

Peverel Scotland Limited

Report and Financial Statements

31 December 2008



Peverel Scotland Limited

Registered No. 3829468

DIRECTORS

N G Bannister FIRPM
W K Proctor
M J Gaston
P J Cummings
D C Edwards LLB

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 Scotland Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £299,968(2007: £133,278). The directors do not recommend the payment of a dividend (2007: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of estate management. The company has traded satisfactorily during the year.

The directors look forward to the year ahead with confidence.

DIRECTORS

The directors who served during the year were as follows:

N G Bannister
K C Rutherford (Resigned 24 January 2008)
M J Gaston
W K Proctor
D C Edwards (Appointed 24 January 2008)
P J Cummings (Appointed 3 December 2008)

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.

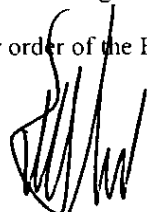
AUDITORS

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
13 May 2009

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.

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of Peverel Scotland Limited

We have audited the company's financial statements (the "financial statements") of Peverel Scotland Limited for the year ended 31 December 2008 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 Scotland 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 2008 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

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Southampton
13 May 2009

Peverel Scotland Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
TURNOVER	2	1,319,881	1,220,805
Administrative expenses		(1,016,350)	(1,157,001)
OPERATING PROFIT	3	303,531	63,804
Interest receivable		10,560	-
Interest payable and similar charges	6	(301)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		313,790	63,804
Tax on profit on ordinary activities	7	(13,822)	69,474
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	299,968	133,278

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2008

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2008 of £299,968 (2007: £133,278).

Peverel Scotland Limited

BALANCE SHEET

at 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
FIXED ASSETS			
Tangible assets	8	7,355	5,343
		<u>7,355</u>	<u>5,343</u>
CURRENT ASSETS			
Debtors	9	1,053,906	603,307
Cash at bank and in hand		5,400	125,195
		<u>1,059,306</u>	<u>728,502</u>
CREDITORS: amounts falling due within one year	11	<u>(269,367)</u>	<u>(236,519)</u>
NET CURRENT ASSETS		<u>789,939</u>	<u>491,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>797,294</u>	<u>497,326</u>
CAPITAL AND RESERVES			
Called up share capital	13	1	1
Profit and loss account	14	797,293	497,325
		<u>797,294</u>	<u>497,326</u>
SHAREHOLDERS' FUNDS - equity interests	14	<u>797,294</u>	<u>497,326</u>

These financial statements were approved and authorised for issue by the board of directors on 13 May 2009 and were signed on its behalf by:



N G Bannister
Director

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

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 Aztec Opco Developments Limited group in which the company is included are publicly available.

Depreciation and amortisation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its useful life, as follows:

Plant and equipment	-	evenly over five years
Computer Hardware	-	evenly over five years
Computer Software	-	evenly over three years

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

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pensions

The group operates a defined contribution pension scheme for its employees to which the company makes a contribution under specified circumstances. The scheme is administered on behalf of employees by an independent insurance company in funds separate from the group's finances. The amount charged against profits represents the contributions payable by the company in to the scheme in respect of the period.

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

2. 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, all of which is attributed to continuing operations generated in the UK.

No developments under management are owned by any group companies.

3. OPERATING PROFIT

This is stated after charging:	2008 £	2007 £
Depreciation	2,770	4,887
Operating lease rentals - plant and equipment	69,715	58,801
- other	32,732	25,825

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Peverel Scotland Limited is a member, amounted to £78,750 (2007: £82,500).

4. DIRECTORS' EMOLUMENTS

The directors were paid by a fellow subsidiary undertaking, Peverel Limited, of which they are also directors. The directors' remuneration for the UK group amounted to £577,439 (2007: £3,662,100). The total pension contributions amounted to £38,888 (2007: £33,195). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

5. STAFF COSTS

	2008 £	2007 £
Wages and salaries	564,253	506,303
Social security costs	58,304	78,194
Other pension costs	12,627	11,187
	<u>635,184</u>	<u>595,684</u>

The payroll costs of house staff, included in the above table, are recharged to the developments under management and are not a direct cost to the company. These amounted to £1,044,382 in the year ended 31 December 2008 (2007: £906,325).

The average monthly number of employees, including directors, during the year was as follows:

	2008 No.	2007 No.
Office and management	23	24
House managers and reliefs	87	81
	<u>110</u>	<u>105</u>

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Finance charges and other interest	301	-

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008	2007
	£	£
<i>Current tax</i>		
Adjustments in respect of previous years	-	(18,766)
Group relief	-	12,284
Prior period adjustment in respect of group relief	(12,284)	(35,066)
Total current tax	(12,284)	(41,548)
<i>Deferred taxation</i>		
Origination and reversal of timing differences	27,955	(27,926)
Adjustments in respect of prior periods	(1,849)	-
Deferred Tax	26,106	(27,926)
Tax on profit on ordinary activities	13,822	(69,474)

The tax charge is prepared on the assumption that available group relief will not be paid for in full.

(b) Factors affecting current tax (credit) / charge

The tax assessed on the profit of ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5%. The differences are reconciled below:

	2008	2007
	£	£
Profit on ordinary activities before tax	313,790	63,804
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28.5% (2007: 30%)	89,430	19,141
<i>Effects of:</i>		
Expenses not deductible for tax purposes	749	1,018
Fixed Asset timing differences	776	(805)
Other timing differences	(28,731)	28,731
Transfer pricing adjustments	(23,503)	(38,143)
Effect of variable tax rates on deferred tax	(499)	2,342
Group interest adjustment for prior period	-	(18,766)
Over provision in respect of previous years	(12,284)	(35,066)
Group relief	(38,222)	-
Total current tax	(12,284)	(41,548)

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

8. TANGIBLE FIXED ASSETS

	<i>Plant and Equipment £</i>
Cost:	
At 1 January 2008	88,736
Additions	4,782
At 31 December 2008	93,518
Depreciation:	
At 1 January 2008	83,393
Provided during the year	2,770
At 31 December 2008	86,163
Net book value at 31 December 2008	7,355
Net book value at 31 December 2007	5,343

9. DEBTORS

	<i>2008 £</i>	<i>2007 £</i>
Trade debtors	27,850	23,908
Amounts due from fellow subsidiary undertaking	898,713	441,245
Deferred taxation (note 12)	6,675	32,781
Prepayments and accrued income	84,486	63,182
Other debtors	36,182	42,191
	1,053,906	603,307

10. CLIENT MONIES

	<i>2008 £</i>	<i>2007 £</i>
Residents' net cash balances held in trust accounts	2,535,831	651,213
Cash balances held in joint accounts	-	8,280

These balances are not reflected in the balance sheet.

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

11. CREDITORS: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	28,306	21,685
Other creditors	11,107	6,185
Group relief	-	12,284
Other taxes and social security	-	25,850
Accruals and deferred income	229,954	170,515
	<u>269,367</u>	<u>236,519</u>

12. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	2008	2007
	£	£
Decelerated capital allowances	(6,675)	(4,050)
Short term timing differences	-	(28,731)
Deferred tax asset (note 9)	<u>(6,675)</u>	<u>(32,781)</u>

The movements in deferred taxation during the current and previous years are as follows:

	2008	2007
	£	£
At 1 January 2008	(32,781)	(4,855)
Provided during the year	26,106	(27,926)
At 31 December 2008	<u>(6,675)</u>	<u>(32,781)</u>

13. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2008	2007	2008	2007
	No.	No.	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

Peverel Scotland Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
As at 1 January 2007	1	364,047	364,048
Profit for the year	-	133,278	133,278
At 31 December 2007	1	497,325	497,326
Profit for the year	-	299,968	299,968
At 31 December 2008	1	797,293	797,294

15. FINANCIAL COMMITMENTS

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
Within one year	-	-	10,133	5,824
In two to five years	45,830	45,830	14,365	23,136
	45,830	45,830	24,498	28,960

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 outstanding at the Balance Sheet date was £116,600,000.

The company has given unlimited guarantees on the bank overdrafts of various UK related parties. At 31 December 2008 the amount outstanding under these guarantees was £192,928 (2007: £166,315).

17. RELATED PARTY TRANSACTIONS

This company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

18. 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 smallest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff. Aztec Opco Developments Limited is the largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.