Company No: 2231168

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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DIRECTORS AND OFFICERS

DIRECTORS

W Procter
M Gaston
N Bannister
D Edwards
C McGill
V Tchenguiz

SECRETARY

Solitaire Secretaries Limited

REGISTERED OFFICE

Queensway House
11 Queensway
New Milton
Hampshire
BH25 5NR

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

BANKERS

AIB Group (UK) Plc
10 Berkeley Square
London
W1J 6AA

Bank of Scotland
600 Gorgie Road
Edinburgh
EH11 3XP

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The directors are satisfied with the result for the year and the financial position of the company at the year end subject to the matters discussed in the accounting policies on page 9 which may have an impact on the company's ability to continue as a going concern.

The principal activity of the company is the management of blocks of flats and houses. The company has just over 30,000 units under its management and as such is in the top five of Association of Residential Management Agents registered property managing agents. The company specialises in managements of new residential blocks.

During the year £1,000,000 was raised from the issue of 1,000,000 ordinary shares of £1 each at par.

The company was purchased in July 2008 by Peverel Limited and Peverel Opco No. 2 Limited, which are ultimately owned by the Tchenguiz Family Trust. This has resulted in a review of the company infrastructure and staffing levels with staff redundancy costs of £163,772 arising in the year.

The Directors consider the company to be going through a fast change of systems, procedures and delivery of service levels, due to conclude towards the end of 2009. Significant investment from related parties has been required to facilitate this change. The Directors feel that through improved service delivery and procedures, the company will improve financial performance significantly over the coming periods. At the centre of this are integrated systems and improved service delivery leading to business retention and growth. The Directors have taken steps to ensure themselves the support from relevant related parties is adequate to see the company through this period of change.

The loss for the year amounted to £1,535,260 (2007: £913,744 profit) and is stated after exceptional costs of £2,367,716 and a reduction of certain income streams following a reorganisation and integration of income streams with the Peverel Group.

Key performance indicators

The company utilises a number of Key Performance Indicators, the most important of which being the growth in the number of units under management:

	2008	2007
Unit growth	**6%**	12%

Risks and uncertainties

The Board of Directors consider the diligent safe keeping of client monies to be of the utmost importance within property management. Client funds for each development are held separately in a Client trust bank account which is identified as such by the Bank. These trust funds cannot and will not be used for any Corporate purposes and do not form part of the Company's assets and are not therefore reflected in the company's balance sheet. The Directors acknowledge the comments of the auditors in the Auditors Report with regards the emphasis of matter and would like to stress that this does not impact on client monies in any way.

The Directors consider certain income streams of the company to be at risk due to market conditions. Any fluctuations in the housing market, mainly in terms of volume of transactions, will impact on certain supplementary income streams received. The Directors consider the operations of the company to be flexible enough to deal with such fluctuations in the market.

DIRECTORS' REPORT

Directors

The directors who served during the year were as follows:

P Rayden	(Resigned 20 February 2008)
J Russell	(Resigned 20 November 2008)
W Procter	
M Gaston	
N Bannister	(Appointed 13 August 2008)
D Edwards	(Appointed 13 August 2008)
C McGill	(Appointed 24 August 2009)
V Tchenguiz	(Appointed 18 November 2009)

Auditors

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board,

W Procter
Director
8/12/ 2009

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law 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). The financial statements are required by law to 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:

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; and

d. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

We have audited the financial statements on pages 6 to 18.

This report is made solely to the company's member, 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 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 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF 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 judgements 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 at 31 December 2008 and of its loss for the year then ended and 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.

Emphasis of matter – Going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 9 of the financial statements which set out details of events and circumstances which indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

10 / 12 / 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
Turnover	1	**6,047,624**	6,520,896
Cost of sales		**(193,383)**	(123,585)
Gross profit		**5,854,241**	6,397,311
Administrative expenses	5	**(5,546,138)**	(5,709,106)
Exceptional items	5	**(2,367,716)**	-
Other operating income	2	**112,203**	274,699
Operating (loss)/profit		**(1,947,410)**	962,904
Interest receivable		**146,119**	104,879
Interest payable and similar charges	3	**(35,286)**	(82,834)
(Loss)/profit on ordinary activities before taxation	5	**(1,836,577)**	984,949
Tax on (loss)/profit on ordinary activities	6	**301,317**	(71,205)
(Loss)/profit for the financial year	14	**(1,535,260)**	913,744

The operating loss for the year arises from the company's continuing operations.

No separate statement of total recognised gains and losses has been presented, as all such gains and losses have been dealt within the profit and loss account.

BALANCE SHEET (Company Registration Number: 2231168)

AT 31 DECEMBER 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible fixed assets	7	**360,812**	507,411
Current assets			
Debtors	9	**1,836,014**	4,639,875
Cash at bank		**1,592,891**	1,723,897
		3,428,905	6,363,772
Creditors: amounts falling due within one year	10	**(5,378,929)**	(7,925,135)
Net current liabilities		**(1,950,024)**	(1,561,363)
Net liabilities		**(1,589,212)**	(1,053,952)
Capital and reserves			
Called up share capital	13	**1,232,000**	232,000
Profit and loss account	14	**(2,821,212)**	(1,285,952)
Equity shareholder's deficit	15	**(1,589,212)**	(1,053,952)

The financial statements on pages 6 to 18 were approved by the board of directors and authorised for issue on 8/12/ 2009 and are signed on its behalf by:

W Procter
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Net cash flow from operating activities	17A	**(1,172,782)**	684,334
Returns on investments and servicing of finance			
Interest paid		**(35,286)**	(82,834)
Interest received		**146,119**	104,879
		110,833	22,045
Capital expenditure			
Purchase of tangible fixed assets		**(69,057)**	(394,758)
Cash (outflow)/inflow before financing		**(1,131,006)**	311,621
Financing			
Issue of share capital		**1,000,000**	-
(Decrease)/increase in cash in the year		**(131,006)**	311,621

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The company is supported by Peverel Group Limited, a related party (see note 18) which has agreed to provide financial support as and when required to enable the company to meet its external obligations. On this basis, the directors considered it appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustment that would result from a withdrawal of this financial support for a minimum period of 12 months from the date of approval of these financial statements.

On 31 March 2008 shares in one of the company's intermediate holding companies were pledged as security to secure the financial liabilities of a related party. On 10 December 2008, breaches occurred in the loan covenants of this related party, and, as a result, should the lender seek to enforce the security so that the shares covered by the pledges can be or are realised, those actions would constitute a change in control of the company and of the group. The Aztec Opco Developments Limited loan referred to in note 20 includes clauses in respect of a change of control which if triggered could give rise for a demand for repayment of that loan. Negotiations are in hand regarding settlement of the related party's financial liabilities covered by the pledged security.

In determining to prepare the financial statements on the going concern basis the directors have also considered that the negotiations referred to above will be successful and that there will be no withdrawal of the facilities made available to Aztec Opco Developments Limited or any claim on the company under the composite debenture.

The principle effects should the negotiations be unsuccessful are that the cross collateralised borrowings of the group as set out in note 20, totalling £116,600,000 at the year end, could become immediately repayable and further costs could arise in respect of any termination of the interest rate arrangements that fix the interest rates on those loans, the level of which would depend on the market rates of interest prevailing at the time of such a termination.

If these borrowings were not repaid following formal demand, the lender to Aztec Opco Developments Limited could make a claim on the company and on those of its fellow subsidiaries which were also party to the composite debenture for the full indebtedness under the cross collateralisation. Having exercised its security the lender could seek to sell the company, dispose or otherwise realise its assets, or the assets of its fellow subsidiaries separately or together and at a time of its own choosing. This process may not represent an orderly realisation in the normal course of business so the company's assets and those of its fellow subsidiaries may only be realised at values significantly less than their carrying values.

Turnover

Turnover represents property management and administration fees from managed properties and commission receivable. Where payment is received in advance of performance, the company recognises a liability equal to the amount received, representing its obligations under the contract. That liability is reduced and reported as revenue as the services are performed.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2008

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Equipment	- over 3 to 5 years

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 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.

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual contributions payable are charged to the profit and loss account.

1. **Turnover**

The turnover and (loss)/profit before tax are attributable to the one principal activity of the company and relate to services supplied within the United Kingdom.

2. **Other operating income**

	2008	2007
	£	£
Management fee from group companies	**112,203**	274,699

3. **Interest payable and similar charges**

	2008	2007
	£	£
Bank interest	**35,286**	18,297
Group interest	-	64,537
	35,286	82,834

4. **Employees**

	2008	2007
The average number of staff employed by the company during the financial year (including directors) amounted to:	**No.**	No.
Administration	**112**	108

	£	£
Staff costs for the above persons:		
Wages and salaries	**2,992,890**	2,815,647
Social security costs	**306,228**	285,006
Other pension costs	**11,494**	17,062
	3,310,612	3,117,715

In addition to staff costs relating to employees of the company, the company is also recharged for other staff costs where employees of related parties perform duties for the company.

The company recharges some of its employee staff costs to related parties, where its employees perform duties for the related parties.

Directors' emoluments

The directors aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Aggregate emoluments receivable	**162,539**	114,518

The number of directors for whom retirement benefits are accruing amount to 1 (2007: 1).

5. **(Loss)/profit on ordinary activities before taxation**

	2008	2007
	£	£
(Loss)/profit on ordinary activities before taxations is stated after charging:		
Exceptional items:		
- staff redundancies	**163,772**	-
- property management costs	**1,759,810**	-
- provision against related party balance	**444,134**	-
Depreciation of owned fixed assets	**215,656**	233,978
Auditor's remuneration	**14,100**	13,480
Operating lease costs:		
- land and buildings	**212,943**	162,791
- plant and machinery	**234,991**	216,226

As a result of the change in ownership in the year a review of the company infrastructure and staffing levels was conducted with staff redundancy costs of £163,772 arising in the year. Property management costs represent costs arising on managed property estates which are not recoverable from tenants of the estates.

6. **Taxation**

	2008	2007
	£	£
Current tax:		
Tax on (loss)/profit on ordinary activities	-	-
	-	-
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	-	35,024
Other timing differences	**(301,317)**	36,181
Tax on (loss)/profit on ordinary activities	**(301,317)**	71,205

Factors affecting tax charge for the year

	2008	2007
(Loss)/profit on ordinary activities before taxation	**(1,836,577)**	984,949
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28% (2007: 30%).	**(512,242)**	295,485
Effects of:		
Expenditure not deductible for tax purposes	**13,878**	-
Depreciation in excess of capital allowances	**60,275**	70,193
Unrelieved losses brought forward	-	(173,023)
Group loss surrender/(relief)	**336,632**	(86,969)
Other short term timing differences	**301,317**	(36,181)
Provision against related party balance	**124,358**	-
UK transfer pricing	**(324,218)**	(69,505)
Current tax charge for the year	-	-

7. Tangible fixed assets

	Office Equipment £
Cost:	
At 1 January 2008	1,912,172
Additions	69,057
Disposals	(105,535)
At 31 December 2008	1,875,694
Depreciation:	
At 1 January 2008	1,404,761
Charge for the year	215,656
Disposals	(105,535)
At 31 December 2008	1,514,882
Net book value:	
At 31 December 2008	**360,812**
At 31 December 2007	507,411

8. Client monies

	2008 £	2007 £
Resident's net cash balances held in trust accounts	**11,099,292**	10,629,968
Cash balances held in joint accounts	**650,442**	(30,514)

The Board of Directors consider the diligent safe keeping of client monies to be of the utmost importance within property management. Client funds for each development are held separately in a Client trust bank account which is identified as such by the Bank. These trust funds cannot and will not be used for any Corporate purposes and do not form part of the Company's assets and are not therefore reflected in the company's balance sheet. The Directors acknowledge the comments of the auditors in the Auditors Report with regards the emphasis of matter and would like to stress that this does not impact on client monies in any way.

9. Debtors: amounts falling due within one year

	2008 £	2007 £
Trade debtors	**86,174**	126,909
Amounts owed by group undertakings	**-**	1,734,765
Amounts owed by related parties	**64,886**	677,099
Other debtors	**159,132**	135,300
Prepayments and accrued income	**885,686**	1,626,983
Deferred tax asset (see note 12)	**640,136**	338,819
	1,836,014	4,639,875

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

10. **Creditors: amounts falling due within one year**

	2008 £	2007 £
Trade creditors	**122,764**	276,983
Amounts owed to group undertakings	**-**	5,519,645
Amounts owed to related parties	**2,526,617**	289,922
Other tax and social security costs	**80,928**	258,215
Other creditors	**2,342,983**	1,218,418
Accruals and deferred income	**305,637**	361,952
	5,378,929	7,925,135

11. **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost in the year of £11,494 (2007: £17,062) represents contributions payable by the company to the fund for the year.

12. **Deferred taxation**

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

	2008 £	2007 £
Deferred tax asset at 1 January	**338,819**	410,024
Profit and loss account movement	**301,317**	(71,205)
Deferred tax asset at 31 December	**640,136**	338,819

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Other timing differences	**640,136**	338,819

The deferred tax asset at 31 December 2008 is included in debtors (see note 9).

13. Share capital

	2008	2007
	£	£
Authorised		
1,232,000 (2007: 232,000) Ordinary Shares of £1 each	**1,232,000**	232,000
Allotted, called up and fully paid		
1,232,000 (2007: 232,000) Ordinary Shares of £1 each	**1,232,000**	232,000

On 24 June 2008, the company increased its authorised share capital by 1,000,000 ordinary shares of £1 each.

On 1 July 2008, the company issued 1,000,000 ordinary shares of £1 each for cash consideration of £1,000,000.

14. Profit and loss account

	2008	2007
	£	£
At 1 January 2008	**(1,285,952)**	(2,199,696)
(Loss)/profit for the financial year	**(1,535,260)**	913,744
At 31 December 2008	**(2,821,212)**	(1,285,952)

15. Reconciliation of movements in shareholders' deficit

	2008	2007
	£	£
(Loss)/profit for the financial year	**(1,535,260)**	913,744
Share capital issued	**1,000,000**	-
Opening shareholder's deficit	**(1,053,952)**	(1,967,696)
Closing shareholder's deficit	**(1,589,212)**	(1,053,952)

16. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008		2007	
	Land & buildings	**Other items**	Land & buildings	Other items
	£	**£**	£	£
Operating leases which expire:				
within one year	**50,220**	**62,434**	46,740	72,143
within 2 to 5 years	**115,800**	**77,166**	107,000	113,481
after more than 5 years	**32,750**	**-**	32,750	-
	198,770	**139,600**	186,490	185,624

17. **Notes to the cash flow statement**

A. Reconciliation of operating profit to net cash flow from operating activities:

	2008	2007
	£	£
Operating (loss)/profit	**(1,947,410)**	962,904
Depreciation	**215,656**	233,978
Decrease/(increase) in debtors	**3,105,178**	(831,306)
(Decrease)/increase in creditors	**(2,546,206)**	318,758
Net cash (outflow)/inflow from operating activities	**(1,172,782)**	684,334

B. Reconciliation of net cash flow to movement in net debt:

	2008	2007
	£	£
Net debt at 1 January 2008	**1,723,897**	1,412,276
(Decrease)/increase in cash in the year	**(131,006)**	311,621
Net debt at 31 December 2008	**1,592,891**	1,723,897

C. Analysis of changes in net debt:

	At 1 January 2008	Net cash flows	**At 31 December 2008**
	£	£	**£**
Cash at bank and in hand	1,723,897	(131,006)	**1,592,891**

18. **Control**

On 24 July 2008, as part of a group restructuring, Peverel Limited, a fellow subsidiary of the Tchenguiz Family Trust, acquired 70% of the issued share capital of the company from Solitaire Group Limited the previous holding company.

Peverel Group Limited, which is registered in England and Wales, is the holding company of the smallest group for which consolidated accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. Peverel Group Limited has agreed to provide financial support as and when required to enable the company to meet its external obligations.

Aztec Opco Developments, which is registered in England and Wales, is the holding company of the largest group for which consolidated accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Inc., a company incorporated in the British Virgin Islands and the ultimate controlling party to be the Tchenguiz Family Trust.

19. **Related party transactions**

During the year control of the company has changed as set out in note 18. In accordance with Financial Reporting Standard No. 8, "Related Party Disclosures" the company has taken advantage of the exemption from disclosing transactions with its fellow group undertakings where at the time it was also at least a 90% owned subsidiary of that fellow group undertakings' parent company and that parent company produced consolidated financial statements which are publicly available.

The company pays referral fees to and is recharged expenses from Estates & Management Limited ("E&M"), a company ultimately controlled by the Tchenguiz Family Trust. During the year referral fees for the introduction of new units for management of £Nil (2007: £316,054) were charged by E&M and expenses of £Nil (2007: £316,054) recharged to E&M. At the year end £26,561 (2007: £26,561) was owed by E&M.

The company recharges salary expenses and is recharged salary and administration expenses by County Estate Management Limited ("CEM"), a company related by directors in common. During the year, £453,232 (2007: £910,450) was recharged by CEM and £291,839 (2007: £234,063) recharged to CEM. In addition, a balance of £310,000 (2007: £420,000) was loaned to CEM during the year. Interest of 7.5% is charged on this balance, £25,371 (2007: £4,549) was charged during the year. £444,134 was provided for during the year. At the year end £Nil was owed by (2007: £650,538 owed by) CEM.

During the previous year, a group company Holding & Management (Solitaire) Limited ("HMSL") was sold to, a company ultimately controlled by the Tchenguiz Family Trust. The companies are, therefore, related by common control. At the year end £Nil (2007: £280,407) was owed to HMSL.

The company was provided training courses by Consensus Innovation Limited ("CIL"), a company related by common control. During the year, £Nil (2007: £9,515) was charged by CIL. At the year end £Nil (2007: £9,515) was owed to CIL.

The company is a 70% owned subsidiary of Peverel Limited. The company recharges administration expenses and is recharged salary expenses by Peverel Limited. During the year £128,718 was recharged by Peverel Limited and £10,463 was recharged to Peverel Limited. In addition a balance of £775,000 was loaned to the company by Peverel Limited, and balances with former group and related party companies were also transferred to Peverel Limited, with no interest charged. At the year end £2,467,548 was owed to Peverel Limited.

During the year the company purchased a fire alarm system from Cirrus Communication Systems, a company ultimately controlled by the Tchenguiz Family Trust, for £12,768 on normal commercial terms. At the year end £12,768 was owed to Cirrus Communication Systems.

The company recharges salary and administration expenses to Pembertons Residential Limited ("PRL"), a company controlled by Peverel Limited. During the year £124,203 was recharged to PRL. At the year end £38,325 was owed by PRL.

The company is recharged rent, rates and service charge expenses by Moss Kaye Pembertons Limited ("MKP"), a company ultimately controlled by the Tchenguiz Family Trust. During the year £28,969 was recharged by MKP. At the year end £Nil was owed to MKP.

Secretarial fees are invoiced on behalf of the company by Solitaire Secretaries Limited, a company ultimately controlled by the Tchenguiz Family Trust. At the year end £Nil was owed to Solitiare Secretaries Limited.

19. **Related party transactions (Continued)**

Peverel OM Limited, a company ultimately controlled by the Tchenguiz Family Trust, has provided working capital funding to the company, with no interest charged. At the year end £46,301 was owed to Peverel OM Limited.

20. **Contingent liability**

The group is party to a composite debenture secured over all of its assets. The borrower is Aztec Opco Developments Limited, the ultimate United Kingdom holding company of the group. The loan at the balance sheet date was £116,600,000.