

Guinness Peat Group UK Limited

Annual Report and Accounts

31 December 2008

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 2008.

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.

The Directors have considered the use of the going concern basis in the preparation of the financial statements and concluded that it is appropriate.

Results

The loss for the year after taxation amounted to £2,972 (2007: profit £1,378,337) and there has been a transfer of £2,972 from reserves (2007: retained profit transfer of £1,378,337 to reserves.) The directors do not recommend payment of a dividend on the ordinary shares (2007: nil). During the year a dividend on the preference shares was paid of £2,972 (2007: £3,394).

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; 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 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.

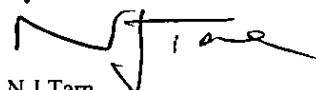
Pursuant to section 234ZA of the Act, each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 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

19 June 2009

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

We have audited the financial statements of Guinness Peat Group UK Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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

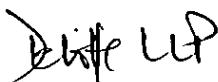
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of its loss 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 LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
19 June 2009

Guinness Peat Group UK Limited
Profit and Loss Account
for the year ended 31 December 2008

| | Notes | 2008 £ | 2007 £ |
|---|-------|----------------|------------------|
| Interest and investment income | 4 | - | 1,381,731 |
| Interest payable | 5 | (2,972) | (3,394) |
| (Loss)/profit on ordinary activities before taxation | 3 | <u>(2,972)</u> | <u>1,378,337</u> |
| Tax on (loss)/profit on ordinary activities | 6 | <u>-</u> | <u>-</u> |
| (Loss)/Profit for the year | 11 | <u>(2,972)</u> | <u>1,378,337</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 result for the above two financial years, and consequently no statement of total recognised gains and losses has been prepared.

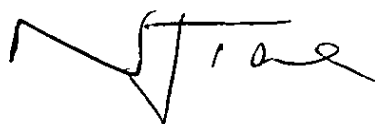
The movements in reserves are disclosed in note 10 to the financial statements.

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

Guinness Peat Group UK Limited
Balance Sheet
as at 31 December 2008

| | Notes | 2008 £ | 2007 £ |
|--|-------|--------------------------|--------------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 22,910,055 | 22,910,055 |
| Cash at bank and in hand | | <u>2,172</u> | <u>2,172</u> |
| Net current assets | | <u>22,912,227</u> | <u>22,912,227</u> |
| Creditors: amounts falling due after more than one year | | | |
| | 8 | <u>(65,441)</u> | <u>(62,469)</u> |
| Net assets | | <u><u>22,846,786</u></u> | <u><u>22,849,758</u></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>197,086</u> | <u>200,058</u> |
| Shareholders' funds | 11 | <u><u>22,846,786</u></u> | <u><u>22,849,758</u></u> |

Approved by the Board of Directors on 19 June 2009 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 2008

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 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 (Loss)/profit on ordinary activities before taxation

Audit fees of £3,000 (2007: £5,000) are borne by the Company's parent undertaking.

There were no employees (2007: nil).

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2008

| | | | |
|----------|---|-------------------|-------------------|
| 4 | Interest and investment income | 2008 | 2007 |
| | | £ | £ |
| | Other interest receivable | - | 7,535 |
| | Group interest receivable | - | 1,374,196 |
| | | <u>-</u> | <u>1,381,731</u> |
| 5 | Interest payable | 2008 | 2007 |
| | | £ | £ |
| | Cumulative preference dividend on non-equity shares | <u>2,972</u> | <u>3,394</u> |
| 6 | Tax on (loss)/profit on ordinary activities | 2008 | 2007 |
| | | £ | £ |
| | Current tax | | |
| | UK corporation tax | <u>-</u> | <u>-</u> |
| | The current tax charge differs from the standard rate of corporation tax in the UK of 28.5% (2007:30%.) The differences are explained below: | | |
| | (Loss)/profit on ordinary activities before taxation | <u>(2,972)</u> | <u>1,378,337</u> |
| | (Loss)/profit on ordinary activities multiplied by the standard rate of tax in the UK of 28.5% (2007: 30%) | (847) | 413,501 |
| | Group relief not charged | (390,799) | (413,757) |
| | Utilisation of tax losses | - | (4,144) |
| | Permanent differences | <u>391,646</u> | <u>4,400</u> |
| | Current tax charge for the year | <u>-</u> | <u>-</u> |
| 7 | Debtors: amounts falling due within one year | 2008 | 2007 |
| | | £ | £ |
| | Due from group undertakings | <u>22,910,055</u> | <u>22,910,055</u> |

Guinness Peat Group UK Limited
Notes to the Accounts
for the year ended 31 December 2008

| 8 Creditors: amounts falling due after more than one year | 2008 | 2007 |
|--|---------------|---------------|
| | £ | £ |
| Floating Rate £1 C preference shares | 50,200 | 50,200 |
| Cumulative preference dividends | 15,241 | 12,269 |
| | <u>65,441</u> | <u>62,469</u> |

| | 2008 | 2008 | 2007 | 2007 |
|------------------------------|---------------|---------------|---------------|---------------|
| | No. | £ | No. | £ |
| 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 | 2008 | 2008 | 2007 | 2007 |
|-------------------------------|----------------|----------------|----------------|----------------|
| | No. | £ | No. | £ |
| 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 2008

| 10 Reserves | Share premium £ | Profit and loss account £ |
|---------------------|----------------------------|--|
| At 1 January 2008 | 22,499,900 | 200,058 |
| Loss for the year | - | (2,972) |
| At 31 December 2008 | <u>22,499,900</u> | <u>197,086</u> |

| 11 Reconciliation of movement in shareholders' funds | 2008 £ | 2007 £ |
|---|-------------------|-------------------|
| At 1 January | 22,849,758 | 21,471,421 |
| (Loss)/Profit for the year | <u>(2,972)</u> | <u>1,378,337</u> |
| At 31 December | <u>22,846,786</u> | <u>22,849,758</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 2008 are 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.