

Registration number 5828826

Prime Properties Group PLC

Report and Financial Statements

For the year ended 31 December 2011

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Prime Properties Group PLC

Report and financial statements

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Prime Properties Group PLC

Officers and professional advisers

Directors	R J Bratt G I Bruce C Dethendge (Resigned 1 June 2011)
Secretary	Mapa Management & Administration Services Limited
Registered office	Hallswelle House 1 Hallswelle Road London NW11 0DH
Bankers	Royal Bank of Scotland PO BOX 666 Ashton House Waterloo Street Bolton BL1 8FH
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Liverpool United Kingdom

Prime Properties Group PLC

Directors' report

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

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Principal activities

The principal activity of the company during the year was the development and sale and marketing of the Group's and third party overseas property

On 1 January 2012, the trade, assets and liabilities of the company were transferred to Club La Costa (UK) plc at book value. From this point the company has been dormant, and the accounts have therefore been prepared on a basis other than that of a going concern, as described in note 1

Directors

The directors who served the company during the year and thereafter were as follows

R J Bratt
G I Bruce
C Detheridge (Resigned 1 June 2011)

Results for the year

The results for the company are set out in detail on page 7. The directors propose the payment of a dividend of £2,953,511 (2010 nil). The profit for the year of £7,129,357 (2010 loss of £1,902,189) has been transferred to (2010 withdrawn from) reserves.

Going concern

The Company is part of the wider Club la Costa Group of companies ("Club la Costa Group"). The ultimate parent company, Glinton Limited, has confirmed, on behalf of the Club la Costa Group, its intention to provide ongoing support to the company.

Directors' report

..... *continued*

Auditor

Each of the persons who is a director at the date of the approval of this report confirms that so far as the directors are aware there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on ^{28 June 2011} and signed on its behalf by



R J Bratt
Director

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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.

Independent Auditor's Report to the Members of Prime Properties Group PLC

We have audited the financial statements of Prime Properties Group PLC for the year ended 31 December 2011, which comprise of the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. 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 auditor's 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 auditor

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - financial statements prepared other than on a going concern basis

Without qualifying our opinion we draw your attention to note 1 to the financial statements, which states that the financial statements have been prepared on the basis that the company is no longer a going concern.

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.


**Independent Auditor's Report to the Members of
Prime Properties Group PLC**

..... continued

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 directors report



Alan Fendall (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool
United Kingdom

Date *28th June 2012*

Prime Properties Group PLC
Profit and loss account for the Year Ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1	40,199,617	3,454,878
Cost of sales		<u>(27,178,470)</u>	<u>(2,755,506)</u>
Gross profit		13,021,147	699,372
Administrative expenses		<u>(3,269,279)</u>	<u>(3,253,821)</u>
Operating profit/(loss)	2	9,751,868	(2,554,449)
Interest receivable		<u>4,168</u>	<u>6,675</u>
Profit/(loss) on ordinary activities before taxation		9,756,036	(2,547,774)
Tax on profit/(loss) on ordinary activities	4	<u>(2,626,679)</u>	<u>645,585</u>
Profit/(loss) for the financial year	11, 12	<u><u>7,129,357</u></u>	<u><u>(1,902,189)</u></u>

All activities are discontinued

The company has no recognised gains or losses for the year other than the results above, accordingly, no separate Statement of Total Recognised Gains and Losses has been presented

Prime Properties Group PLC
(Registration number: 5828826)
Balance sheet at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible fixed assets	5	<u>7,080</u>	<u>16 177</u>
Current assets			
Stocks and work in progress	6	5,656 136	20 812 218
Debtors	7	2 093 356	4,854,592
Cash at bank		<u>1 322,669</u>	<u>4,905,669</u>
		9 072,161	30,572,479
Creditors Amounts falling due within one year	8	<u>(8,981,555)</u>	<u>(34,666,800)</u>
Net current assets/(liabilities)		<u>90,606</u>	<u>(4,094,321)</u>
Total assets less current liabilities		<u>97,686</u>	<u>(4,078,144)</u>
Net assets/(liabilities)		<u>97,686</u>	<u>(4,078,144)</u>
Capital and reserves			
Called up share capital	9	50,000	50 000
Capital contribution	11	-	875,277
Profit and loss account	11	<u>47 686</u>	<u>(5,003,421)</u>
Shareholders' funds/(deficit)	12	<u>97,686</u>	<u>(4,078 144)</u>

Approved by the Board on *28/12/2012* and signed on its behalf by

R J Bratt

R J Bratt
Director

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom accounting standards. The accounting policies adopted, which have been applied consistently, are shown below.

Basis of preparation

In order to simplify the group structure the directors have decided to transfer the trade and assets of the company to Club La Costa (UK) plc.

Following the transfer of trade and net assets on the 1 January 2012, it is the directors' intention to retain the company as a dormant entity and therefore the accounts have been prepared on a basis other than going concern.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced on contract completion during the year for properties sold, exclusive of Value Added Tax. The income from third party sales is recognised when the contract becomes irrevocable and binding.

Tangible fixed assets

All fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on cost, less estimated residual value over the estimated useful life of the assets. Depreciation rates are as follows:

Asset class	Depreciation method and rate
Computer and office equipment	25 - 33%

Stocks

Work in progress being resorts currently in the course of construction, is valued on the basis of stage of completion. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress. Finished stock is stated at the lower of cost and estimated realisable value.

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... continued

Taxation

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term

Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Cash flow statement

The company has taken advantage of the exemption available under FRS1 for small companies not to present a cash flow statement

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... *continued*

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2011 £	2010 £
Depreciation	11,665	28,830
Operating lease rentals	4,100,307	482,917
Fees payable to the company's auditor for the audit of the company's annual accounts	15,000	7,500
Loss on disposal of fixed assets	<u>(597)</u>	<u>-</u>

No non audit fees were payable to the company's auditor (2010 same)

3 Directors' remuneration

The directors' remuneration for the year which has been paid by another group company and recharged to Prime Properties Group plc was as follows

	2011 £	2010 £
Emoluments	112,000	130,000
Defined pension scheme contributions	<u>7,200</u>	<u>7,200</u>

During the year the number of directors who were receiving benefits was as follows

	2011 No.	2010 No.
Accruing benefits under defined contribution pension scheme	<u>1</u>	<u>1</u>

The above analysis excluded the emoluments of directors who are remunerated by undertakings in the Club La Costa (UK) plc group of companies

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... *continued*

4 Tax on profit on ordinary activities

	2011	2010
	£	£
Current tax		
Group relief payable	<u>827,591</u>	<u>-</u>
UK corporation tax based on the result for the year	827,591	-
Deferred tax		
Origination and reversal of timing differences	<u>1,799,088</u>	<u>(645,585)</u>
Total tax on profit/(loss) on ordinary activities	<u><u>2,626,679</u></u>	<u><u>(645,585)</u></u>

Factors affecting current tax charge for the year

Tax on profit/(loss) on ordinary activities for the year is lower than (2010 higher than) the standard rate of corporation tax in the UK of 26.5% (2010 28%)

The differences are explained below

	2011	2010
	£	£
Profit/(loss) on ordinary activities before taxation	<u>9,756,036</u>	<u>(2,547,774)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 28%)	2,585,350	(713,377)
Effects of:		
Expenses not deductible for tax purposes	-	5,185
Capital allowances in excess of depreciation	2,722	8,073
Tax losses carried forward	-	700,119
Utilisation of tax losses brought forward	<u>(1,760,481)</u>	<u>-</u>
Current tax charge for the year	<u><u>827,591</u></u>	<u><u>-</u></u>

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... continued

Finance Act 2011, which was substantively enacted in July 2011, included provisions to reduce the rate of corporation tax to 26% with effect from 1 April 2011 and 25% with effect from 1 April 2012. Accordingly, deferred tax balances have been measured at 25% in these financial statements.

On 21 March 2012, the government announced that it intends to further reduce the rate of corporation tax to 24% with effect from 1 April 2012, 23% from 1 April 2013 and 22% from 1 April 2014. As this legislation was not substantively enacted by 31 December 2011, the impact of the anticipated rate changes have not been reflected in the tax provisions reported in these financial statements.

5 Tangible fixed assets

	Computer and office equipment £
Cost or valuation	
At 1 January 2011	202,680
Additions	3,165
Disposals	(103,600)
At 31 December 2011	102,245
Depreciation	
At 1 January 2011	186,503
Charge for the year	11,665
Disposals	(103,003)
At 31 December 2011	95,165
Net book value	
At 31 December 2011	7,080
At 31 December 2010	16,177

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

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6 Stocks and work in progress

	2011	2010
	£	£
Finished stock	84,822	1,473,391
Development work in progress	5,290,287	19,332,505
Sundry stock	281,027	6,322
	<u>5,656,136</u>	<u>20,812,218</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

7 Debtors

	2011	2010
	£	£
Trade debtors	73,123	472,775
Other debtors	481,035	59,024
Amounts owed by group companies	1,111,221	875,277
Prepayments and accrued income	249,744	1,621,954
Deferred tax	18,205	1,817,293
VAT recoverable	160,028	8,269
	<u>2,093,356</u>	<u>4,854,592</u>

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... *continued*

Deferred tax

The movement in the deferred tax asset in the year is as follows

	£
At 1 January 2011	1,817,293
Deferred tax charged to the profit and loss account	<u>(1,799,088)</u>
At 31 December 2011	<u>18,205</u>

Analysis of deferred tax

	2011 £	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	26,633	31,652
Other timing differences	<u>(8,428)</u>	<u>1,785,641</u>
	<u>18,205</u>	<u>1,817,293</u>

The deferred tax asset has been recognised because, on the basis of future profitability, the director considers it more likely than not that there will be sufficient future taxable profits against which the timing differences, that gave rise to the potential deferred tax asset in the prior year, can be offset

8 Creditors: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	331,157	206,996
Amounts owing to group undertakings	3,410,106	123,772
Other creditors	1,215,024	363,484
Construction creditors	-	7,867,053
Accruals and deferred income	<u>4,025,268</u>	<u>26,105,495</u>
	<u>8,981,555</u>	<u>34,666,800</u>

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

..... *continued*

9 Share capital

Allotted, called up and fully paid share capital

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

10 Dividends

	2011 £	2010 £
Dividends paid		
Interim dividend for the year ended 31 December 2011 of £59 07p per ordinary share	<u>2,953,511</u>	<u>-</u>

11 Reserves

	Capital Contribution £	Profit and loss account £
At 1 January 2011	875,277	(5,003,437)
Profit for the year	-	7,129,357
Dividends	-	(2,953,511)
Transfer	<u>(875,277)</u>	<u>875,277</u>
At 31 December 2011	<u>-</u>	<u>47,686</u>

12 Reconciliation of movement in shareholders' funds/ (deficit)

	2011 £	2010 £
Profit/(loss) for the financial year	7,129,357	(1,902,189)
Dividends	<u>(2,953,511)</u>	<u>-</u>
Net addition/(reduction) to shareholders' deficit	4,175,846	(1,902,189)
Shareholders' deficit at 1 January	<u>(4,078,160)</u>	<u>(2,175,955)</u>
Shareholders' funds/(deficit) at 31 December	<u>97,686</u>	<u>(4,078,144)</u>

Prime Properties Group PLC

Notes to the financial statements for the Year Ended 31 December 2011

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13 Contingent liabilities

HSM claim

Prime Properties Group Plc has received correspondence from the legal advisors of a group of claimants in respect of the failure of HSM, a Turkish developer, to complete the construction of the Royal Blue Beach Complex. The claim calls for compensation for the amounts paid to date for the apartments plus the associated costs of purchasing the apartments. It has been estimated that the maximum liability should the action be successful is of the order of £3.0 million including a reasonable estimate of claimants' costs. Prime Properties Plc acted as agent on certain transactions between the claimants and HSM. The Directors of Prime Properties Group Plc have taken legal advice and consider the claim to be unfounded and accordingly no provision has been made in the financial statements. At the date of signing the financial statements, no actual court proceedings have been issued on behalf of the group claiming.

14 Ultimate parent company and controlling party

The ultimate parent company is Glinton Limited, a company incorporated in the Isle of Man. The immediate parent company is Gare Limited, a company incorporated in the Isle of Man.

In the opinion of the directors, the ultimate controlling party is the Cavendish Trustees Limited.

15 Related party transactions

In accordance with the Financial Reporting Standard 8 "Related Party Disclosures" and the small companies regime, transactions with other group undertakings within, and with investee related parties of the group, have not been disclosed.