

ALCOBENDAS ENTRUST LIMITED

(Company Registration Number: 3835752)

Report and Accounts 31 December 2004



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ALCOBENDAS ENTRUST LIMITED

REPORT AND ACCOUNTS 2004

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ALCOBENDAS ENTRUST LIMITED

BOARD OF DIRECTORS

J S Moss

J S B Smith

Company Secretary

D P Glen

Registered Office

The Pearl Centre
Lynch Wood
Peterborough
PE2 6FY

Company Registration No: 3835752

Auditors

Ernst & Young LLP

1 More London Place
London
SE1 2AF

ALCOBENDAS ENTRUST LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report and Accounts of Alcobendas Entrust Limited for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the Company is property development and investment. The development property held by the company's Spanish branch was completed in 2002, and disposed of in 2003. The company purchased a new investment property in 2003, sited in Scotland.

On 13 April 2005, the share capital of Pearl Assurance Group Holdings Limited was sold by Henderson Group plc (formerly HHG PLC) to Pearl Group Limited (formerly Life Company Investor Group Limited).

BUSINESS REVIEW

Details of the results for the year are set out in the Company accounts and the related notes on pages 6 to 12.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2003: £nil).

DIRECTORS AND THEIR INTERESTS

The Directors of the Company are set out on page 2, all of whom held office throughout the year, except as follows:

Name	Date of appointment	Date of resignation
J Bury	-	13 April 2005
J Moss	13 April 2005	-
J Smith	13 April 2005	-
N Varnham	-	13 April 2005

The Directors' shareholdings in Henderson Group plc (formerly HHG PLC) were:

Name of Director	31 December 2004 No. of shares held	1 January 2004 No. of shares held
J Bury	3,421	343
N Varnham	65,998	2,252

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office and a resolution that they will be re-appointed at a fee fixed by the directors will be proposed at the Annual General Meeting.

By order of the Board of Directors.



D P Glen
Secretary

2 March 2006

ALCOBENDAS ENTRUST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are required by UK Company Law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2004. The Directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the accounts 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.

ALCOBENDAS ENTRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCOBENDAS ENTRUST LIMITED

We have audited the Company's accounts for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

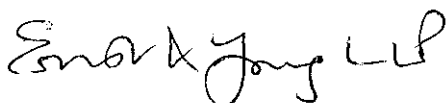
BASIS OF AUDIT OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
London

2 March 2006

ALCOBENDAS ENTRUST LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	Notes	2004 £	2003 £
Revenue	2	131,626	4,388,739
Operating expenses	5	(1,545,088)	(935,162)
Operating (loss)/profit	3	(1,413,462)	3,453,577
Profit on disposal of investments		-	4,477,086
Loss on disposal of fixed assets		(5,858)	-
Interest receivable		189	12,347
Interest payable	6	(275,619)	(1,225,541)
Net (loss)/profit before taxation		(1,694,750)	6,717,469
Corporation Tax	7	(220,814)	(4,818,392)
Retained (loss)/profit for the financial year		<u>(1,915,564)</u>	<u>1,899,077</u>

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2004

	2004 £	2003 £
(Loss)/profit for the financial year	(1,915,564)	1,899,077
Surplus on revaluation of assets	65,000	-
Total recognised gains and losses relating to the year	<u>(1,850,564)</u>	<u>1,899,077</u>

The accompanying notes are an integral part of this statement of total recognised gains and losses.

ALCOBENDAS ENTRUST LIMITED

BALANCE SHEET 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	440,000	380,858
Current assets			
Debtors	9	35,879	22,116
Cash at bank and in hand	10	11,700,437	56,621,086
		<u>11,736,316</u>	<u>56,643,202</u>
Creditors: Amounts falling due within one year	11	689,734	43,686,914
Net current assets		<u>11,046,582</u>	<u>12,956,288</u>
Total assets less current liabilities		<u>11,486,582</u>	<u>13,337,146</u>
Capital and reserves			
Called up share capital	12	5,927,104	5,927,104
Profit and loss account	13	5,494,478	7,410,042
Revaluation reserve	13	65,000	-
Total shareholders' funds attributable to equity interests		<u>11,486,582</u>	<u>13,337,146</u>

The accompanying notes are an integral part of this balance sheet.

The accounts were approved by the Board of Directors and signed on its behalf by:



J S B Smith
Director

2 March 2006

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. *Basis of accounting*

The accounts have been prepared on the historical cost basis of accounting, as modified by revaluation of certain fixed asset investments and in accordance with applicable UK accounting standards.

ii. *Foreign currencies*

The assets, liabilities and results for the year denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences arising are charged/credited to the profit and loss account.

iii. *Investment properties*

Investment properties are shown at their open market value based on annual valuation. For the year ended 31 December 2004 the property has been revalued for the accounts by DTZ Debenham Tie Leung (Chartered Surveyors).

iv. *Depreciation- Land and Buildings*

No depreciation will be provided in respect of investment properties. This departure from the requirements of the Companies Act 1985, for all properties to be depreciated, is, in the opinion of the Directors, necessary for the financial statements to give true and fair view in accordance with applicable accounting standards, as properties are to be included in the financial statements at their open market value.

v. *Taxation*

Corporation tax has been provided on taxable profits at the current rate.

2. REVENUE

Revenue, which is stated net of value added tax, arises predominantly from rental income and other sundry income from other services and comprises the following

	2004 £	2003 £
Rental Income from operating leases	75,046	4,259,654
Income from other services	56,580	129,085
	<hr/> 131,626	<hr/> 4,388,739

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging exchange losses on foreign currency of £1,386,145 (2003: £2,649,705 gain)

The auditors' remuneration has been met in full by a fellow subsidiary undertaking.

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' EMOLUMENTS

The Directors receive no fees for their services as directors of Alcobendas Entrust Ltd.

The Directors of the Company during 2004 had contracts of employment with Henderson Administration Limited, which during 2004 was a fellow subsidiary. They received no remuneration for their services to Alcobendas Entrust Limited.

The Directors of the Company during 2004 were also Directors of other group companies. The Directors' remuneration was all paid by Henderson Administration Limited.

5. OPERATING EXPENSES

Included within operating expenses is £NIL compensation expenditure payable to the tenants (2003: £210,529), incurred due to the delayed opening of an investment property.

6. INTEREST PAYABLE

	2004 £	2003 £
Interest on short term debt	275,619	1,225,541

7. TAXATION ON PROFITS ON ORDINARY ACTIVITIES

	2004 £	2003 £
Corporation Tax		
On profit for the year	(39,132)	4,818,392
Adjustments for previous years	(645,972)	-
Double Tax relief	-	(4,144,425)
Overseas tax	905,918	4,144,425
Current tax charge for the period	220,814	4,818,392

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
(Loss)/profit on ordinary activities before tax	(1,694,750)	6,717,469
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK (30%) (2003: 30%)	(508,425)	2,015,241
Effects of :		
Permanent timing differences	11,896	(353,362)
Profit on Disposal recognised in previous years	-	3,156,513
Tax Losses not recognised	457,397	-
Prior year adjustments	(645,972)	-
Overseas tax	905,918	-
Current tax charge for the period	220,814	4,818,392

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE ASSETS

	Investment Properties £	Other Fixed Assets £	Total £
Cost			
At 1 January 2004	375,000	7,540	382,540
Disposals	-	(7,540)	(7,540)
At 31 December 2004	375,000	-	375,000
Depreciation			
At 1 January 2004	-	1,682	1,682
Disposals	-	(1,682)	(1,682)
At 31 December 2004	-	-	-
Unrealised gain			
At 1 January 2004	-	-	-
Arising during year	65,000	-	65,000
At 31 December 2004	65,000	-	65,000
Net book value			
At 1 January 2004	375,000	5,858	380,858
At 31 December 2004	440,000	-	440,000

The company purchased an investment asset in Aberdeen, Scotland for £375,000 during 2003.

9. DEBTORS

	2004 £	2003 £
Trade debtors	35,879	22,116
	35,879	22,116

10. CASH AT BANK AND IN HAND

	2004 £	2003 £
Cash at bank	11,700,437	56,621,086
	11,700,437	56,621,086

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	73,658	1,701,886
Amounts owed to group companies	375,000	29,918,127
Other taxation and social security costs	-	7,248,509
Corporation Tax	241,076	4,818,392
	<u>689,734</u>	<u>43,686,914</u>

The 'Amounts owed to group companies' of £375,000 is due for the transfer of 18 Market Street, Aberdeen. The secured loan and accumulated interest was repaid to Pearl Assurance Plc during the year.

12. SHARE CAPITAL

	2004 £	2003 £
Authorised ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>5,927,104</u>	<u>5,927,104</u>

13. RESERVES

	Share capital £	Profit & loss account £	Revaluation reserve £	Total share- holders funds £
At 1 January 2004	5,927,104	7,410,042	-	13,337,146
Uplift during the year	-	-	65,000	65,000
Loss for the year	-	(1,915,564)	-	(1,915,564)
At 31 December 2004	<u>5,927,104</u>	<u>5,494,478</u>	<u>65,000</u>	<u>11,486,582</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
(Loss)/profit for the financial year	(1,915,564)	1,899,077
Surplus on revaluation of assets	<u>65,000</u>	<u>-</u>
Net (decrease)/increase to shareholders' funds	(1,850,564)	1,899,077
Opening shareholders' funds	<u>13,337,146</u>	<u>11,438,069</u>
Closing shareholders' funds	<u>11,486,582</u>	<u>13,337,146</u>

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

15. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures', relating to transactions between 90 per cent or more controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

16. PARENT UNDERTAKING

The Company's immediate parent undertaking is Pearl (Alcobendas) Limited and from 13 April 2005, the ultimate parent undertaking is Pearl Group Limited (formerly Life Company Investor Group Limited). A copy of the group accounts can be obtained from its registered office at The Pearl Centre, Lynch Wood, Peterborough, PE2 6FY.

Prior to 13 April 2005, the Company's ultimate parent undertaking was Henderson Group plc (formerly HHG PLC). A copy of the group accounts can be obtained from its registered office at 4 Broadgate, London, EC2M 2DA.

17. CASH FLOW STATEMENT

The Company has taken advantage of the exemption provided in FRS 1 (revised 1996) 'Cash Flow Statements' to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding Company are provided in note 16 to the accounts.

18. POST BALANCE SHEET EVENTS

On 13 April 2005, the share capital of Pearl Assurance Group Holdings Limited was sold by Henderson Group plc (formerly HHG PLC) to Pearl Group Limited (formerly Life Company Investor Group Limited).

The Company's registered office address changed from 4 Broadgate, London EC2M 2DA to The Pearl Centre, Lynch Wood, Peterborough PE2 6FY on 28 April 2005.