

**SKYE SECURITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2010**



**SKYE SECURITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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**SKYE SECURITIES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	R F M Adair N J C Turnbull T G Walsh
<b>Company secretary</b>	Terrace Hill (Secretaries) Limited
<b>Registered office</b>	1 Portland Place LONDON W1B 1PN
<b>Auditor</b>	Harrison Holt Chartered Accountants & Statutory Auditor High Park Farm Kirkbymoorside York YO62 7HS
<b>Bankers</b>	Bank of Scotland plc 155 Bishopsgate London EC2M 3YB

**SKYE SECURITIES LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2010**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2010

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is an investment holding company. The company did not hold investments in the period under review but is looking for suitable investment opportunities.

Income in the period relates to incurred fees written off on the disposal of CCL Veloduct Limited in 2006.

The Directors are satisfied with the company's results for the period and the position at the period end.

**RESULTS AND DIVIDENDS**

The profit for the year amounted to £6. Particulars of dividends paid are detailed in note to the financial statements.

**FINANCIAL INSTRUMENTS**

Details of the company's financial risk management objectives and policies are included in note 9 to the accounts.

**DIRECTORS**

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

R F M Adair  
N J C Turnbull  
T G Walsh

None of the directors had any interest in the share capital of the company during the year. Details of the directors' interests in the group are disclosed in the parent company.

**POLICY ON THE PAYMENT OF CREDITORS**

The Company does not follow any specified code or standard on payment practice. However, it is the Company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the Company's policy to abide by these terms.

**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,

**SKYE SECURITIES LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2010**

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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**

The auditors Harrison Holt are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Registered office  
1 Portland Place  
LONDON  
W1B 1PN

Signed by order of the directors

  
TERRACE HILL (SECRETARIES)  
LIMITED  
Company Secretary

Approved by the directors on 10 August 2011

# **SKYE SECURITIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SKYE SECURITIES LIMITED**

### **YEAR ENDED 31 DECEMBER 2010**

We have audited the financial statements of Skye Securities Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. 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 Sections 495 and 496 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 statement of directors' responsibilities, 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 the directors, and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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.

#### **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.

# SKYE SECURITIES LIMITED

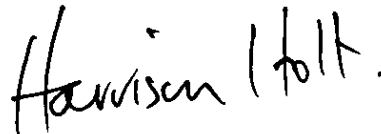
## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SKYE SECURITIES LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2010

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



PHILIP HOLT BSC ACA (Senior  
Statutory Auditor)

For and on behalf of  
HARRISON HOLT

Chartered Accountants & Statutory Auditor

High Park Farm  
Kirkbymoorside  
York  
YO62 7HS

10/8/2011

**SKYE SECURITIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>		—	—
Administrative expenses		(10,965)	(21,442)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(10,965)</b>	<b>(21,442)</b>
Profit on disposal of fixed assets	<b>4</b>	<b>10,971</b>	<b>19,404</b>
		<u>6</u>	<u>(2,038)</u>
Interest receivable		—	2,485
Interest payable and similar charges	<b>5</b>	—	(1)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>6</b>	<b>446</b>
Tax on profit on ordinary activities	<b>6</b>	—	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>6</u></b>	<b><u>446</u></b>

All of the activities of the company are classed as continuing

**Statement of total recognised gains and losses**

There are no recognised gains or losses other than the profit of £6 attributable to the shareholders for the year ended 31 December 2010 (2009 - profit of £446)

The notes on pages 8 to 13 form part of these financial statements



# SKYE SECURITIES LIMITED

## BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors due within one year	7	2,387,096	2,760,924
Cash at bank		47,175	60,953
		<u>2,434,271</u>	<u>2,821,877</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>9,265</u>	<u>24,694</u>
<b>NET CURRENT ASSETS</b>		<u>2,425,006</u>	<u>2,797,183</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,425,006</u>	<u>2,797,183</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	11	1,111,111	1,111,111
Share premium account	12	1,213,889	1,213,889
Other reserves	13	100,000	100,000
Profit and loss account	14	6	372,183
<b>SHAREHOLDERS' FUNDS</b>	15	<u>2,425,006</u>	<u>2,797,183</u>

These financial statements were approved by the directors and authorised for issue on 10 August 2011, and are signed on their behalf by



T.G. WALSH

Company Registration Number 02953938

The notes on pages 8 to 13 form part of these financial statements

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards

The Directors consider the going concern concept to be appropriate due to the continued support of the parent company and other group companies

**Consolidation**

The company was, at the end of the year, a subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

**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**

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investment is derecognised, or impaired, as well as through the amortisation process

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date

**Trade and other debtors**

Trade and other debtors are recognised and carried forward at invoice amounts less provisions for any doubtful debts. Bad debts are written off when identified

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**Cash and cash equivalents**

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

**Interest-bearing loans and borrowings**

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

**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.

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 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.

**2. OPERATING LOSS**

Operating loss is stated after charging

	2010 £	2009 £
Directors' remuneration	—	—
Auditor's remuneration - as auditor	<u>1,200</u>	<u>1,150</u>

**3 PARTICULARS OF EMPLOYEES**

There were no persons employed by the company during the year (2009: none)

**4. PROFIT ON DISPOSAL OF FIXED ASSETS**

	2010 £	2009 £
Profit on disposal of fixed assets	<u>10,971</u>	<u>19,404</u>

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £	2009 £
Interest payable on bank borrowing	—	1
	<u>—</u>	<u>1</u>

**6. TAXATION ON ORDINARY ACTIVITIES**

**Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 30%)

	2010 £	2009 £
Profit on ordinary activities before taxation	6	446
	<u>6</u>	<u>446</u>
Profit on ordinary activities by rate of tax	2	134
Non taxable losses/(profit)	(2)	(134)
	<u>—</u>	<u>—</u>
Total current tax	—	—

**Factors that may affect future tax charges**

The company has not made any adjustment for the potential deferred tax assets arising on the company losses carried forward of £29,377 as the directors do not consider that there is sufficient certainty concerning the future profits of the company

**7. DEBTORS**

	2010 £	2009 £
Amounts owed by group undertakings	2,387,096	2,760,924
	<u>2,387,096</u>	<u>2,760,924</u>

**8. CREDITORS: Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	—	10,971
Accruals and deferred income	9,265	13,723
	<u>9,265</u>	<u>24,694</u>

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company holds or issues financial instruments in order to achieve three main objectives, being

- (a) to finance its operations,
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- (c) for trading purposes

The principal financial instruments comprise finance leases, cash and short-term deposits. In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

The company has no derivative transactions. It is the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The company monitors the market price risk arising from all financial instruments.

***Interest rate risk***

The Company's exposure to market risk for changes in interest rates is negligible and the Company's exposure to variable rate instruments is not material.

***Credit risk***

The company is not exposed to significant credit.

***Liquidity risk***

The company monitors its risk to a shortage of funds and considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of inter-company and shareholder loans.

***Currency risk***

The company is not exposed to significant foreign currency risk nor does it intend to significantly increase its overseas operations.

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. RELATED PARTY TRANSACTIONS**

During the year there was no payment made to Fineluck Limited an undertaking in which N J C Turnbull, a director of the company has an interest for consultancy and professional services amounting to £Nil (2009 -£1,005)

During the year the company incurred management charges of £7,620 (2009 £21,198) from Terrace Hill (Management) Limited, an undertaking in which T Walsh a director of the company is a director

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Sky Investments Limited

**11. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2010		2009	
	No	£	No	£
1,111,111 Ordinary shares of £1 each	<u>1,111,111</u>	<u>1,111,111</u>	<u>1,111,111</u>	<u>1,111,111</u>

**12. SHARE PREMIUM ACCOUNT**

There was no movement on the share premium account during the financial year

The share premium account arose from the issue of 1,000,000 ordinary £1 shares at £1 25 per share, and the issue of 111,111 ordinary £1 shares at £10 675 per share

**13. OTHER RESERVES**

	2010	2009
	£	£
Capital redemption reserve	<u>100,000</u>	<u>100,000</u>

**14. PROFIT AND LOSS ACCOUNT**

	2010	2009
	£	£
Balance brought forward	372,183	371,737
Profit for the financial year	6	446
Equity dividends	<u>(372,183)</u>	<u>—</u>
Balance carried forward	<u>6</u>	<u>372,183</u>

**SKYE SECURITIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Profit for the financial year	6	446
Equity dividends	<u>(372,183)</u>	<u>—</u>
Net (reduction)/addition to shareholders' funds	<u>(372,177)</u>	446
Opening shareholders' funds	<u>2,797,183</u>	<u>2,796 737</u>
Closing shareholders' funds	<u><b>2,425,006</b></u>	<u><b>2,797,183</b></u>

**16. ULTIMATE PARENT COMPANY**

The immediate parent company is Skye Holdings Limited a company registered in Scotland. The ultimate parent company is Skye Investments Limited which is registered in England and Wales.

Throughout the period, the company was controlled by RFM Adair and persons connected to him. RFM Adair is a director of both Skye Holdings Limited and Skye Investments Limited.