

# **ALCOBENDAS ENTRUST LIMITED**

(Company Registration Number: 3835752)

## **Report and Accounts 31 December 2005**



# **ALCOBENDAS ENTRUST LIMITED**

## **REPORT AND ACCOUNTS 2005**

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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 2005.

### 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 Finances (formerly Pearl Group), a direct subsidiary of 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 (2004: £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 2005 No. of shares held	1 January 2005 No. of shares held
J Bury	-	3,421
N Varnham	-	65,998

### 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  
20 October 2006

## **ALCOBENDAS ENTRUST LIMITED**

### **STATEMENT OF DIRECTORS RESPONSIBILITIES**

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 period. 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;
- state whether applicable 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 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.

# ALCOBENDAS ENTRUST LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALCOBENDAS ENTRUST LIMITED

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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 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.

### 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.

### 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 2005 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  
Date

11/12/2006

# ALCOBENDAS ENTRUST LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2005

	Notes	2005 £	2004 £
<b>Revenue</b>	2	35,328	131,626
Operating expenses		(49,495)	(158,943)
<b>Operating loss</b>	3	(14,167)	(27,317)
Loss on disposal of fixed assets		-	(5,858)
Interest receivable		2,901	189
Interest payable	5	-	(275,619)
Net loss before foreign exchange		(11,266)	(308,605)
Loss on foreign exchange movements		(295, 917)	(1,386,145)
Net loss before taxation		(307,183)	(1,694,750)
Corporation Tax	6	(39,132)	(220,814)
<b>Retained loss for the financial year</b>		<u>(346,315)</u>	<u>(1,915,564)</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 2005

	2005 £	2004 £
Loss for the financial year	(346,315)	(1,915,564)
Unrealised gain on revaluation of assets	-	65,000
<b>Total recognised gains and losses relating to the year</b>	<u>(346,315)</u>	<u>(1,850,564)</u>

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

# ALCOBENDAS ENTRUST LIMITED

## BALANCE SHEET 31 December 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	7	440,000	440,000
<b>Current assets</b>			
Debtors	8	1,130,500	35,879
Cash at bank and in hand	9	9,946,018	11,700,437
		<u>11,076,518</u>	<u>11,736,316</u>
<b>Creditors: Amounts falling due within one year</b>	10	376,251	689,734
<b>Net current assets</b>		<u>10,700,267</u>	<u>11,046,582</u>
<b>Total assets less current liabilities</b>		<u>11,140,267</u>	<u>11,486,582</u>
<b>Capital and reserves</b>			
Called up share capital	11	5,927,104	5,927,104
Profit and loss account	12	5,148,163	5,494,478
Revaluation reserve	12	65,000	65,000
<b>Total shareholders' funds attributable to equity interests</b>		<u>11,140,267</u>	<u>11,486,582</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 Moss  
 Director  
 20 October 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 2005 the property has been revalued for the accounts by CB Richard Ellis Limited.

#### iv. *Depreciation- Land and Buildings*

The directors consider that as this property is held for investment, to depreciate it would not give a true and fair view.

#### v. *Taxation*

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

#### vi. *Deferred Taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date with the exception of deferred tax assets which 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.

### 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

	2005 £	2004 £
Rental Income from operating leases	35,328	75,046
Income from other services	-	56,580
	<hr/> 35,328	<hr/> 131,626

### 3. OPERATING PROFIT/(LOSS)

Operating loss is stated after charging exchange losses on foreign currency of £295,917 (2004: £1,386,145 loss)

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 Limited.

J Bury and N Varnham, who resigned as Directors of the Company on 13<sup>th</sup> April 2005 had contracts of employment with Henderson Administration Limited, which, until 13<sup>th</sup> April 2005 was a fellow subsidiary. They were also Directors of other Henderson Administration Limited group companies. The remuneration of J Bury and N Varnham was all paid by Henderson Administration Limited.

J S Moss and J S B Smith who have been Directors of the Company since 13<sup>th</sup> April 2005 are also directors of other Pearl Group Companies. They have contracts of employment with Pearl Group Services Limited, a fellow subsidiary in 2005.

### 5. INTEREST PAYABLE

	2005 £	2004 £
Interest on short term debt	-	275,619

### 6. TAXATION ON PROFITS ON ORDINARY ACTIVITIES

	2005 £	2004 £
Corporation Tax		
On profit for the year	-	(39,132)
Adjustments for previous years	39,132	(645,972)
Overseas tax	-	905,918
Current tax charge for the period	39,132	220,814

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

	2005 £	2004 £
Loss on ordinary activities before tax	(307,183)	(1,694,750)
Loss on ordinary activities at the standard rate of corporation tax in the UK (30%) (2004: 30%)	(92,155)	(508,425)
<b>Effects of :</b>		
Permanent timing differences	2,455	11,896
Tax losses brought forward	(9,615)	-
Tax Losses not recognised	99,315	457,397
Prior year adjustments	39,132	(645,972)
Overseas tax	-	905,918
Current tax charge for the period	39,132	220,814

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 7. TANGIBLE ASSETS

	Investment Properties £	Total £
<b>Cost</b>		
At 1 January 2005 and 31 December 2005	375,000	375,000
<b>Unrealised gain</b>		
At 1 January 2005 and 31 December 2005	65,000	65,000
<b>Net book value</b>		
At 1 January 2005 and 31 December 2005	440,000	440,000

### 8. DEBTORS

	2005 £	2004 £
Trade debtors	8,750	35,879
Tax Debtor	1,121,750	-
	1,130,500	35,879

### 9. CASH AT BANK AND IN HAND

	2005 £	2004 £
Cash at bank	9,946,018	11,700,437
	9,946,018	11,700,437

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	1,251	73,658
Amounts owed to group companies	375,000	375,000
Corporation Tax	-	241,076
	<u>376,251</u>	<u>689,734</u>

The 'Amounts owed to group companies' of £375,000 is due for the transfer of 18 Market Street, Aberdeen.

### 11. SHARE CAPITAL

	2005 £	2004 £
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>

### 12. RESERVES

	Share capital £	Profit & loss account £	Revaluation reserve £	Total share- holders funds £
At 1 January 2005	5,927,104	5,494,478	65,000	11,486,582
Loss for the year	-	(346,315)	-	(346,315)
At 31 December 2005	<u>5,927,104</u>	<u>5,148,163</u>	<u>65,000</u>	<u>11,140,267</u>

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Loss for the financial year	(346,315)	(1,915,564)
Surplus on revaluation of assets	-	65,000
Net decrease to shareholders' funds	<u>(346,315)</u>	<u>(1,850,564)</u>
Opening shareholders' funds	11,486,582	13,337,146
Closing shareholders' funds	<u>11,140,267</u>	<u>11,486,582</u>

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 14. 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.

### 15. 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.

### 16. 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 15 to the accounts.