

Guinness Peat Group UK Limited

Annual Report and Accounts

31 December 2007

**Registered number
4981845**



Guinness Peat Group UK Limited

Directors' Report

The directors submit their report and audited financial statements for the year ended 31 December 2007

Business review and principal activities

Guinness Peat Group UK Limited is a wholly owned subsidiary of Guinness Peat Group plc ("GPG"), which is incorporated in Great Britain

The Company's principal activities are financing and securities trading and the directors continue to investigate opportunities for the Company

Results

The profit for the year after taxation amounted to £1,378,337 (2006 profit £478,502) and the retained profit of £1,378,337 (2006 profit of £478,502) has been transferred to reserves

Dividends

No interim dividend was paid during the year (2006 £nil) The directors do not recommend a final dividend for 2007 (2006 £nil)

Research and development

The directors do not regard investment in research and development as integral to the continuing success of the company's securities trading business

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of the investment holding companies within the GPG Group, which include those of the company, can be found in the "Derivatives and other financial instruments" note of the ultimate parent company's annual report which does not form part of this report Further commentary on the way the group manages the risk inherent in its activities and those of its principal investments can be found in the Corporate Governance report of the ultimate parent company's annual report which does not form part of this report

Financial Risk Management

Financial risks are monitored on an ongoing basis but the company does not enter into any hedging activity and does not use financial instruments in this regard

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company

Directors

The directors who served throughout the year were as follows

A M Butcher
J R Russell
N J Tarn

Guinness Peat Group UK Limited
Directors' Report (cont)

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed
- 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 that 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 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.

GPG provides certain protections for directors of companies within the group against personal financial exposure that they might incur in the course of their professional duties.

Pursuant to section 234ZA of the Act, each of the persons who is a director at the date of approval of this annual report confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the Board



N J Tarn
Director
17 July 2008

**Independent auditors' report
to the members of Guinness Peat Group UK Limited**

We have audited the financial statements of Guinness Peat Group UK Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely for the Company's member, 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 member 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 member, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Report.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

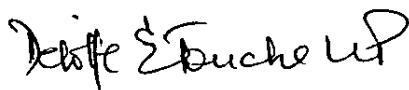
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

17 July 2008

Guinness Peat Group UK Limited
Profit and Loss Account
for the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover		-	12,517,186
Cost of sales		-	(12,378,905)
Gross profit		<u>-</u>	<u>138,281</u>
Market value write-down of investments		-	(419,551)
Operating expenses	3	-	(289,052)
Operating loss		<u>-</u>	<u>(570,322)</u>
Interest and investment income	4	1,381,731	1,051,781
Interest payable	5	(3,394)	(2,957)
Profit on ordinary activities before taxation		<u>1,378,337</u>	<u>478,502</u>
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the year	11	<u>1,378,337</u>	<u>478,502</u>

Continuing operations

None of the Company's activities was acquired or discontinued during the above two financial years

The Company has no recognised gains or losses other than the profit/(loss) for the above two financial years, and consequently no statement of total recognised gains and losses has been prepared

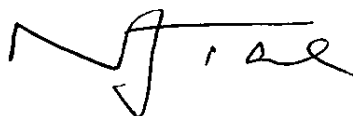
The movements in reserves are disclosed in note 10 to the financial statements

The notes on pages 6 to 9 form part of these financial statements

Guinness Peat Group UK Limited
Balance Sheet
as at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors amounts falling due within one year	7	22,910,055	21,528,324
Cash at bank and in hand		<u>2,172</u>	<u>2,172</u>
Net current assets		<u>22,912,227</u>	<u>21,530,496</u>
Creditors, amounts falling due after more than one year	8	<u>(62,469)</u>	<u>(59,075)</u>
Net assets		<u>22,849,758</u>	<u>21,471,421</u>
Capital and reserves			
Called up share capital	9	149,800	149,800
Share premium	10	22,499,900	22,499,900
Profit and loss account	10	<u>200,058</u>	<u>(1,178,279)</u>
Shareholders' funds	11	<u>22,849,758</u>	<u>21,471,421</u>

Approved by the Board of Directors on 17 July 2008 and signed on its behalf by



N J Tarn
Director

The notes on pages 6 to 9 form part of these financial statements

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2007

1 Statement of accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and law in the United Kingdom. The accounting policies adopted in preparing these financial statements have been consistently applied throughout the current and preceding year.

Turnover

Turnover represents investments sold during the year.

Taxation

Provision is made for taxation assessable on the profit/(loss) for the year as adjusted for disallowable and non-taxable items.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Dividend income from the Company's investments is recognised when legal entitlement passes.

Preference shares

In accordance with the requirements of FRS 25 ("Financial Instruments: Disclosure and Presentation") the Company's preference shares are classified as financial liabilities, and the cumulative preference dividends are been classified as interest expense.

2 Directors' emoluments

The directors are employed and remunerated as executives of GPG, the ultimate holding company, and received no emoluments in respect of their services to the Company.

3 Operating expenses

2007	2006
£	£

Operating expenses include

Foreign currency translation losses	-	(289,052)
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Audit fees of £5,000 (2006: £5,000) are borne by the Company's parent undertaking.

There were no employees (2006: nil).

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2007

4	Interest and investment income	2007	2006
		£	£
	Other interest receivable	7,535	103,787
	Group interest receivable	1,374,196	611,187
	Dividends receivable	-	336,807
		<u>1,381,731</u>	<u>1,051,781</u>
5	Interest payable	2007	2006
		£	£
	Cumulative preference dividend on non-equity shares	<u>3,394</u>	<u>2,957</u>
6	Tax on profit on ordinary activities	2007	2006
		£	£
	Current tax		
	UK corporation tax	<u>-</u>	<u>-</u>
	The current tax charge differs from the standard rate of corporation tax in the UK (30%)		
	The differences are explained below		
	Profit on ordinary activities before taxation	<u>1,378,337</u>	<u>478,502</u>
	Profit on ordinary activities multiplied by the standard rate of		
	tax in the UK of 30% (2006 30%)	413,501	143,551
	Group relief not charged	(413,757)	-
	Utilisation of tax losses	(4,144)	(336,242)
	Permanent differences	<u>4,400</u>	<u>192,691</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>
	A deferred tax asset of £nil in respect of tax losses has not been recognised in these accounts		
	(2006 £74,294)		
7	Debtors amounts falling due within one year	2007	2006
		£	£
	Due from group undertakings	22,910,055	21,414,824
	Tax recoverable	-	113,500
		<u>22,910,055</u>	<u>21,528,324</u>

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2007

8 Creditors amounts falling due after more than one year	2007 £	2006 £
Floating Rate £1 C preference shares	50,200	50,200
Cumulative preference dividends	12,269	8,875
	<u>62,469</u>	<u>59,075</u>

	2007 No	2007 £	2006 No	2006 £
Authorised	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Issued and fully paid	<u>50,200</u>	<u>50,200</u>	<u>50,200</u>	<u>50,200</u>

Each Floating Rate £1 C Preference share is entitled to 1 vote and is entitled to receive an annual cumulative dividend equivalent to the Barclays Bank PLC base rate plus 1 25% per annum

On a return of capital on liquidation or otherwise, the surplus assets of the Company after payment of its liabilities shall be applied first in repaying the nominal value of Floating Rate £1 C Preference shares and any accruals or unpaid amounts of the Preferential Dividend The Floating Rate £1 C Preference shares carry no other right to participate in such surplus assets of the Company

9 Share capital	2007 No	2007 £	2006 No.	2006 £
Authorised:				
A Ordinary shares of £1 each	60,000	60,000	60,000	60,000
B Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>
Issued and fully paid:				
A Ordinary shares of £1 each	50,200	50,200	50,200	50,200
B Ordinary shares of £1 each	99,600	99,600	99,600	99,600
	<u>149,800</u>	<u>149,800</u>	<u>149,800</u>	<u>149,800</u>

A Ordinary shares are entitled to 0 2% and B Ordinary shares are entitled to 99 8% of any profit distributions In a poll, each A Ordinary share is entitled to 1 vote and each B Ordinary share is entitled to 500 votes

After the payment of the Company's liabilities and the nominal value of Floating Rate £1 C Preference shares and any accruals or unpaid amounts of the Preferential Dividend, any remaining surplus assets shall be applied as to 0 1% of such assets to the A Ordinary shares and as to 99 9% of such assets to the B Ordinary shares

The A Ordinary and the B Ordinary shares rank pari passu in all respects save as set out above

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2007

10 Reserves	Share premium £	Profit and loss account £
At 1 January 2007	22,499,900	(1,178,279)
Profit for the year	-	1,378,337
At 31 December 2007	<u>22,499,900</u>	<u>200,058</u>

11 Reconciliation of movement in shareholders' funds	2007 £	2006 £
At 1 January	21,471,421	20,992,919
Profit for the year	<u>1,378,337</u>	<u>478,502</u>
At 31 December	<u>22,849,758</u>	<u>21,471,421</u>

12 Cash flow statement

A cash flow statement has not been prepared since the Company is a wholly owned subsidiary of GPG, a body corporate which publishes consolidated financial statements that are publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

13 Related parties

The Company has taken advantage of the exemption in Financial Reporting Standard 8(3) not to disclose transactions with entities 90% or more of whose voting rights are controlled within the Group.

14 Controlling parties

GPG, a company incorporated in Great Britain and registered in England and Wales, is the immediate and ultimate parent and controlling party of the Company. Copies of the accounts of GPG for the year ended 31 December 2007 will be available from the Company Secretary, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP, England.

GPG is the only parent undertaking of the group to consolidate the Company's financial statements.