

Registration Number 1627626

Guinness Mahon Group Limited

Report and Financial Statements

31 March 2012

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Guinness Mahon Group Limited

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Guinness Mahon Group Limited

DIRECTORATE AND CORPORATE INFORMATION

BOARD OF DIRECTORS

A J Barnes
S M Burgess
A Tapnack

SECRETARY

D Miller

AUDITOR

Ernst & Young LLP
1 More London Place
London SE1 2AF

COMPANY REGISTRATION

Registration Number 1627626
Registered Office 2 Gresham Street
London EC2V 7QP

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Investec plc. Its principal activity is that of an investment holding company and it will continue to operate in this capacity for the foreseeable future. The company manages property leases. Full provision against estimated future losses in relation to these property leases has been made in prior years. The company sublets these properties where it is possible.

A list of the company's principal subsidiary undertakings is shown in note 6 to the financial statements.

RESULTS AND FUTURE PROSPECTS

The results for the year show a loss before tax of £329,307 (2011 – profit of £907) (see page 5).

The directors do not recommend the payment of a dividend for the year ended 31 March 2012 (2011 – nil).

DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 1. No other person was a director at any time during the year under review. According to the register of directors' interests, no director holding office at 31 March 2012 had any beneficial interest in the shares of the company during the year.

DIRECTORS' INDEMNITY AND DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The company maintains a Directors' and Officers' Liability Insurance policy. In accordance with the company's Articles of Association, the board may also indemnify a director from the assets of the company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions.

GOING CONCERN

On the basis of current financial projections the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

SUPPLIERS

The company's standard practice is to agree the terms of payment with suppliers at the time of contract and to make payments within the agreed credit term subject to satisfactory performance.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the company's auditor in connection with preparing its report, of which the company's auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The company has elected not to make annual appointments of the auditor. Accordingly Ernst & Young LLP are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

Signed on behalf of the board



D Miller
Secretary
17 December 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.

Signed on behalf of the board



S M Burgess
Director
17 December 2012

Independent auditor's report to the member of Guinness Mahon Group Limited

We have audited the financial statements of Guinness Mahon Group Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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 member, 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 member those matters we are required to state to it 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 member 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 set out on page 3, 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 (APB'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 Report and Financial Statements 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 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 March 2012 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.

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.



Michael-John Albert, (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 December 2012

Guinness Mahon Group Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2012

		2012	2011
	Notes	£	£
Operating expenses	2	(329,307)	(348)
OPERATING LOSS		(329,307)	(348)
Interest receivable	4	-	1,255
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(329,307)	907
Taxation	5	76,769	(264,233)
LOSS FOR THE FINANCIAL YEAR		(252,538)	(263,326)

The above activities are continuing

There are no recognised gains or losses in the current or prior year other than those reflected in the profit and loss account

The accompanying notes form an integral part of these financial statements

Guinness Mahon Group Limited


BALANCE SHEET

at 31 March 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Shares in group undertakings	6	2,633,453	2,633,453
Other investments	7	650,000	650,000
		<u>3,283,453</u>	<u>3,283,453</u>
CURRENT ASSETS			
Debtors	8	36,300,553	38,740,817
Deferred tax asset	9	106,213	143,830
		<u>36,406,766</u>	<u>38,884,647</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(2,060,053)	(4,449,439)
NET CURRENT ASSETS		<u>34,346,713</u>	<u>34,435,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,630,166	37,718,661
Provisions for liabilities and charges	11	(404,790)	(240,747)
NET ASSETS		<u>37,225,376</u>	<u>37,477,914</u>
CAPITAL AND RESERVES			
Called up share capital	12	34,663,002	34,663,002
Share premium account	13	10,545,015	10,545,015
Available for sale reserves	13	530,000	530,000
Profit and loss account	13	(8,512,641)	(8,260,103)
EQUITY SHAREHOLDER'S FUNDS		<u>37,225,376</u>	<u>37,477,914</u>

The accompanying notes form an integral part of these financial statements

The financial statements on pages 5 to 11 were approved by the board on 17 December 2012 and signed on its behalf by



S M Burgess
Director

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

1. ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice and under the historical cost convention and on a going concern basis

Group financial statements

The company is exempt by virtue of Section 405 of the Companies Act 2006 from the requirement to prepare Group financial statements because the company is a wholly owned subsidiary of Investec plc which is incorporated in the United Kingdom. The financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement

The company is exempt from the requirements to prepare a cash flow statement under Financial Reporting Standard 1, because a consolidated cash flow statement is included in the publicly available consolidated financial statements of its ultimate holding company, Investec plc

Taxation

Corporation tax payable is provided on taxable profits at the current rate

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. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods

Deferred tax is measured at a non-discounted basis at the 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 at the balance sheet date

Interest income and expense

Interest income and expense is recognised on an accrual basis

Investments in group undertakings

Investments in group undertakings are stated at cost less provision for any impairment in value

Available for sale assets – Other Investments

Financial assets classified as available for sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity. Realised gains and losses are recognised in income in the period in which the asset is realised

If an available for sale instrument is determined to be impaired, the respective cumulative unrealised losses previously recognised in equity are included in the profit and loss account in the period in which the impairment is identified. Impairments on available for sale equity instruments are not reversed once recognised in the profit and loss account

Related party transactions

The directors have taken advantage of the exemptions available in Financial Reporting Standard 8 from disclosing transactions with related parties which are wholly owned members of Investec plc Group

Disclosure of financial instruments

The directors have taken advantage of the disclosure exemptions available to subsidiary undertakings in Financial Reporting Standard 29 section 2D

Guinness Mahon Group Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

2. OPERATING EXPENSES

	2012 £	2011 £
Provision for liabilities for operating leases	323,840	-
Other operating expenses	5,467	348
	<u>329,307</u>	<u>348</u>

In the current and prior year, the auditor's remuneration of has been borne by another Group company The company has no employees (2011 – no employees)

3. EMOLUMENTS OF DIRECTORS

The directors were employed and remunerated as directors or executives of Investec plc and its subsidiaries ("the Group") in respect of their services to the Group as a whole and their remuneration has been paid by other Group companies. It is estimated that the remuneration for their services to the company in the year totalled £6,000 (2011 - £6,000)

4. INTEREST RECEIVABLE

	2012 £	2011 £
Interest receivable from group undertakings	-	1,255

5. TAXATION

	2012 £	2011 £
UK Corporation tax	(114,386)	214,446
Deferred tax		
Current year	28,766	38,723
Change in rate	8,851	11,064
Taxation	<u>(76,769)</u>	<u>264,233</u>

The effective rate for the year is different from the standard rate of UK corporation tax due to the following items

	2012 £	2011 £
Tax on loss on ordinary activities at UK rate of 26% (2011 – 28%)	(85,620)	254
Capital allowances claimed	(28,766)	(38,723)
UK to UK transfer pricing adjustment	-	252,915
	<u>(114,386)</u>	<u>214,446</u>

Guinness Mahon Group Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

6. SHARES IN GROUP UNDERTAKINGS

	2012 £	2011 £
Cost at beginning and end of year	31,275,700	31,275,700
Provisions at beginning and end of year	28,642,247	28,642,247
Net book value	2,633,453	2,633,453

The subsidiary undertakings of the company are

Subsidiary undertakings	Country of incorporation	Nature of business	Interest
Guinness Mahon Group Services Limited*	England and Wales	Investment holding	100%
Henderson Crosthwaite Holdings Limited*	England and Wales	Investment holding	100%
GMG Nominees Limited*	England and Wales	Nominee company	100%
Henderson Crosthwaite (Old) Limited	England and Wales	Dormant	100%
Investec Securities Limited	England and Wales	Dormant	100%
Guinness Mahon International Limited	England and Wales	Dormant	100%
Guinness Mahon Pension Fund Trustees Limited*	England and Wales	Non-trading company	100%
Guinness Peat (Overseas) Limited	England and Wales	Dormant	100%
Investec Property Investments (South East) Limited	England and Wales	Property services	100%
Investec Property Investments (Yorkshire) Limited	England and Wales	Property services	100%

* Directly held subsidiary of Guinness Mahon Group Limited

7. OTHER INVESTMENTS

	2012 £	2011 £
Balance at beginning of year	650,000	650,000
Fair value movements	-	-
Balance at end of year	650,000	650,000

All other investments are classified as available for sale

In the opinion of the directors, the fair value of the investments is materially the same as the amounts at which they are stated in the balance sheet. All other investments are unlisted investments

8. DEBTORS

	2012 £	2011 £
Amounts owed by Group undertakings	36,290,289	38,641,339
Other debtors	10,264	99,478
	36,300,553	38,740,817

Guinness Mahon Group Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

9. DEFERRED TAX ASSET

	2012 £	2011 £
At beginning of year	143,830	193,618
Movement during the year	(28,766)	(38,723)
Change in rate	(8,851)	(11,065)
At end of year	<u>106,213</u>	<u>143,830</u>

The deferred tax asset relates to capital allowances

On 21 March 2012 as part of the 2012 Budget, the UK government has announced its intention to legislate to reduce the main rate of corporation tax to 24% with effect from 1 April 2012 and further by 1% per annum falling to 22% with effect from 1 April 2014. The reduction to 24% was subsequently enacted prior to 31 March 2012 under the provisions of the Provisional Collection of Taxes Act 1968 and the effect of this reduction is therefore reflected in the above calculation of the deferred tax asset.

On 5 December 2012, the UK government announced its intention to further reduce the main rate of corporation tax with effect from 1 April 2014 to 21% rather than the 22% announced previously.

There are trade losses carried forward of £12,006k on which deferred tax asset has not been recognised due to uncertainty regarding future trading profits.

10. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Amounts owed to Group undertakings	1,569,385	3,844,385
Group relief payable	<u>490,668</u>	<u>605,054</u>
	<u>2,060,053</u>	<u>4,449,439</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	2012 £	2011 £
At beginning of year	240,747	260,361
Utilisation of provision	(159,797)	(19,614)
Increase in provision	<u>323,840</u>	<u>-</u>
At end of year	<u>404,790</u>	<u>240,747</u>

In the current year provisions amounting to £159,797 made in prior years have been utilised. The provision carried forward represents the estimated liability for operating leases relating to properties no longer in use in the Group.

12. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised		
Ordinary shares of 25p each – 140,152,000 (2011 – 140,152,000)	<u>35,038,000</u>	<u>35,038,000</u>
Issued, allotted and fully paid		
Ordinary shares of 25p each – 138,652,008 (2011 – 138,652,008)	<u>34,663,002</u>	<u>34,663,002</u>

Guinness Mahon Group Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2012

13. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS IN RESERVES

	Share capital	Share premium	Available for sale reserves	Profit and loss account	Total reserves
	£	£	£	£	£
At beginning of year	34,663,002	10,545,015	530,000	(8,260,103)	37,477,914
Loss for the year	-	-	-	(252,538)	(252,538)
At end of year	34,663,002	10,545,015	530,000	(8,512,641)	37,225,376

14. COMMITMENTS UNDER OPERATING LEASES

The company has commitments in respect of non-cancellable operating leases. The rentals payable under these leases in the next year are as follows:

	2012 £	2011 £
Leases which expire In two to five years	152,656	152,656
	<u>152,656</u>	<u>152,656</u>

15. RISK MANAGEMENT

As a wholly-owned subsidiary of Investec plc, the company falls under the Investec plc Group's Risk Management Framework which is set out in the combined Investec plc and Investec Limited 2012 financial statements, Risk Management and Corporate Governance report. The company's principal activity is that of an investment holding company. The company's investment in its subsidiaries has been funded by borrowings from fellow subsidiary undertakings. Loans from group undertakings and fellow subsidiary undertakings are structured so as to match, as far as possible, interest rate, liquidity and foreign currency risks.

16. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Investec Group (UK) plc.

The company's ultimate parent undertaking and controlling party is Investec plc, a company incorporated in the United Kingdom and registered in England and Wales. The consolidated financial statements of Investec plc are available to the public and may be obtained from Investec plc at 2 Gresham Street, London, EC2V 7QP. This is the smallest and largest group in which the results of the company are consolidated.