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Peverel Freeholds No.2 Limited

Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

Peverel Freeholds No.2 Limited

Registered No 03229749

DIRECTORS

N G Bannister FIRPM
K C Rutherford FIRPM
M J Gaston
W K Proctor

SECRETARY

D C Edwards LLB

AUDITORS

BDO Stoy Hayward LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

BANKERS

Bank of Scotland
2nd Floor
Pentland House
8 Lochside Avenue
Edinburgh
EH12 9DJ

REGISTERED OFFICE

Queensway House
11 Queensway
New Milton
Hampshire
BH25 5NR

Peverel Freeholds No 2 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 December 2007

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company changed its name from Shelfco (No 1229) Limited on 27 September 2007 and commenced trading on 30 November 2007. The company's principal activity during the year was that of an investment company. The directors look forward to the year ahead with confidence.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £26,257. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were as follows:

N G Bannister

K C Rutherford

M J Gaston (Appointed 31 May 2007)

W K Proctor (Appointed 31 May 2007)

The directors are not liable to retire by rotation.

INSURANCE OF COMPANY OFFICERS

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

AUDITORS

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



D C Edwards

Secretary

30 September 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 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

Peverel Freeholds No 2 Limited

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of Peverel Freeholds No.2 Limited

We have audited the company's financial statements (the "financial statements") of Peverel Freeholds No 2 Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses 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 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

Peverel Freeholds No 2 Limited

REPORT OF THE INDEPENDENT AUDITORS (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 company's affairs as at 31 December 2007 and of its profit 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 directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Southampton
17 October 2008

Peverel Freeholds No 2 Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
TURNOVER		29,235	-
OPERATING PROFIT	2	29,235	-
Interest receivable		4	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29,239	-
Tax on profit on ordinary activities	3	(2,982)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		26,257	-

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2007

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2007 of £26,257 (2006 £nil)

Peverel Freeholds No.2 Limited

BALANCE SHEET at 31 December 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	4	1,788,682	-
CURRENT ASSETS			
Debtors	5	4,624,447	1
Cash at bank and in hand		1,879	-
		4,626,326	1
CREDITORS amounts falling due within one year	6	(3,381,115)	-
NET CURRENT ASSETS		1,245,211	1
CREDITORS amounts falling due after more than one year			
Loans	7	(3,007,635)	-
		26,258	1
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	26,257	-
SHAREHOLDERS' FUNDS - equity interests		26,258	1

These financial statements were approved and authorised for issue by the board of directors on 30 September 2008 and were signed on its behalf by



N G Bannister
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2007

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and with the requirements of the Companies Act 1985

Cash flow statement

Advantage has been taken of the exemption available under Financial Reporting Standard 1 not to prepare a cash flow statement as the consolidated financial statements of the Aztec Opco Developments Limited group in which the company is included are publicly available

Related parties

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Aztec Opco Developments Limited or other group undertakings as the consolidated financial statements of the Aztec Opco Developments Limited group in which the company is included are publicly available

Taxation

The charge for taxation is based on the profit 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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Freehold and leasehold investment properties

In accordance with Statement of Standard Accounting Practice No 19 (as amended)

- Investment properties are included in the balance sheet at their open market value. Changes in the market value of investment properties are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year, and
- No depreciation or amortisation is provided in respect of leasehold investment properties with over 20 years to run

This treatment, as regards the company's investment properties, is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount that might otherwise have been shown cannot be separately identified or quantified

Peverel Freeholds No.2 Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2007

2. OPERATING PROFIT

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Peverel Freeholds No 2 Limited is a member, amounted to £82,500 (2006 £98,500)

The directors were paid by the immediate parent undertaking, Peverel Limited, of which they are also directors. The directors' remuneration for the UK group amounted to £3,662,100 (2006 £957,144). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

There were no staff employed during the year.

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge is made up as follows

	2007 £	2006 £
Current tax		
Group relief	2,982	-
Total current tax	2,982	-

(b) 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 30%.

	2007 £	2006 £
Profit on ordinary activities before tax	29,239	-
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	8,772	-
Group interest adjustments	(5,790)	-
Total current tax	2,982	-

Peverel Freeholds No 2 Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2007

4. INVESTMENTS

	<i>Freehold and Leasehold Reversions £</i>
Cost and net book value At 1 January 2007	-
Additions	1,788,682
At 31 December 2007	<u>1,788,682</u>

5. DEBTORS

	<i>2007 £</i>	<i>2006 £</i>
Trade debtors	5,641	-
Amounts owed from parent undertaking	-	1
Amounts due from fellow subsidiary undertakings	1,293,957	-
Prepayments and accrued income	3,324,849	-
	<u>4,624,447</u>	<u>1</u>

6 CREDITORS: amounts falling due within one year

	<i>2007 £</i>	<i>2006 £</i>
Trade creditors	4,645	-
Group relief	2,982	-
Amounts due to related parties	3,373,488	-
	<u>3,381,115</u>	<u>-</u>

Peverel Freeholds No.2 Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2007

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR LOANS

	2006 £	2005 £
Amounts repayable in more than one year but not more than two years	3,007,635	-

The loan is payable to a related party, Fairhold Holdings No 4 (Appts) Limited. The rate of interest payable is 3% over LIBOR. The loan is secured by charges over various freehold properties of the company.

8. SHARE CAPITAL

	2007 <i>No</i>	<i>Authorised</i> 2006 <i>No</i>	<i>Allotted, called up and fully paid</i> 2007 £	2006 £
Ordinary shares of £1 each	1	1	1	1

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit & loss account</i> £	<i>Total share- holders' funds</i> £
At 1 January 2005 and 1 January 2006	1	-	1
Profit for the year	-	26,257	26,257
At 31 December 2007	1	26,257	26,258

Peverel Freeholds No.2 Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2007

10 RELATED PARTY TRANSACTIONS

Peverel Freeholds No 2 Limited is a subsidiary of Euro Investments Overseas Inc, a company incorporated in the British Virgin Islands

Peverel Property Ownership Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having a common ultimate parent undertaking and part common Directors. During the year Peverel Freeholds No 2 Limited acquired investment properties from Peverel Property Ownership Limited or one of its subsidiaries for a total consideration of £1,562,663

A liability of £3,373,488 was outstanding at 31 December 2007. This liability is an interest free balance held between Peverel Freeholds No 2 Limited and those related parties.

A liability of £3,007,635 was also outstanding at 31 December 2007. This liability represents the loan disclosed in note 7 with Fairhold Holdings No 4 (Appts) Limited, a related party due to common control.

It is group policy to make available any current year losses arising in group companies (where not offset against taxable profits within that company) to other group companies for offset against taxable profits arising, with a view to minimising the group's overall effective tax rate.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with Peverel Property Ownership Limited or its subsidiaries.

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking is Euro Investments Overseas Inc, a company incorporated in the British Virgin Islands and the ultimate controlling party is The Tchenguiz Family Trust. Peverel Group Limited is the largest and smallest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.