

3300281

Peer Holdings Limited

Report and Financial Statements

Year Ended

31 July 2005



BDO
BDO Stoy Hayward
Chartered Accountants

Peer Holdings Limited

Annual report and financial statements for the year ended 31 July 2005

Contents

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses and note of historical cost profit and losses
7	Balance sheet
8	Notes forming part of the financial statements

Directors

M B Birrane
P J Smith
H Dawson
A P Birrane Rule
B K Birrane
S A Birrane

Secretary and registered office

P J Smith, The Peer Suite, The Hop Exchange, 24 Southwark St, London SE1 1TY

Company number

3300281

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Peer Holdings Limited

Report of the directors for the year ended 31 July 2005

The directors present their report together with the audited financial statements for the year ended 31 July 2005.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity was that of property investment and dealing.

Directors

The directors of the company during the year were:

M B Birrane	
R W Couchman	(resigned 31 December 2004)
P J Smith	
H Dawson	
A P Birrane Rule	(appointed 1 January 2005)
B K Birrane	(appointed 1 January 2005)
S A Birrane	(appointed 1 January 2005)

No director had any beneficial interest in the share capital of the company.

The directors interests in the shares of the ultimate parent undertaking are shown in the financial statements of that company.

Directors' responsibilities

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; and
- 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.

Peer Holdings Limited

Report of the directors for the year ended 31 July 2005 (*Continued*)

Auditors

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.

By order of the board

P. J. Smith .

Secretary

Date: 14 / 2 / 2006

Peer Holdings Limited

Report of the independent auditors

To the shareholders of Peer Holdings Limited

We have audited the financial statements of Peer Holdings Limited for the year ended 31 July 2005 on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

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 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

Peer Holdings Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

Date: 14/2/06.

Peer Holdings Limited**Profit and loss account for the year ended 31 July 2005**

	Note	2005 £	2004 £
Turnover	2	2,397,013	339,995
Administrative expenses		356,560	132,596
		<hr/>	<hr/>
Operating profit	3	2,040,453	207,399
Other interest receivable and similar income	5	11,022	(87)
Interest payable and similar charges	6	(1,347,522)	(186,878)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		703,953	20,434
Taxation on profit on ordinary activities	7	(221,939)	2,773
		<hr/>	<hr/>
Profit on ordinary activities after taxation		482,014	23,207
Retained profit brought forward	14	112,894	89,687
		<hr/>	<hr/>
Retained profit carried forward	14	594,908	112,894
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 14 form part of these financial statements.

Peer Holdings Limited

Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 July 2005

	2005 £	2004 £
Statement of total recognised gains and losses		
Profit for the financial year	482,014	23,207
Unrealised surplus on revaluation of properties	3,730,000	635,000
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	4,212,014	658,207
	<hr/>	<hr/>
	2005 £	2004 £
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	703,953	20,434
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	703,953	20,434
	<hr/>	<hr/>
Retained historical cost profit for the year after taxation and dividends	482,014	23,207
	<hr/>	<hr/>

The notes on pages 8 to 14 form part of these financial statements.

Peer Holdings Limited

Balance sheet at 31 July 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	8		34,420,000		30,690,000
Current assets					
Debtors	9	11,299,745		12,328,084	
Cash at bank and in hand		453,115		6,483	
		<u>11,752,860</u>		<u>12,334,567</u>	
Creditors: amounts falling due within one year	10	<u>20,212,950</u>		<u>20,776,671</u>	
Net current liabilities			<u>(8,460,090)</u>		<u>(8,442,104)</u>
Total assets less current liabilities			<u>25,959,910</u>		<u>22,247,896</u>
Creditors: amounts falling due after more than one year	11		<u>21,000,000</u>		<u>21,500,000</u>
			<u>4,959,910</u>		<u>747,896</u>
Capital and reserves					
Called up share capital	13		2		2
Revaluation reserve	14		4,365,000		635,000
Profit and loss account	14		594,908		112,894
			<u>4,959,910</u>		<u>747,896</u>
Equity shareholders' funds	15		<u>4,959,910</u>		<u>747,896</u>

The financial statements were approved by the Board on 14/2/2006

H Dawson
Director



The notes on pages 8 to 14 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Peer Group plc and the company is included in consolidated financial statements.

Turnover

Turnover represents gross rents receivable from external tenants. Value added tax is excluded where applicable.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Investment properties

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible fixed assets to be depreciated. In the opinion of the directors, compliance with the standard is 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 of this which might otherwise have been charged cannot be separately identified or quantified.

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2005 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2005 £	2004 £
This is arrived at after charging:		
Audit services	16,000	4,000
	<u> </u>	<u> </u>

4 Employees

There were no employees during the year apart from the directors (2004 - None). None of the directors received any remuneration from the company during either year.

5 Other interest receivable and similar income

	2005 £	2004 £
Bank deposits	11,022	(87)
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2005 £	2004 £
Bank loans	1,347,522	186,878
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

	2005 £	2004 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	220,917	3,167
Adjustment in respect of previous periods	1,022	(5,940)
	<hr/>	<hr/>
Total current tax	221,939	(2,773)
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	703,953	20,434
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 - 30%)	211,186	6,130
Effect of:		
Expenses not deductible for tax purposes	9,731	329
Adjustment to tax charge in respect of previous periods	1,022	(5,940)
Group relief	-	(1,458)
Tax rate differences	-	(1,834)
	<hr/>	<hr/>
Current tax charge for period	221,939	(2,773)
	<hr/>	<hr/>

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2005 (Continued)

8 Tangible fixed assets

	Investment properties £
<i>Cost or valuation</i>	
At 1 August 2004	30,690,000
Revaluations	3,730,000
	<hr/>
At 31 July 2005	34,420,000
	<hr/>
At 31 July 2004	30,690,000
	<hr/>

The valuations of the investment properties were made as at 31 July 2005 by Mr H Dawson FRICS, a director of the company, on an open market basis. No depreciation is provided in respect of these properties.

On a historical cost basis these would have been included at an original cost of £30,055,000 (2004 : £30,055,000).

9 Debtors

	2005 £	2004 £
Trade debtors	40,356	94,932
Amounts owed by group undertakings	11,163,509	12,114,872
Other debtors	12,000	12,000
Prepayments and accrued income	83,880	106,280
	<hr/>	<hr/>
	11,299,745	12,328,084
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2005 (Continued)

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts (secured)	500,000	500,000
Trade creditors	492,607	501,066
Amounts owed to group undertakings	18,688,457	19,473,908
Corporation tax	219,152	3,167
Other taxation and social security	94,496	90,287
Accruals and deferred income	218,238	208,243
	<u>20,212,950</u>	<u>20,776,671</u>

11 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Bank loans (secured)	21,000,000	21,500,000
	<u>21,000,000</u>	<u>21,500,000</u>
Maturity of debt:		
	Loans and overdrafts 2005 £	Loans and overdrafts 2004 £
In one year or less, or on demand	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
In more than one year but not more than two years	500,000	500,000
In more than two years but not more than five years	1,500,000	1,500,000
In more than five years	19,000,000	19,500,000
	<u>21,000,000</u>	<u>21,500,000</u>

The loan is part of a loan facility totalling £22,000,000 (2004 : £22,000,000) at the year end, made available to the company which is secured by a charge over the investment properties

The loan is partly repayable by installments and carries an interest rate averaging 5.96%

The company has entered into a hedging agreement to cap the interest rate on part of the loan, being £11,000,000 at 7% (2004 : £11,000,000 at 7%).

12 Provision for liabilities and charges

There is unprovided deferred tax of £2,714,100 (2004: £1,781,100). This arose on the transfer and revaluation of investment properties and has not been recognised as there is no binding sale agreement.

13 Share capital

	2005 £	2004 £
<i>Authorised</i>		
<i>Equity share capital</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
	2005 £	2004 £
<i>Allotted, called up and fully paid</i>		
<i>Equity share capital</i>		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2004	635,000	112,894
Revaluation surplus	3,730,000	-
Profit for the year	-	482,014
	<hr/>	<hr/>
At 31 July 2005	4,365,000	594,908
	<hr/>	<hr/>

15 Reconciliation of movements in shareholder's funds

	2005 £	2004 £
Profit for the year	482,014	23,207
Other net recognised gains and losses relating to the year	3,730,000	635,000
	<hr/>	<hr/>
Net additions to shareholder's funds	4,212,014	658,207
Opening shareholder's funds	747,896	89,689
	<hr/>	<hr/>
Closing shareholder's funds	4,959,910	747,896
	<hr/>	<hr/>

16 Related party disclosures

Related party transactions and balances

The company is under the control of Peer Group plc, registered in England, which the directors regard as the company's ultimate parent undertaking.

Peer Group plc prepares consolidated financial statements for the group and transactions between group companies are not generally disclosed in the financial statements of the subsidiary companies in accordance with the exemption given under Financial Reporting Standard No.8 'Related Party Disclosures'.

None of the directors or their related parties had any transactions with the company except in the normal course of their duties.