which consist of external loan commitments.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP, as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
For and on behalf of
BROOMFIELD SECRETARIAL SERVICES LIMITED
Company Secretary



Director
21st April 2009

Trenport Investments Limited

Independent Auditors' Report to the members of Trenport Investments Limited

We have audited the group and parent company financial statements (the "financial statements") of Trenport Investments Limited for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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 Group's and 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.

Trenport Investments Limited

Independent Auditors' Report to the members of Trenport Investments Limited (continued)

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 Group's and the Parent Company's affairs as at 31 December 2008 and of the group's loss and cash flows 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 Report of the Directors is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 April 2009

Trenport Investments Limited

Consolidated profit and loss account for the year ended 31 December 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover		39,068	19,908
Cost of sales		(39,748)	(18,206)
Gross (loss)/profit		(680)	1,702
Administration expenses		(791)	(1,059)
(Loss)/profit on ordinary activities before finance charges and tax	2	(1,471)	643
Profit on sale of freehold property	8	3,036	-
		1,565	643
Net interest and similar charges	5	(4,682)	(3,888)
Loss on ordinary activities before taxation		(3,117)	(3,245)
Tax on loss on ordinary activities	6	-	(50)
Loss on ordinary activities after taxation	16	(3,117)	(3,295)

All activities are classified as continuing.

The Company and Group have no recognised gains or losses other than the loss for this financial year. Accordingly a statement of total recognised gains and losses has not been prepared.

There is no difference between the consolidated loss for the year and its historical cost equivalent.

Trenport Investments Limited

Consolidated balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	8	528	5,829
Current assets			
Stocks	10	29,532	63,057
Debtors: amounts falling due within one year	12	279	607
Cash at bank		749	833
		30,560	64,497
Creditors: amounts falling due within one year	13	(725)	(2,471)
Net current assets		29,835	62,026
Total assets less current liabilities		30,363	67,855
Creditors: amounts falling due after more than one year	13	(23,253)	(57,628)
Net assets		7,110	10,227
Capital and reserves			
Called up share capital	15	505	505
Profit and loss account	16	6,605	9,722
Total shareholders' funds	17	7,110	10,227

The consolidated financial statements on pages 6 to 18 were approved by the board of directors on the 21st April 2009 and were signed on its behalf by:

Director

Director

Trenport Investments Limited

Company balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investment in subsidiaries	9	-	-
Current assets			
Stocks	10	14,097	50,413
Debtors: amounts falling due after more than one year	11	15,530	18,082
Debtors: amounts falling due within one year	12	278	418
Cash at bank		718	813
		<u>30,623</u>	<u>69,726</u>
Creditors: amounts falling due within one year	13	(14,440)	(12,807)
Net current assets		<u>16,183</u>	<u>56,919</u>
Total assets less current liabilities		<u>16,183</u>	<u>56,919</u>
Creditors: amounts falling due after more than one year	13	(23,253)	(57,628)
Net liabilities		<u>(7,070)</u>	<u>(709)</u>
Capital and reserves			
Called up share capital	15	505	505
Profit and loss account	16	(7,575)	(1,214)
Total shareholders' deficit	17	<u>(7,070)</u>	<u>(709)</u>

The consolidated financial statements on pages 6 to 18 were approved by the board of directors on 21st April 2009 and were signed on its behalf by:


Director


Director

Trenport Investments Limited

Consolidated Cash Flow Statement for the year ended 31 December 2008

	2008		2007	
	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating Activities		35,682		(44,282)
Return on investments and servicing of finance				
Interest received	328		109	
Interest paid	(5,238)		(3,458)	
Net cash outflow from returns on investments and servicing of finance		(4,910)		(3,349)
Taxation				
UK Corporation tax paid		-		(50)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(9)		(1,191)	
Proceeds from sale of fixed assets	8,325		-	
Net cash inflow/(outflow) from capital expenditure and financial investment		8,316		(1,191)
Financing				
(Decrease)/increase in borrowings		(39,172)		45,301
Decrease in cash in the year		(84)		(3,571)

Trenport Investments Limited

Consolidated Cash Flow Statement for the year ended 31 December 2008 (continued)

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	2008 £'000	2007 £'000
Operating (loss)/profit	(1,471)	643
Depreciation on tangible fixed assets	21	65
Decrease/(increase) in stocks	33,525	(49,707)
Decrease in debtors	328	5,298
Increase/(decrease) in creditors	3,279	(581)
Net cash inflow/(outflow) from operating activities	35,682	(44,282)

Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
Decrease in cash in the year	(84)	(3,571)
Repayment of loan from group companies	1,612	(1,612)
Decrease/(increase) in borrowings	37,560	(43,689)
	39,088	(48,872)
Net debt at beginning of year	(58,225)	(9,353)
Net debt at end of year	(19,137)	(58,225)

Analysis of changes in net debt

	1 January 2008 £'000	Cash flows £'000	31 December 2008 £'000
Cash at bank and in hand	833	(84)	749
Bank loans	(57,446)	37,560	(19,886)
Holding company loans	(1,550)	1,550	-
Fellow group undertaking loans	(62)	62	-
	(58,225)	39,088	(19,137)

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

1 Principal accounting policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with the Companies Act 1985 and with applicable accounting standards under the historical cost convention on the going concern basis. The principal accounting policies, which have been applied consistently, are set out below.

Tangible fixed assets

No depreciation is provided on freehold land. Depreciation on all tangible fixed assets, other than land, has been provided on a straight line basis over the following periods as follows:

Plant and equipment	10 years
Freehold properties	50 years

Investment in subsidiaries

Investment in subsidiaries is stated at cost less provision for impairment.

Taxation

Corporation tax is provided on taxable profits at the standard rate of corporation tax in the United Kingdom of 28.5 percent (2007: 30 percent).

Deferred tax is accounted for on an undiscounted basis at tax rates enacted or substantially enacted at the balance sheet date on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Turnover

Turnover comprises two principal components;

Land and buildings sales

Turnover, which excluded value added tax, represents sales of agricultural, residential and commercial land and buildings. Turnover is recognised on unconditional completion of contracts.

Rental income

Turnover, which excluded value added tax, represents rent of commercial land and buildings. Turnover is recognised on an accrual basis when the rent is due.

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

1 Principal accounting policies (continued)

Stocks

Land held for development and construction work in progress is valued at the lower of cost and net realisable value. Other stock includes land and buildings held for resale and is valued at the lower of cost and net realisable value. Cost includes appropriate directly attributable overheads.

Financing costs

Arrangements and other issue costs incurred as a result of entering into loan and other facilities are deferred and expensed over the length of the related loan or facility.

2 Operating profit

	2008 £'000	2007 £'000
The operating profit is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's subsidiaries, pursuant to legislation	28	18
Fees payable to the Company's auditor for the audit of the parent Company's and consolidated accounts	14	12
Depreciation	21	65
Director's emoluments (see note 3)	30	30
Staff costs (see note 4)	92	54

3 Directors' emoluments

Apart from one director, all other directors were paid by other group companies for their services to the group as a whole and no specific allocation of their remuneration has been made in respect of this Company.

4 Employee information

The average number of persons employed by the Group and Company (including Executive Directors) during the period is analysed below:

	2008 £'000	2007 £'000
Administration	5	2

The aggregate payroll costs were as follows:

	2008 £'000	2007 £'000
Wages and salaries	84	49
Social security costs	8	5
	92	54

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

5 Net interest and similar charges

	2008 £'000	2007 £'000
Interest payable on bank commitment	4,575	3,781
Amortisation of bank facility fees	435	216
	5,010	3,997
Bank interest receivable	(328)	(109)
	4,682	3,888

6 Taxation on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the period	-	50
Deferred tax:		
Current year deferred tax (note 13)	-	-
Tax on loss on ordinary activities	-	50

The tax assessed for the year is lower than the standard rate applied in the UK (28.5%). The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(3,117)	(3,245)
Loss on ordinary activities multiplied by standard rate in the UK of 28.5% (2007: 30%)	(889)	(975)
Effects of:		
Accelerated capital allowances and other timing differences	6	-
Chargeable disposals	(118)	-
Expenses not deductible for tax purposes	-	31
Adjustments in respect of previous years	-	50
Losses carried forward	911	837
Excess losses carried forward	11	-
Group relief surrendered/(claimed)	79	107
Total current tax charge	-	50

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

7 Loss of Parent Company

A total loss of £6,361,000 (2007: loss £4,463,000) has been dealt with in the accounts of Trenport Investments Limited. The Company has taken advantage of the section 230 Companies Act 1985 allowing it not to publish a separate profit and loss account.

8 Tangible fixed assets

Group

	Freehold land & buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 January 2008	5,891	5	5,896
Additions	9	-	9
Reallocation of costs	(12)	-	(12)
Disposals	(5,360)	-	(5,360)
At 31 December 2008	528	5	533
Depreciation			
At 1 January 2008	66	1	67
Charge for the year	21	-	21
Disposals	(83)	-	(83)
At 31 December 2008	4	1	5
Net book value			
At 31 December 2008	524	4	528
At 31 December 2007	5,825	4	5,829

On 4 April 2008 Lawn House Car Park, the Company's sole property asset, was sold for £8.45 million achieving a profit of £3,036,000.

Company

There are no tangible fixed assets held by the company at the end of the financial year (2007: Nil).

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

9 Investment in subsidiaries

Group

There are no investments held by the Group at the end of the financial year (2007: Nil).

Company

	2008 £'000	2007 £'000
Cost		
At 1 January and 31 December	-	-

Refer to note 18 for the principal subsidiaries held by the company.

10 Stock

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Land held for development	15,858	54,476	9,014	48,415
Construction work in progress	13,616	8,523	5,025	1,940
Other stock held for resale	58	58	58	58
	29,532	63,057	14,097	50,413

11 Debtors: amounts falling due after more than one year

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Amounts owed by subsidiaries	-	-	15,530	18,082

The amounts owed by subsidiaries are interest free and have no fixed terms of repayment.

12 Debtors: amounts falling due within one year

	Group 2008 £'000	2007 £'000	Company 2008 £'000	2007 £'000
Trade debtors	55	188	55	-
Other debtors	224	419	223	418
	279	607	278	418

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

13 Creditors: amounts falling due within one year

	Group 2008	2007	Company 2008	2007
Bank loan	-	1,368	-	1,368
Amounts owed to fellow subsidiaries	-	62	13,797	10,596
Other creditors	19	848	19	810
Accruals and deferred income	706	193	624	33
	725	2,471	14,440	12,807

Amounts owed to fellow subsidiaries are interest free and have no fixed terms of repayment.

Creditors: amounts falling due after more than one year

	Group 2008	2007	Company 2008	2007
Amount owed to fellow subsidiaries	3,446	1,550	3,446	1,550
Bank loan	19,807	56,078	19,807	56,078
	23,253	57,628	23,253	57,628

The bank loan is secured by legal charges over the assets of the Company and its subsidiaries and bears rates of interest of LIBOR plus 1.1% and is repayable in 2010.

Amount owed to fellow subsidiaries is interest free and has no fixed terms of repayment.

14 Deferred tax

No deferred tax asset or liability has been recognised at 31 December 2008 (2007: £nil).

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

15 Share capital

	2008 and 2007 £
Authorised, allotted, called up and fully paid	
500,000 ordinary shares of 1p each	5,000
500,000 deferred shares of £1 each	500,000
	505,000

The holders of ordinary shares are entitled to all distributable income. On the return of capital in a winding up or otherwise the surplus assets shall firstly be used to repay the nominal value of ordinary shares and then the nominal value of the deferred shares. Any surplus shall then be payable to the holders of ordinary shares.

The holders of deferred shares have no voting rights other than for the reduction of capital or if the Company is to be wound up or sold or if their existing rights or privileges are to be affected.

16 Profit and loss account

	Group £'000	Company £'000
At 1 January 2008	9,722	(1,214)
Loss for the financial year	(3,117)	(6,361)
At 31 December 2008	6,605	(7,575)

17 Reconciliation of movement in shareholders' funds

	Group £'000	Company £'000
Loss on ordinary activities after taxation	(3,117)	(6,361)
Opening shareholders' funds	10,227	(709)
Closing shareholders' funds	7,110	(7,070)

Trenport Investments Limited

Notes to the consolidated financial statements for the year ended 31 December 2008

18 Principal subsidiaries

Name (all companies are registered in England and Wales)	Amount and description of shares held	Principal activity	% owned
Trenport (Peters Village) Limited	1 Ordinary share of £1 each	Property development	100
Trenport (East Hall Park) Limited	1 Ordinary share of £1 each	Property development	100
Telegraph Car Parks Limited	1 Ordinary share of £1 each	Property investment	100
Europower Networks Limited	1 Ordinary share of £1 each	Electricity supply	100
Ryton Utilities Limited	1 Ordinary share of £1 each	Sewerage Plant	100

19 Ultimate controlling party

The immediate holding company is Ellerman Holdings Limited, a company incorporated in Jersey, Channel Islands which the directors regard as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements.