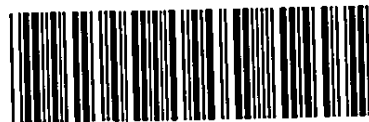


Company Registration No 03829468 (England and Wales)

PEVEREL SCOTLAND LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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COMPANIES HOUSE

PEVEREL SCOTLAND LIMITED

COMPANY INFORMATION

Directors

P J Cummings
A Davey (Appointed 28 June 2011)
C A Wadlow (Appointed 28 June 2011)
L E Middleburgh (Appointed 28 June 2011)
K A Edgar (Appointed 28 June 2011)

Secretary

Peverel Secretarial Limited

Company number

03829468

Registered office

Queensway House
11 Queensway
New Milton
Hampshire
United Kingdom
BH25 5NR

Auditors

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

Bankers

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

PEVEREL SCOTLAND LIMITED

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PEVEREL SCOTLAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

Principal activities and review of the business

The principal activity of the company continued to be that of estate management

Future Developments

The company endeavours to increase its market share in the property management market. The company is confident that the long term future housing market will enable the company to grow

Note 1 provides information on future developments affecting the group of which the company is a subsidiary

Results and dividends

The results for the year are set out on page 5

Post balance sheet events

Note 21 provides information on post balance sheet events affecting the company

Directors

The following directors have held office since 1 January 2010

D C Edwards	(Resigned 14 July 2011)
P J Cummings	
N G Bannister	(Resigned 31 March 2011)
M J Gaston	(Resigned 11 June 2010)
W K Procter	(Resigned 11 June 2010)
A Davey	(Appointed 28 June 2011)
C A Wadlow	(Appointed 28 June 2011)
L E Middleburgh	(Appointed 28 June 2011)
K A Edgar	(Appointed 28 June 2011)

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company

Auditors

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditors of the company will be put at a General Meeting

PEVEREL SCOTLAND LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

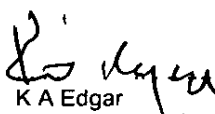
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board


K A Edgar
Director
17/01/2012

PEVEREL SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEVEREL SCOTLAND LIMITED

We have audited the financial statements of Peverel Scotland Limited for the year ended 31 December 2010 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors' 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 pages 1 - 2, 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PEVEREL SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PEVEREL SCOTLAND LIMITED

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

BDO LLP

Kim H Hayward (Senior Statutory Auditor)
for and on behalf of BDO LLP

17 January, 2012

Chartered Accountants
Statutory Auditor

Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127)

PEVEREL SCOTLAND LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	1,306,388	1,284,320
Administrative expenses		(1,087,203)	(1,067,357)
Operating profit	3	219,185	216,963
Other interest receivable and similar income	4	452	684
Interest payable and similar charges	5	(794)	(1,500)
Profit on ordinary activities before taxation		218,843	216,147
Tax on profit on ordinary activities	6	(920)	670
Profit for the year	14	217,923	216,817

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

PEVEREL SCOTLAND LIMITED

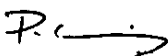
BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	8		3,875		4,961
Current assets					
Debtors	9	679,964		1,241,743	
Cash at bank and in hand		40,475		14,526	
		720,439		1,256,269	
Creditors amounts falling due within one year	11	(200,384)		(247,119)	
Net current assets			520,055		1,009,150
Total assets less current liabilities			523,930		1,014,111
Provisions for liabilities	12		(91,896)		-
			432,034		1,014,111
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		432,033		1,014,110
Shareholders' funds	15		432,034		1,014,111

Approved by the Board and authorised for issue on

17/01/2012


P J Cummings
Director

Company Registration No 03829468

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Going concern

These financial statements have been prepared on the going concern basis

The company is party to a composite debenture secured over all its assets in relation to a loan made to Aztec Opco Developments Limited, the ultimate United Kingdom parent company. The loan facility agreement includes covenant clauses which if triggered could give rise for a demand for repayment of that loan.

Breaches in these covenants occurred in 2008 and 2009.

On 10 March 2011 and 11 March 2011 the lender demanded payment from 4 fellow subsidiary companies totalling £135.9m. On 14 March 2011, Simon Appell, Alastair Beveridge and Anne O'Keefe of Zolfo Cooper were appointed Joint Administrators of Peverel Group Limited, Peverel Limited, Aztec Opco Developments Limited and Aztec Acquisitions Limited.

It is the stated opinion of the Joint Administrators that the operating companies remain unaffected by the Administration and they are seeking to secure the sale of the business and assets of Peverel Limited (in administration) as soon as possible, which will include the shares of its subsidiary companies.

The lender has confirmed that it is not their present intention to make demand against any of the companies pursuant to the guarantee.

The Administrators have confirmed that, given the level of interest from third parties in the business and assets of Peverel Limited (in administration), they are confident that a successful outcome will be achieved.

The Administrators have confirmed that it is not their intention to seek that the operating companies distribute any assets to the companies in administration (as dividends or otherwise) that would result in any of these companies being incapable of continuing to trade as a going concern.

In determining to prepare the financial statements on the going concern basis the directors consider that the lender and Administrators will continue to support the company, as set out above, until a successful sale is achieved.

1.3 Cashflow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.4 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.5 Turnover

Turnover represents amounts derived from the provision of management services to developments under management which fall within the company's ordinary activities, stated net of value added tax.

No developments under management are owned by any group companies.

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies (Continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	evenly over five years
Computer equipment	evenly over three/five years

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

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

1.10 Provisions for Liabilities

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit	2010 £	2009 £
Operating profit is stated after charging		
Depreciation of tangible assets	1,804	2,394
Operating lease rentals		
- Plant and machinery	29,299	31,584
- Other assets	68,912	77,171

Fees payable to the company's auditor in the current and the prior year were paid by fellow subsidiary undertakings

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4	Investment income	2010 £	2009 £
	Bank interest	<u>452</u>	<u>684</u>
5	Interest payable	2010 £	2009 £
	Other interest	<u>794</u>	<u>1,500</u>
6	Taxation	2010 £	2009 £
	Total current tax	<u>-</u>	<u>-</u>
	Deferred tax		
	Origination and reversal of timing differences	(1,065)	(670)
	Deferred tax adjustments arising in previous periods	<u>1,985</u>	<u>-</u>
	Total deferred tax	<u>920</u>	<u>(670)</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>218,843</u>	<u>216,147</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>61,276</u>	<u>60,521</u>
	Effects of		
	Non deductible expenses	339	983
	Fixed asset timing differences	505	670
	Group relief	(46,592)	(42,846)
	Transfer pricing adjustments	(16,088)	(19,328)
	Other tax adjustments	<u>560</u>	<u>-</u>
		<u>(61,276)</u>	<u>(60,521)</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>
7	Dividends	2010 £	2009 £
	Ordinary final paid	<u>800,000</u>	<u>-</u>

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

8 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2010	93,518
Additions	718
At 31 December 2010	94,236
Depreciation	
At 1 January 2010	88,557
Charge for the year	1,804
At 31 December 2010	90,361
Net book value	
At 31 December 2010	3,875
At 31 December 2009	4,961

9 Debtors

	2010 £	2009 £
Trade debtors	45,077	63,811
Amounts owed by parent and fellow subsidiary undertakings	536,994	1,075,563
Other debtors	16,737	14,869
Prepayments and accrued income	74,731	80,155
Deferred tax asset (see note 12)	6,425	7,345
	679,964	1,241,743

10 Client monies

Residents' net cash balances held in trust accounts at 31 December 2010 was £2,910,126 (2009 £2,782,050) These balances are not reflected on the balance sheet

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

11 Creditors, amounts falling due within one year	2010 £	2009 £
Trade creditors	19,096	13,556
Taxes and social security costs	12,745	9,902
Other creditors	8,251	1,458
Accruals and deferred income	160,292	222,203
	<u>200,384</u>	<u>247,119</u>

12 Provisions for liabilities	Other £
Profit and loss account	91,896
Balance at 31 December 2010	<u>91,896</u>

The company manages a large number of commercial and residential property developments. A small proportion of those developments are either in dispute over service charge debts or else have made claims against the company relating to the management of their development. This provision has been made for service charge bad debts or claims against the company.

The deferred tax asset (included in debtors, note 9) is made up as follows

	2010 £
Balance at 1 January 2010	(7,345)
Profit and loss account	920
Balance at 31 December 2010	<u>(6,425)</u>

	2010 £	2009 £
Decelerated capital allowances	<u>(6,425)</u>	<u>(7,345)</u>

13 Share capital	2010 £	2009 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2010	1,014,110
Profit for the year	217,923
Dividends paid	(800,000)
Balance at 31 December 2010	<u>432,033</u>

15 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	217,923	216,817
Dividends	(800,000)	-
Net (depletion in)/addition to shareholders' funds	(582,077)	216,817
Opening shareholders' funds	1,014,111	797,294
Closing shareholders' funds	<u>432,034</u>	<u>1,014,111</u>

16 Contingent liabilities

The Group is party to a composite debenture secured over all of its assets. The Borrower is Aztec Opco Developments Limited, the ultimate UK parent of Peverel Scotland Limited. The loan and deferred interest payable outstanding at the Balance Sheet date was £131,375,729 (2009 £116,600,000).

A number of bank accounts maintained for developments under management were overdrawn at 31 December 2010 amounting to £172,221 (2009 £57,158). The group has given unlimited guarantees on these amounts in the event of default.

17 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011:

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire				
Within one year	11,500	-	4,512	5,527
Between two and five years	-	46,000	21,978	17,292
	<u>11,500</u>	<u>46,000</u>	<u>26,490</u>	<u>22,819</u>

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

18 Directors emoluments

The directors were paid by either fellow subsidiary undertakings or related parties, of which they are also directors

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Office and Management	21	23
House Managers and Reliefs	97	94
	<u>118</u>	<u>117</u>

Employment costs

	2010 £	2009 £
Wages and salaries	546,605	512,777
Social security costs	55,234	56,331
Other pension costs	11,488	12,086
	<u>613,327</u>	<u>581,194</u>

The employment cost of house staff is not included in the above table as these costs are recharged at cost to the developments managed by the group and are not a direct cost to the company. These amounted to wages and salaries costs of £1,064,743 (2009 £1,026,878) social security cost of £70,913 (2009 £68,533) and other pension costs of £9,531 (2009 £10,348).

20 Control

The parent company of this group is Peverel Management Services Limited. Peverel Management Services Limited is the smallest and largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.

The company's UK parent undertaking is Aztec Opco Developments Limited - in administration, a company registered in England and Wales. The company's ultimate parent undertaking is Euro Investments Overseas Inc, a company incorporated in the British Virgin Islands. Simon Appell, Alistair Beveridge and Anne O'Keefe each of Zolfo Cooper LLP are the ultimate controlling party. Prior to Aztec Opco Developments Limited being placed into administration on 14 March 2011, the ultimate controlling party was the Tchenguiz Family Trust.

PEVEREL SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

21 Post balance sheet events

On 14 March 2011 Peverel Limited, Peverel Group Limited and Aztec Acquisitions Limited, each intermediate UK parent companies of Peverel Scotland Limited, and Aztec Opco Developments Limited, the ultimate UK parent undertaking of Peverel Scotland Limited, were placed into administration

As a result of Peverel Limited going into administration, the intercompany debtor of £536,994 owed by Peverel Limited became uncollectable. As this does not reflect a condition that existed at the balance sheet date it is a non-adjusting event under FRS 21

The results of Peverel Scotland Limited were previously included in the consolidated financial statements of Peverel Group Limited and Aztec Opco Developments Limited. As a result of Peverel Group Limited and Aztec Opco Developments Limited going into administration consolidated financial statements will not be prepared for these companies for the year ended 31 December 2010

22 Related party relationships and transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions