

**Peer Holdings Limited**

Report and Financial Statements

Year Ended

31 July 2006

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BDO Stoy Hayward

Chartered Accountants

## **Peer Holdings Limited**

### **Annual report and financial statements for the year ended 31 July 2006**

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#### **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, W1M 1DA

## **Peer Holdings Limited**

### **Report of the directors for the year ended 31 July 2006**

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The directors present their report together with the audited financial statements for the year ended 31 July 2006.

#### **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  
P J Smith  
H Dawson  
A P Birrane Rule  
B K Birrane  
S A Birrane

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**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable 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; 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 2006 (*Continued*)**

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**Auditors**

All of the current 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 purposes 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.

The company has taken the exemptions available in section 246 of the Companies Act 1985 in respect of the directors' report relating to small companies.

**By order of the board**

*P. J. Smith*

P Smith

**Secretary**

Date: 28 February 2007

**To the shareholders of Peer Holdings Limited**

We have audited the financial statements of Peer Holdings Limited for the year ended 31 July 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits 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*

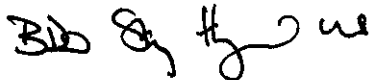
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 as at 31 July 2006 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*  
London

Date: 28 February 2007

**Peer Holdings Limited**

**Profit and loss account for the year ended 31 July 2006**

	Note	2006 £	2005 £
Turnover	2	2,571,982	2,397,013
Administrative expenses		649,153	356,560
		<hr/>	<hr/>
Operating profit	3	1,922,829	2,040,453
Other interest receivable and similar income	5	20,446	11,022
Interest payable and similar charges	6	(1,274,669)	(1,347,522)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		668,606	703,953
Taxation on profit on ordinary activities	7	137,028	(221,939)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		805,634	482,014
		<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 2006**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
<b>Statement of total recognised gains and losses</b>		
Profit for the financial year	<b>805,634</b>	482,014
Unrealised surplus on revaluation of properties	<b>1,050,000</b>	3,730,000
	<hr/>	<hr/>
<b>Total recognised gains and losses for the financial year</b>	<b>1,855,634</b>	4,212,014
	<hr/>	<hr/>
	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
<b>Note of historical cost profits and losses</b>		
Reported profit on ordinary activities before taxation	<b>668,606</b>	703,953
	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>668,606</b>	703,953
	<hr/>	<hr/>
<b>Historical cost profit for the year after taxation</b>	<b>805,634</b>	482,014
	<hr/>	<hr/>

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



**Peer Holdings Limited**

**Balance sheet at 31 July 2006**

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	8		35,470,000		34,420,000
<b>Current assets</b>					
Debtors	9	11,204,323		11,299,745	
Cash at bank and in hand		323,112		453,115	
		<u>11,527,435</u>		<u>11,752,860</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>19,681,891</u>		<u>20,212,950</u>	
<b>Net current liabilities</b>			<u>(8,154,456)</u>		<u>(8,460,090)</u>
<b>Total assets less current liabilities</b>			27,315,544		25,959,910
<b>Creditors: amounts falling due after more than one year</b>	11		<u>20,500,000</u>		<u>21,000,000</u>
			<u>6,815,544</u>		<u>4,959,910</u>
<b>Capital and reserves</b>					
Called up share capital	13		2		2
Revaluation reserve	14		5,415,000		4,365,000
Profit and loss account	14		1,400,542		594,908
			<u>6,815,544</u>		<u>4,959,910</u>
<b>Shareholders' funds</b>	15		<u>6,815,544</u>		<u>4,959,910</u>

The financial statements were approved by the board of directors and authorised for issue on 28 February 2007.

*P. J. Smith*

P Smith  
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.

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 2006 (Continued)

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#### 2 Turnover

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

#### 3 Operating profit

	2006 £	2005 £
This is arrived at after charging:		
Audit services	11,000	16,000
	<u>11,000</u>	<u>16,000</u>

#### 4 Employees

Staff costs (including directors) consist of £Nil (2005 - £Nil).

There were no employees during the year apart from the directors (2005 - None). None of the directors received any remuneration from the company during either year.

#### 5 Other interest receivable and similar income

	2006 £	2005 £
Bank deposits	20,446	11,022
	<u>20,446</u>	<u>11,022</u>

#### 6 Interest payable and similar charges

	2006 £	2005 £
Bank loans	1,274,669	1,347,522
	<u>1,274,669</u>	<u>1,347,522</u>

**Peer Holdings Limited**

**Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)**

**7 Taxation on profit on ordinary activities**

	2006 £	2005 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	2,850	220,917
Adjustment in respect of previous periods	(139,878)	1,022
	<u>          </u>	<u>          </u>
Total current tax	(137,028)	221,939
	<u>          </u>	<u>          </u>

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

	2006 £	2005 £
Profit on ordinary activities before tax	668,606	703,953
	<u>          </u>	<u>          </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	200,582	211,186
Effect of:		
Expenses not deductible for tax purposes	27,017	9,731
Adjustment to tax charge in respect of previous periods	(139,878)	1,022
Group relief	(15,849)	-
Tax rate differences	(1,650)	-
Transfer Pricing Adjustment	(207,250)	-
	<u>          </u>	<u>          </u>
Current tax charge for period	(137,028)	221,939
	<u>          </u>	<u>          </u>

**8 Tangible fixed assets**

	<b>Investment properties £</b>
<i>Cost or valuation</i>	
At 1 August 2005	34,420,000
Revaluations	1,050,000
	<hr/>
At 31 July 2006	<b>35,470,000</b>
	<hr/>
At 31 July 2005	34,420,000
	<hr/>

The valuations of the investment properties were made as at 31 July 2006 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 (2005 - £30,055,000).

**9 Debtors**

	<b>2006 £</b>	<b>2005 £</b>
Trade debtors	<b>34,892</b>	40,356
Amounts owed by group undertakings	<b>11,085,937</b>	11,163,509
Other debtors	<b>19,394</b>	12,000
Prepayments and accrued income	<b>64,100</b>	83,880
	<hr/>	<hr/>
	<b>11,204,323</b>	11,299,745
	<hr/>	<hr/>

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

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

	2006 £	2005 £
Bank loans and overdrafts (secured) (see note 11)	500,000	500,000
Trade creditors	2,152	492,607
Amounts owed to group undertakings	18,299,796	18,688,457
Corporation tax	82,125	219,152
Other taxation and social security	-	94,496
Other creditors	237,054	-
Accruals and deferred income	560,764	218,238
	<u>19,681,891</u>	<u>20,212,950</u>

**11 Creditors: amounts falling due after more than one year**

	2006 £	2005 £
Bank loans (secured)	20,500,000	21,000,000
	<u>20,500,000</u>	<u>21,000,000</u>
Maturity of debt:		
	Loans and overdrafts 2006 £	Loans and overdrafts 2005 £
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	20,000,000	1,500,000
In more than five years	-	19,000,000
	<u>20,500,000</u>	<u>21,000,000</u>

The loan is part of a loan facility totalling £21,000,000 (2005 - £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 6.0%

The company has entered into a hedging agreement to cap the interest rate on part of the loan, being £11,000,000 at 7% (2005 - £11,000,000 at 7%).

## Peer Holdings Limited

### Notes forming part of the financial statements for the year ended 31 July 2006 (Continued)

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#### 12 Provisions for liabilities

There is unprovided deferred tax of £2,850,600 (2005: £2,714,100). 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

	2006 £	2005 £
<i>Authorised</i>		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
	2006 £	2005 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

#### 14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2005	4,365,000	594,908
Revaluation surplus	1,050,000	-
Profit for the year	-	805,634
	<hr/>	<hr/>
At 31 July 2006	5,415,000	1,400,542
	<hr/>	<hr/>

**15 Reconciliation of movements in shareholders' funds**

	2006 £	2005 £
Profit for the year	805,634	482,014
Other net recognised gains and losses relating to the year	1,050,000	3,730,000
	<hr/>	<hr/>
Net additions to shareholders' funds	1,855,634	4,212,014
Opening shareholders' funds	4,959,910	747,896
	<hr/>	<hr/>
Closing shareholders' funds	6,815,544	4,959,910
	<hr/> <hr/>	<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.