

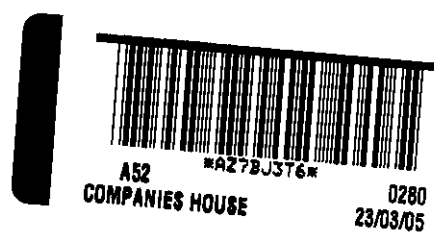
03811281

Peer Holdings Limited

Report and Financial Statements

Year Ended

31 July 2004



Peer Holdings Limited

Annual report and financial statements for the year ended 31 July 2004

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 (appointed 1 January 2005)
B K Birrane (appointed 1 January 2005)
S A Birrane (appointed 1 January 2005)

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 2004

The directors present their report together with the audited financial statements for the year ended 31 July 2004.

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.

The company had transferred to it a number of properties previously owned by one of its fellow subsidiaries.

The directors consider the results for the year to be satisfactory and will continue to seek good investment opportunities.

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

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 2004 (*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: 10/3/05

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 2004 on pages 5 to 14 which have been prepared under the accounting policies set out on pages 8 to 9.

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Handwritten signature of BDO Stoy Hayward LLP.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date: 11/3/05

Peer Holdings Limited

Profit and loss account for the year ended 31 July 2004

	Note	2004 £	2003 £
Turnover	2	339,995	-
Administrative expenses		132,596	16
		<hr/>	<hr/>
Operating profit/(loss)	3	207,399	(16)
Other interest receivable and similar income	5	(87)	-
Interest payable and similar charges	6	(186,878)	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		20,434	(16)
Taxation on profit/(loss) on ordinary activities	7	2,773	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		23,207	(16)
Retained profit brought forward	14	89,687	89,703
		<hr/>	<hr/>
Retained profit carried forward	14	112,894	89,687
		<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 2004

	2004 £	2003 £
Statement of total recognised gains and losses		
Profit/(loss) for the financial year	23,207	(16)
Unrealised surplus on revaluation of properties	635,000	-
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	658,207	(16)
	<hr/>	<hr/>
	2004 £	2003 £
Note of historical cost profits and losses		
Reported profit/(loss) on ordinary activities before taxation	20,434	(16)
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	20,434	(16)
	<hr/>	<hr/>
Retained historical cost profit/(loss) for the year after taxation and dividends	23,207	(16)
	<hr/>	<hr/>

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

Peer Holdings Limited

Balance sheet at 31 July 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	8		30,690,000		-
Current assets					
Debtors	9	12,328,084		96,568	
Cash at bank and in hand		6,483		61	
		<u>12,334,567</u>		<u>96,629</u>	
Creditors: amounts falling due within one year	10	20,776,671		6,940	
		<u>20,776,671</u>		<u>6,940</u>	
Net current (liabilities)/assets			(8,442,104)		89,689
Total assets less current liabilities			22,247,896		89,689
Creditors: amounts falling due after more than one year	11		21,500,000		-
			<u>21,500,000</u>		<u>-</u>
			747,896		89,689
			<u>747,896</u>		<u>89,689</u>
Capital and reserves					
Called up share capital	13		2		2
Revaluation reserve	14		635,000		-
Profit and loss account	14		112,894		89,687
			<u>747,896</u>		<u>89,689</u>
Equity shareholders' funds	15		747,896		89,689
			<u>747,896</u>		<u>89,689</u>

The financial statements were approved by the Board on 10/3/05

M B Birrane
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 2004 (Continued)

1 Accounting policies (continued)

2 Turnover

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

3 Operating profit/(loss)

	2004 £	2003 £
This is arrived at after charging:		
Audit services	4,000	-
	<hr/>	<hr/>

4 Employees

There were no employees during the year apart from the directors (2003 - NIL). No directors received any remuneration from the company (2003 - NIL).

5 Other interest receivable and similar income

	2004 £	2003 £
Bank deposits	(87)	-
	<hr/>	<hr/>

6 Interest payable and similar charges

	2004 £	2003 £
All other loans (excluding loans from group companies)	186,878	-
	<hr/>	<hr/>

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2004 (Continued)

7 Taxation on profit/(loss) on ordinary activities

	2004 £	2003 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	3,167	-
Adjustment in respect of previous periods	(5,940)	-
	<hr/>	<hr/>
Total current tax	(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:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	20,434	(16)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	6,130	(5)
Effect of:		
Expenses not deductible for tax purposes	329	-
Adjustment to tax charge in respect of previous periods	(5,940)	-
Group relief	(1,458)	5
Tax rate differences	(1,834)	-
	<hr/>	<hr/>
Current tax charge for period	(2,773)	-
	<hr/>	<hr/>

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2004 (Continued)

8 Tangible fixed assets

	Investment properties £
<i>Cost or valuation</i>	
Transfer from fellow subsidiaries	30,055,000
Revaluations	635,000
	<hr/>
At 31 July 2004	30,690,000
	<hr/>
At 31 July 2003	-
	<hr/>

The valuations of the investment properties were made as at 31 July 2004 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 (2003: £nil).

9 Debtors

	2004 £	2003 £
Trade debtors	94,932	-
Amounts owed by group undertakings	12,114,872	84,568
Other debtors	12,000	12,000
Prepayments and accrued income	106,280	-
	<hr/>	<hr/>
	12,328,084	96,568
	<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 2004 (Continued)

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts (secured)	500,000	-
Trade creditors	501,066	-
Amounts owed to group undertakings	19,473,908	-
Corporation tax	3,167	5,940
Other taxation and social security	90,287	-
Accruals and deferred income	208,243	1,000
	<u>20,776,671</u>	<u>6,940</u>

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans (secured)	21,500,000	-
	<u>21,500,000</u>	<u>-</u>
Maturity of debt:		
	Loans and overdrafts 2004 £	Loans and overdrafts 2003 £
In one year or less, or on demand	500,000	-
	<u>500,000</u>	<u>-</u>
In more than one year but not more than two years	500,000	-
In more than two years but not more than five years	1,500,000	-
In more than five years	19,500,000	-
	<u>21,500,000</u>	<u>-</u>

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2004 (Continued)

11 Creditors: amounts falling due after more than one year (Continued)

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	2004 £	2003 £
Loan	19,500,000	-

The loan is part of a loan facility totalling £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%.

12 Provision for liabilities and charges

There is unprovided deferred tax of £1,781,100 (2003 : £nil). 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

	2004 £	Authorised 2003 £	Allotted, called up and fully paid 2004 £	2003 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000,000	1,000,000	2	2

Peer Holdings Limited

Notes forming part of the financial statements for the year ended 31 July 2004 (Continued)

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2003	-	89,687
Revaluation surplus	635,000	-
Profit for the year	-	23,207
	<hr/>	<hr/>
At 31 July 2004	635,000	112,894
	<hr/>	<hr/>

15 Reconciliation of movements in shareholder's funds

	2004 £	2003 £
Profit/(loss) for the year	23,207	(16)
Other net recognised gains and losses relating to the year	635,000	-
	<hr/>	<hr/>
Net additions to/(deductions from) shareholder's funds	658,207	(16)
Opening shareholder's funds	89,689	89,705
	<hr/>	<hr/>
Closing shareholder's funds	747,896	89,689
	<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.