
PIHL PROPERTY ADMINISTRATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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PIHL PROPERTY ADMINISTRATION LIMITED

COMPANY INFORMATION

DIRECTORS	S L Gumm N M Leslau N W Wray
COMPANY SECRETARY	S L Gumm
COMPANY NUMBER	5716921
REGISTERED OFFICE	Cavendish House 18 Cavendish Square London W1G 0PJ
AUDITORS	BDO LLP Emerald House East Street Epsom Surrey KT17 1HS

PIHL PROPERTY ADMINISTRATION LIMITED

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PIHL PROPERTY ADMINISTRATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

PIHL Property Administration Limited is an investment company. It holds an interest in PIHL Property LLP, which is a partnership that invests in real estate-backed investments.

The company is at present loss making as it has made investments with a view to making capital profits in the medium term that do not generate material income returns at present but which are financed by interest bearing contributions. This is the principal reason for the loss of £7,466,929 incurred in the year.

DIRECTORS

The directors who served during the year were

S L Gumm
N M Leslau
N W Wray

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

BDO LLP have expressed their willingness to continue in office.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 13 August 2012 and signed on its behalf



S L Gumm
Director

PIHL PROPERTY ADMINISTRATION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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 judgments and accounting 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 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.

PIHL PROPERTY ADMINISTRATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIHL PROPERTY ADMINISTRATION LIMITED

We have audited the financial statements of PIHL Property Administration Limited for the year ended 31 December 2011, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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, 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 Auditing Practices Board'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 2011 and of its loss 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.

PIHL PROPERTY ADMINISTRATION LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIHL PROPERTY ADMINISTRATION
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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the financial statements and the directors' report



Russell Field (senior statutory auditor)

for and on behalf of
BDO LLP

Statutory auditor

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

Emerald House
East Street
Epsom
Surrey
KT17 1HS

13 August 2012

PIHL PROPERTY ADMINISTRATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Administrative expenses		(15)	-
OPERATING LOSS		(15)	-
Amounts written off investments	6	(266,732)	-
Interest payable and similar charges	4	(7,200,182)	(6,485,405)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,466,929)	(6,485,405)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR	10	(7,466,929)	(6,485,405)

All amounts relate to continuing operations

There were no differences between historical cost loss and reported loss on ordinary activities for either year

The notes on pages 8 to 12 form part of these financial statements

PIHL PROPERTY ADMINISTRATION LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
LOSS FOR THE FINANCIAL YEAR	(7,466,929)	(6,485,405)
Unrealised surplus and reversal of previous unrealised deficit on revaluation of investment in partnership	<u>9,432,142</u>	<u>4,806,883</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>1,965,213</u></u>	<u><u>(1,678,522)</u></u>

The notes on pages 8 to 12 form part of these financial statements

PIHL PROPERTY ADMINISTRATION LIMITED
REGISTERED NUMBER: 5716921

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Investments	6		67,739,587		55,761,359
CURRENT ASSETS					
Cash at bank		8		8	
CREDITORS: amounts falling due within one year	7	(88,762,496)		(78,749,496)	
NET CURRENT LIABILITIES			(88,762,488)		(78,749,488)
TOTAL ASSETS LESS CURRENT LIABILITIES			(21,022,901)		(22,988,129)
CREDITORS: amounts falling due after more than one year	8		(2,139)		(2,124)
NET LIABILITIES			(21,025,040)		(22,990,253)
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Revaluation reserve	10		8,062,458		(1,369,684)
Profit and loss account	10		(29,087,499)		(21,620,570)
SHAREHOLDERS' DEFICIT	11		(21,025,040)		(22,990,253)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 August 2012


S L Gumm
 Director

The notes on pages 8 to 12 form part of these financial statements

PIHL PROPERTY ADMINISTRATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Fixed asset investments - partnerships

Investments in partnerships, where the company does not have the power to govern or exercise significant influence over the financial and operating policies of the investee entity, are stated at directors' valuation which includes any accrued profit share. When no profit shares are accrued the directors' valuation will equate to the lower of cost and recoverable amount. Any valuation deficits below cost which are considered permanent are written off to the profit and loss account.

1.4 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 the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the short term to absorb the reversal of the underlying timing differences.

1.5 Support

The parent undertaking, Prestbury Investment Holdings Limited, has confirmed that it will provide financial support sufficient for the company to continue as a going concern for the foreseeable future.

2. AUDITORS' REMUNERATION

The auditors' remuneration is borne by the parent company. Fees payable to the company's auditors for the audit of the company's annual accounts were £3,000 (2010 £3,600).

3. STAFF COSTS

The company has no employees and no director received any remuneration during the year (2010 - £nil).

PIHL PROPERTY ADMINISTRATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

4. INTEREST PAYABLE

	2011 £	2010 £
On loans from group undertakings	<u>7,200,182</u>	<u>6,485,405</u>

5. TAXATION

	2011 £	2010 £
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the average standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(7,466,929)</u>	<u>(6,485,405)</u>
Loss on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	<u>(1,978,736)</u>	<u>(1,815,913)</u>
Effects of		
Write down of investment - non tax deductible	70,684	-
Movement in tax losses carried forward	22,541	1,054,452
Group relief surrendered	1,885,522	761,461
Allocation of losses from underlying partnership	(11)	-
	<u>-</u>	<u>-</u>
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has estimated revenue related losses available to carry forward to utilise against future suitable profits of £12,492,899 (2010 £12,519,067)

PIHL PROPERTY ADMINISTRATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

6. FIXED ASSET INVESTMENTS

	£
At directors' valuation	
At 1 January 2011	55,761,359
Additions	2,812,818
Revaluations	9,432,142
Amounts written off	(266,732)
At 31 December 2011	<u>67,739,587</u>

The fixed asset investment represents amounts invested in PIHL Property LLP ("the LLP"), a limited liability partnership which is registered and operates in England and Wales. The company holds an interest of £5, equating to 0.1% of the A capital of the LLP, which entitles it to exercise 0.1% of the voting rights in this entity.

The historic cost of the investment net of any permanent write downs is £60,329,196 (2010 £57,783,110).

The A capital of PIHL Property LLP also entitles the company to a pro-rata share of any returns derived from the LLP's 26.67% stake in Prestbury 1 Limited Partnership ("P1LP"), an English Limited Partnership established to invest in real estate and similar opportunities. P1LP was established in July 2006 and is fully invested. Its net asset value at 31 December 2011 including property investments at directors' valuation was £254,023,449 of which the company's share is £67,739,587.

The company owns 99.99% of the B capital of the LLP, which carries no voting rights but which entitles the holder to a priority profit share equivalent to a return on equity invested of up to 9% p.a. compounded annually, provided that the LLP's underlying investments, including its investment in P1LP, in aggregate generate sufficient returns.

B capital contributed by the company to the LLP in the year in relation to P1LP's activities totalled £2,546,086 (2010 £1,234,706).

The LLP also has, through its wholly owned subsidiary, PIHL One Limited, a 50% voting interest in Holetown Group Limited ("Holetown"). Holetown is the parent company of a group which owns a 3.5 acre beachfront development site on the west coast of Barbados. Holetown is a joint venture company, not controlled by any one entity, that is incorporated in England and Wales, in which the LLP has a 40% economic interest.

The total B capital contributed by the company to the LLP to date in relation to Holetown's activities is £763,744 of which £266,732 (2010 £nil) was contributed in the current year. The investment has been valued at £nil in these accounts pending receipt of planning permission for a proposed development, and no accrued returns have been recognised on the B capital to date.

PIHL PROPERTY ADMINISTRATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. CREDITORS:

Amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>88,762,496</u>	<u>78,749,496</u>

Amounts owed to group undertakings are unsecured, bear interest at 9% pa and are repayable on demand. The above amount includes accrued interest of £26,673,869 (2010: £19,473,687)

8. CREDITORS:

Amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	<u>2,139</u>	<u>2,124</u>

9. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

10. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2011	(1,369,684)	(21,620,570)
Loss for the year	-	(7,466,929)
Surplus on revaluation of investment in partnership	9,432,142	-
At 31 December 2011	<u>8,062,458</u>	<u>(29,087,499)</u>

PIHL PROPERTY ADMINISTRATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £	2010 £
Opening shareholders' deficit	(22,990,253)	(21,311,731)
Loss for the year	(7,466,929)	(6,485,405)
Other recognised gains and losses during the year	9,432,142	4,806,883
	<hr/>	<hr/>
Closing shareholders' deficit	(21,025,040)	(22,990,253)
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12. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Prestbury Investment Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Prestbury Investment Holdings Limited, within which this company is included, can be obtained from the address given in note 13.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The only group in which the results of the company are consolidated is that headed by Prestbury Investment Holdings Limited, the company's parent undertaking, which is incorporated in England and Wales. The consolidated accounts of that company are available to the public and may be obtained from the Company Secretary, Cavendish House, 18 Cavendish Square, London, W1G 0PJ. The ultimate parent entity of the company is Lesray LLP, an LLP which is incorporated in England and Wales that does not prepare and is not required to prepare consolidated accounts.