

Carmelite Property Management Limited

Director's report and financial statements

Registered number 3182775

31 December 2012

TUESDAY



A26

A2CQ3POG

16/07/2013

#113

COMPANIES HOUSE

Contents

Director's report	1
Statement of directors' responsibilities in respect of the Director's Report and the financial statements	4
Independent auditor's report to the members of Carmelite Property Management Limited	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Reconciliation of movements in shareholder's funds	9
Notes	9

Director's report

The director presents the annual report and the audited financial statements for Carmelite Property Management Limited, registered number 03182775 ("the company") for the year ended 31 December 2012

Principal activity

The principal activity of the company is the management of a portfolio of onerous property lease obligations

Business review

Financial overview

The company made a loss before taxation for the year of £1,229,000 (2011 profit of £3,939,000)

The company's net operating expenses for the year were £2,431,000 (2011 £56,000) and net interest received was £1,652,000 (2011 £2,587,000). The increase in expenses in the current year is due to an increase in provisions for costs associated with the Nottingham property, the lease of which has an expiry date of 24 March 2063

During the year the company did not dispose of any of its leasehold property interests by way of surrender to landlords (2011 1). The leases on 11 properties expired (2011 1) as the portfolio continues to reduce

The company holds its long leasehold interest in the Nottingham property as an investment property however this has been ascribed a fair value of nil at the balance sheet date

Going concern

The company has prepared cash flow forecasts to 31 December 2014. The cashflows indicate that, the company has sufficient funds to meet its obligations during this period

Consequently the director has continued to adopt the going concern basis in preparing the annual report and financial statements

Loans to Co-Investment Limited ("Co-Invest")

The company has an outstanding loan balance of £39,975,000 (2011 £41,751,000) with Co-Invest, including accrued interest to the balance sheet date. This single loan is a consolidation of three loans which were outstanding at 31 December 2011 less repayments received during the year

On 1 May 2012 the three loans outstanding at that date were partly repaid by the assignment of a loan receivable by Co-Invest from telent Limited and the balance remaining immediately after the assignment was reduced to £38,973,000. On the same date the loans were consolidated under a single agreement. The interest rate was amended from a fixed rate of 4% to a floating rate of LIBOR plus 3% to ensure the return reflects future market movements plus an adequate margin for risk and the company's ability to require repayment on demand was limited to £2,500,000 for the duration of the loan. The maturity date remained at 31 December 2014

Loan to telent Limited

On 1 May 2012 the company agreed to the assignment of a €4,000,000 loan made by Co-Invest to telent Limited, a limited company incorporated in England and a fellow subsidiary of Co-Invest. The sterling value of the loan at the transfer date was £3,261,000. It is repayable on 31 March 2014 and earns interest at 12 month EURIBOR plus 5% payable annually

The consideration for the loan, together with accrued interest totalling £62,000, was applied to repay in full the remaining balance of the Co-Invest loan dated 30 November 2009 with the remainder used to reduce the other loans due from Co-Invest by £1,954,000

On 1 October 2012 telent Limited repaid £2,002,000 (€2,518,000). The balance outstanding at 31 December 2012 was £1,373,000 (€1,683,000) including interest accrued to the balance sheet date

Director's report *(continued)*

Business review *(continued)*

Strategy

The strategy adopted by the company during the year has been to continue to manage the property portfolio and seek opportunities for early termination of existing leases where terms are commercially acceptable. The company has also continued in the execution of the CCL group simplification programme by ensuring its remaining assets and those of its remaining subsidiary undertakings are realised and their liabilities settled.

Dividends

The director does not recommend the payment of any dividends *(2011 nil)*

Financial risk management objectives and policies

The principal financial assets of the company as at 31 December 2012 are loans to related parties, cash and trade and other receivables. Its principal financial liabilities are trade creditors and accruals and amounts due under onerous property lease obligations. The main risks arising from these financial instruments are credit risk, liquidity risk and interest rate risk. The director reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The risk of impairments in value being required against these assets and policy for repayment of intra group loans is managed as part of the overall financial strategy for the Tusk Group.

Liquidity risk

The company's objective is to maintain a balance between higher returns on longer term investments and flexibility for regular payments on the property portfolio through the preparation of detailed cash flows, ensuring the Group has sufficient cash available on demand to cover its net commitments under the property portfolio and working with the Tusk Group on the timing of loan repayments.

Cash flows prepared by the company to 31 December 2014 indicate that it will require full repayment of the loan to Telent Limited in accordance with the terms of that loan to meet its obligations. According to its most recent audited financial statements Telent Limited has cash of £5.9m available for repayment of the loan at 31 March 2012. Under the terms of the loan agreement Telent report their available cash balance to the company on a weekly basis.

Interest rate risk

The exposure of the company to interest rate fluctuations is limited to the return on its loans to related parties and the discount rate applied to calculate the present value of its financial liabilities.

Directors

The directors who held office during the year and subsequently were as follows:

K Gozzett	
R D Taylor	(resigned 10 January 2012)
D Deasy	(appointed 10 January 2012, resigned 7 February 2012)

Political and charitable contributions

The Company made no charitable donations during the year *(2011 nil)*. The Company made no political contributions during the year *(2011 nil)*.

Director's report *(continued)*

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirm that, so far as she is aware, there is no relevant audit information of which the company's auditor is unaware, and she has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in the office

On behalf of the board



K Gozzett
Director

10 July 2013

14 Cornhill,
London
EC3V 3ND

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Carmelite Property Management Limited

We have audited the financial statements of Carmelite Property Management Limited for the year ended 31 December 2012 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Carmelite Property Management Limited *(continued)*

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



Simon Baxter (Senior Statutory Auditor)

for and on behalf of KPMG Audit plc, Statutory Auditor

Chartered Accountants

Arlington Business Park
Theale
Reading RG7 4SD

Date 15 July 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Net operating expenditure	2-3	(2,431)	(56)
Other operating income	4	-	1,408
Operating (loss)/profit		(2,431)	1,352
Amounts written off investments		(450)	-
Interest receivable and similar income	5	1,652	2,828
Interest payable and similar charges	6	-	(241)
(Loss)/profit on ordinary activities before taxation		(1,229)	3,939
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit for the financial year	14	(1,229)	3,939

The notes on pages 9 to 17 form a part of these financial statements

All results relate to continuing operations

There is no material difference between the result on a historical cost basis and that described in the profit and loss account

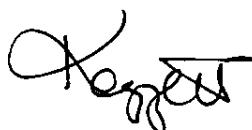
The company has no recognised gains or losses other than the loss retained for the financial year

Balance sheet
at 31 December 2012

	<i>Note</i>	31 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	8	-	-	-	450
Investments	9	-	-	-	-
			-		450
Current assets					
Debtors (including £41,347,000 (2011 £41,751,000) due after more than one year)	10	42,246		43,344	
Cash at bank and in hand		2,892		1,638	
		45,138		44,982	
Creditors: amounts falling due within one year	11	(917)		(1,119)	
Net current assets			44,221		43,863
Total assets less current liabilities			44,221		44,313
Provisions for liabilities and charges	12	(3,546)		(2,409)	
Net assets			40,675		41,904
Capital and reserves					
Called up share capital	13	26,509		26,509	
Capital redemption reserve	14	86,779		86,779	
Profit and loss account	14	(72,613)		(71,384)	
Shareholder's funds			40,675		41,904

The notes on pages 9 to 17 form a part of these financial statements

These financial statements of Carmelite Property Management Limited, registered number 3182775, were approved by the director on 10 July 2013 and were signed on its behalf by



K Gozzett
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Carmelite Capital Limited ('CCL'), the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the CCL group (or investees of the group qualifying as related parties). The consolidated financial statements of CCL, within which this company is included, can be obtained from the address given in note 19.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Investment Property

Investment in long leasehold properties not for occupation by the company are classified as investment properties and are carried at fair value, with permanent changes in fair value included in the profit and loss account and temporary changes included in a revaluation reserve. Investment properties are valued every three years by Doherty Baines, a firm of qualified surveyors, using the Royal Institution of Chartered Surveyors guidelines.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Notes (continued)

2 Auditors remuneration

The fees for the audit of these financial statements were £10,000 (2011 £15,000). The company also bore audit fees amounting to £12,000 (2011 £14,000) in respect of other members of the CCL Group.

3 (Loss)/profit on ordinary activities

Profit on ordinary activities after taxation is stated after crediting/(charging)

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Property costs		
- rentals payable under operating leases	2,674	2,829
- increase/(decrease) in provision for onerous property leases (see note 12)	1,137	(1,617)
- revaluation of long leasehold (see note 10)	450	-
- rents receivable net of other property costs	(1,711)	(1,494)

4 Other operating income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Refund of VAT overpaid	-	1,408

5 Interest receivable and similar income

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Other interest receivable	5	1,224
On amounts receivable from related parties (see note 10)	1,647	1,604
	<u>1,652</u>	<u>2,828</u>

Notes (continued)

6 Interest payable and similar charges

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Reversal of discounting of provision for onerous property leases (see note 12)	-	241

7 Taxation

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
<i>UK corporation tax</i>		
Adjustments in respect of prior years	-	-
Current tax charge on profit on ordinary activities	-	-

The current tax charge for the year is lower (2011 lower) than the standard rate of corporation tax in the United Kingdom of 24.5% (2011 26.5%). The differences are explained below

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before taxation	(1,229)	3,939
Current tax at 24.5% (2011 26.5%)	(301)	1,044
<i>Effects of</i>		
Capital allowances for year in excess of depreciation	(5)	(7)
Profits covered by brought forward tax losses	(405)	(1,407)
Tax losses carried forward	711	-
Adjustment in respect of prior year	-	370
Total current tax charge (see above)	-	-

Factors that may affect future tax charge

The 2013 Budget, announced on 21 March 2012, included provisions for the UK corporation tax rate to reduce to 20% in April 2015

The rate in effect at 31 December 2012 was 24% (effective from 1 April 2012). A reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Future planned reductions are included in the Finance Bill 2013 which is still to be enacted.

Notes (continued)

7 Taxation

Tax losses

The company has the following losses carried forward which may give rise to reduced tax charges in the future

	Losses		Tax value	
	31 December 2012 £000	31 December 2011 £000	31 December 2012 £000	31 December 2011 £000
Trading	18,667	18,243	4,340	4,834
Loan relationships	5,593	5,593	1,300	1,482
Property	8,951	8,128	2,081	2,154
	<u>33,211</u>	<u>31,964</u>	<u>7,721</u>	<u>8,470</u>

8 Fixed assets

	Long leasehold - Investment Property £000
<i>Cost</i>	
At beginning and end of year	2,144
<i>Impairment</i>	
At beginning of year	1,694
Charge for year	450
At end of year	2,144
<i>Net book value</i>	
At 31 December 2012	-
At 31 December 2011	450

The long leasehold interest expires on 24 March 2063

The director appointed Doherty Baines LLP, a firm of Chartered Surveyors and the company's property advisors, to perform a review of this lease at 31 December 2012. Based on their findings the director concluded that the fair value of the property had reduced to nil due to the difficulties encountered in disposing of the property in its current state.

Notes (continued)

9 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning of year	1,614
Disposed	-
	<hr/>
At 31 December 2012	1,614
	<hr/>
Provisions	
At beginning of year	1,614
Disposed	-
	<hr/>
At end of year	1,614
	<hr/>
Net book value	
At 31 December 2012	-
	<hr/>
At 31 December 2011	-
	<hr/>

Impairment of investments

The director conducted an impairment review of the company's investments and concluded that the value of the intellectual property assets held by Thorn (IP) Limited remains too uncertain to recognise. Consequently, the carrying value of the investment in these companies is nil (2011 nil).

The undertakings in which the company has an interest at the year-end are as follows

	Country of incorporation	Principal activity	Shares	Percentage of shares held
Thorn (IP) Limited *	England	Holder of intellectual property rights	Ordinary	100
Thorn Limited	England	Dormant	Ordinary	100

* denotes investment held directly by the company at 31 December 2012

Notes (continued)

10 Debtors

	31 December 2012 £000	31 December 2011 £000
Trade debtors	208	243
Amounts due from related parties (including £41,347,000 (2011 £41,751,000) due in more than one year)	41,347	41,751
Other debtors	1	22
Prepayments	690	1,328
	<u>42,246</u>	<u>43,344</u>

In addition to the amounts shown above, the company is also owed £71,798,000 (2011 £71,798,000) by Carmelite Finance Limited. The loan is repayable on demand with no fixed maturity date and on 1 January 2009 it was re-designated as interest free. The director has performed an impairment review to assess the recoverable amount which at 31 December 2012 was assessed to be nil.

Amounts due from related parties comprises two loans

Loan to Co-Invest

The company's outstanding loan balance with co-Invest is valued at £39,975,000 (2011 £41,751,000) including accrued interest to the balance sheet date. This single loan is a consolidation of three loans which were outstanding at 31 December 2011 less repayments received during the year.

On 1 May 2012 the three loans outstanding at that date were partly repaid by the assignment of a loan receivable by Co-Invest from telent Limited and the balance remaining immediately after the assignment was reduced to £38,973,000. On the same date the loans were consolidated under a single agreement. The interest rate was amended from a fixed rate of 4% to a floating rate of LIBOR plus 3% to ensure the return reflects future market movements plus an adequate margin for risk and the company's ability to require repayment on demand was limited to £2,500,000 for the duration of the loan. The maturity date remained at 31 December 2014.

Loan to telent Limited

On 1 May 2012 the company agreed to the assignment of a €4,000,000 loan made by Co-Invest to telent Limited, a limited company incorporated in England and a fellow subsidiary of Co-Invest. The sterling value of the loan at the transfer date was £3,261,000. It is repayable on 31 March 2014 and earns interest at 12 month EURIBOR plus 5% payable annually. The consideration for the loan, together with accrued interest totalling £62,000, was applied to repay in full the remaining balance of the Co-Invest loan dated 30 November 2009 with the remainder used to reduce the other loans due from Co-Invest by £1,954,000.

On 1 October 2012 telent Limited repaid £2,002,000 (€2,518,000). The balance outstanding at 31 December 2012 was £1,373,000 (€1,683,000) including interest accrued to the balance sheet date.

11 Creditors: amounts falling due within one year

	31 December 2012 £000	31 December 2011 £000
Trade creditors	5	28
Amounts owed to fellow group undertakings	1	1
Other creditors	141	244
Accruals and deferred income	770	846
	<u>917</u>	<u>1,119</u>

Notes (continued)

12 Provisions for liabilities and charges

		Onerous leases £000
At beginning of year		2,409
Utilised during the year	(899)	
Released unutilised	(81)	
Additional amounts provided during the year	<u>2,117</u>	<u>1,137</u>
Reversal of discounting of provision for onerous property leases		-
At end of year		<u><u>3,546</u></u>

Onerous leases

The company was guarantor to 109 property lease agreements that were previously disposed of as part of the sale of the UK rental businesses in June 2000 to Box Clever Technology Limited ("BCTL"). During the year to 31 March 2004, certain BCTL subsidiaries entered into administrative receivership, and claims have subsequently been received in relation to certain of these guarantees.

As at 31 December 2012, the company has taken an assignment of 55 (2011: 55) leases from certain subsidiaries of BCTL, in order to gain managerial control of these leases. These leases can be broken down as follows:

	Start of year	Surrendered	Expired	End of year
Remaining obligation	13	-	(3)	10
Acquired & Sold Freehold	3	-	-	3
Acquired & Retained Long Leasehold	1	-	-	1
Guaranteed & Reassigned	8	-	(2)	6
Surrendered	20	-	(6)	14
Expired	10	-	11	21
	<u>55</u>	<u>-</u>	<u>-</u>	<u><u>55</u></u>

In accordance with FRS 12 'Provisions, contingent liabilities and assets', a provision has only been recognised for the net cost after adjusting for sub-tenant income and deducting an amount for repairs and dilapidations of the 11 (2011: 14) leases assigned to the company, which have not been disposed of as at the balance sheet date.

No provision has been made for the 17 leases (2011: 22) that have been assigned but have not yet expired and in respect of which the company has a contingent liability under the Landlord and Tenant Act (Covenants) 1995, as it remains guarantor of the obligations and covenants transferred to the assignee for the remainder of the lease term. This total includes 11 (2011: 14) leases assigned prior to the reversion of the 55 leases to the company.

As of the date of approval of these financial statements, no landlords have sought to enforce their guarantee rights in respect of the leases assigned to third parties.

The increase in the provision during the year is due to an increase in provisions for costs associated with the Nottingham property, the lease of which has an expiry date of 24 March 2063.

Notes (continued)

13 Called up share capital

	31 December 2012 £000	31 December 2011 £000
<i>Allotted, called up and fully paid</i>		
461,030,115 ordinary shares of 5 75 pence each	26,509	26,509

14 Profit and loss account and other reserves

	Capital redemption reserve £000	Profit and loss account £000
At beginning of year	86,779	(71,384)
Loss for the year	-	(1,229)
At end of year	86,779	(72,613)

15 Contingent assets and liabilities

Property lease guarantees

The company has a contingent liability under the Landlord and Tenant Act (Covenants) 1995 (see note 12)

The company does not expect that the assignees of these leases will fail and consequently no provision has been made for any liability that may arise under these guarantees as it is unlikely that the landlords will have to enforce their contractual rights against the company

16 Commitments

Annual commitments under non-cancellable operating leases for land and buildings are as follows

	31 December 2012 £000	31 December 2011 £000
Company		
Operating leases which expire		
Within one year	409	127
Between one and two years	1,721	796
In the second to fifth years inclusive	-	1,721
	2,130	2,644

The majority of leases of land and buildings are subject to rent reviews

Notes (continued)

17 Post balance sheet events

On 1 April 2013, the loan balance due from telent Limited was re-designated from a euro denominated to a sterling denominated loan. The balance, including accrued interest at this date was €1,499,000 which was converted to £1,263,000 at the spot rate ruling at that date and the applicable interest rate was changed from 12 month EURIBOR plus 5% to 12 month LIBOR plus 5% paid annually. The loan was repaid in full on 24 May 2013.

18 Related party transactions

As at 31 December 2012, Tusk Investments No 2 LP Inc ("Tusk 2"), a Guernsey incorporated limited partnership acting through its general partner Tusk Corporation GP Limited ("Tusk GP"), a Guernsey incorporated limited company, held 100% of the issued share capital of CCL, the largest group of which the company is a member and for which group financial statements are prepared.

Tusk 2 and telent Limited are wholly owned subsidiaries of Co-Invest.

The director regards Tusk LP Inc ("Tusk LP"), a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

The director therefore considers Tusk GP, Tusk LP, Tusk Investments LP Inc, Co-Invest, Tusk Corporation Finance Ltd, telent Limited and Tusk 2 to be related parties for the year ended 31 December 2012.

The company had no significant transactions during the year or balances with Tusk LP, Tusk 2 and Tusk GP.

Co-Invest

The company had the following transactions during the year and balances with Co-Invest at 31 December 2012:

The company has an outstanding loan balance due from Co-Invest of £39,975,000 (2011 £41,751,000), including interest accrued to the balance sheet date. Further details of this loan and the movements during the year are contained in Note 10.

Interest accrued on the loan during the year was £1,547,000 (2011 £1,604,000).

telent Limited

The company had the following transactions during the year and balances with telent Limited at 31 December 2012:

On 1 May 2012 the company agreed to the assignment of a €4,000,000 loan made by Co-Invest to telent Limited, a limited company incorporated in England and a fellow subsidiary of Co-Invest. The sterling value of the loan at the transfer date was £3,261,000. It is repayable on 31 March 2014 and earns interest at 12 month EURIBOR plus 5% payable annually. The company has an outstanding loan balance due from telent Limited of £1,373,000 (2011 nil), including interest accrued to the balance sheet date. Further details of this loan and the movements during the year are contained in Note 10.

Interest income recognised in the profit and loss account on this loan during the year totalled £100,000 (2011 nil).

19 Ultimate parent and parent undertakings of larger group

The director regards Tusk Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

CCL is the largest and smallest group of which the company is a member and for which group financial statements are prepared. Copies of the financial statements are available to the public and may be obtained from 14 Cornhill, London, EC3V 3ND.