

CHEVERELL ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

24 DECEMBER 2010

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COMPANIES HOUSE

Registered No. 583831

Directors

I G H Barnett
R O Keshiro

Secretary

C M Coombe

Auditors

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

Registered Office

16 Palace Street
London SW1E 5JQ

Registered No 583831

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 24 December 2010

Results and dividends

The profit for the year, after taxation, is £100,274 (2009 £66,283) The directors do not recommend payment of a dividend

Principal activity and review of business

The company's principal activity is property development and dealing The company's financial statements for the year summarise the property and other income movements

The company's key financial and other performance indicators during the year were as follows

	2010	2009	Change
	£	£	%
Operating profit on ordinary activities before tax	104,269	38,729	169
Profit on ordinary activities after taxation	100,274	66,283	51

The results for the year are in accordance with the directors' expectations The post-tax profit arises from rental income earned for the year, less tax charged

The company is a wholly owned subsidiary of P&O Property Holdings Limited

Principal risks and uncertainties and going concern

Having reviewed the company's business activities, together with the factors likely to affect its future development and financial position, the directors do not foresee any significant risks and uncertainties other than price risk The UK property market recovered marginally during 2010, however due to the current economic climate it remains difficult to predict the future trends in the UK property market Price risk represents an uncertainty in the operating environment rather than a risk which can be managed

In respect of going concern, after making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The directors of the company who held office during the year and up to the date of this report were as follows

I G H Barnett
R O Keshiro
A H Fletcher (resigned 28 February 2011)

DIRECTORS' REPORT

Directors' Indemnity Insurance

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the directors' report

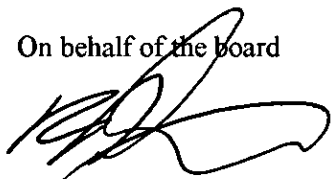
Disclosure of information to the auditors

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

Auditors

Ernst & Young LLP are auditors to the Company and a resolution is to be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006 that they be replaced by PricewaterhouseCoopers LLP

On behalf of the board



R O Keshiro
Director

22 September 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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)

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 judgements and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF CHEVERELL ESTATES LIMITED

We have audited the financial statements of Cheverell Estates Limited for the year ended 24 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 10. 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 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CHEVERELL ESTATES LIMITED**

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 24 December 2010 and of its profit 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

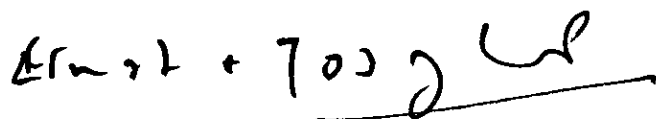
Opinion on other matter prescribed by the Companies Act 2006

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



*Adrian Mulea (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

23 SEPTEMBER 2011

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2010**

	Notes	2010 £	2009 £
Turnover			
Rental Income		350,791	344,290
Property Operating Expense		(246,522)	(305,561)
		<hr/>	<hr/>
Operating profit and profit on ordinary activities before taxation	2	104,269	38,729
Tax on profit on ordinary activities	3	(3,995)	27,554
		<hr/>	<hr/>
Profit on ordinary activities after taxation		100,274	66,283
		<hr/> <hr/>	<hr/> <hr/>

The above results relate wholly to continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2010**

There were no recognised gains and losses other than the profit of £100,274 attributable to the shareholders for the year ended 24 December 2010 (2009 £66,283)

BALANCE SHEET
AT 24 DECEMBER 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Current Assets					
Properties	4	2,100,002		2,100,002	
Debtors: amounts falling due within one year	5	1,648,582		2,087,632	
			3,748,584		4,187,634
Creditors: amounts falling due within one year	6		(33,013)		(483,933)
Net current assets			3,715,571		3,703,701
Provisions for liabilities and charges	7		(11,596)		(100,000)
Net assets			3,703,975		3,603,701
Capital and reserves					
Called up share capital	8		1,000,000		1,000,000
Profit and loss account	9		2,703,975		2,603,701
Equity Shareholder's funds			3,703,975		3,603,701



R O Keshiro
Director

22 September 2011

NOTES TO THE FINANCIAL STATEMENTS AT 24 DECEMBER 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Cheverell Estates Limited were approved for issue by the Board of Directors on 22 September 2011

The financial statements are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable UK accounting standards

Turnover and property operating expense

Turnover is stated net of value added tax and represents rental income receivable from investment properties. Property operating expenses represents the net of the recovery of dilapidation expenditure from tenants and such expenditure that cannot be recovered

Provisions for liabilities and charges

Provisions are recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Properties

Properties are included in current assets at the lower of cost and net realisable value on the basis that it is the directors' intention that they are not to be held for continuing use in the business. Net realisable value is measured by reference to an assessment made by the directors at the balance sheet date on the basis of internal, professional valuations

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future. Deferred tax assets however, are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits against which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Cash flow statement

The company has taken advantage of the exemption available to it under FRS1 (Revised) "Cash Flow Statements" not to prepare a statement of cash flows

Related party transactions

The company has taken advantage of the exemption available to it under FRS8 "Related Party Disclosures" not to disclose transactions with other group companies. There were no other related party transactions during the year

**NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010**

2 OPERATING PROFIT

- (a) The company's business is organised and turnover generated wholly in the United Kingdom
- (b) The basis of charging intra-group interest is agreed between the parties from time to time
- (b) The company has no employees (2009 None) The directors are also directors/employees of, and were paid by, other group undertakings The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors/employees of other group undertakings
- (c) Fees for audit and non-audit services provided by Ernst & Young LLP to the company have been borne by other group undertakings It is not practicable to ascertain what proportion of such fees relates to the company

3 TAX

- (a) Tax on profit on ordinary activities

The tax (charge)/credit is made up as follows

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax at 28% (2009 28%)	(3,995)	(10,844)
Tax overprovided in previous years	-	38,398
Total current tax (charge)/credit (note 3(b))	<u>(3,995)</u>	<u>27,554</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Tax (charge)/credit on profit on ordinary activities (note 3(b))	<u>(3,995)</u>	<u>27,554</u>

- (b) Factors affecting the current tax credit

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>104,269</u>	<u>38,729</u>
Profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 28% (2009 28%)	(29,195)	(10,844)
Provisions	25,200	-
Tax overprovided in previous years	-	38,398
Total current tax (charge)/credit (note 3(a))	<u>(3,995)</u>	<u>27,554</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

3 TAX (continued)

(c) Unrecognised deferred tax

A deferred tax asset of £2,600 (2009 £28,000) in respect of timing differences has not been recognised because it is not probable that future taxable profits will be available for offset in the foreseeable future

(d) Factors affecting future tax charges

In his budget on 23 March 2011, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 26% from 1 April 2011, and then by a further 1% per annum to 23% by 2014. The rate change will impact the amount of the future tax charges recognised by the company. However, it is not considered to have any material effect on the current year results.

The company will only recognise the impact of these rate changes in its financial statements once they are substantively enacted. However, for indicative purposes only, the maximum effect of the proposed reduction in the corporate income tax rate to 23% is to reduce the unrecognised deferred tax balance as at 24 December 2010 to £2,300.

4 CURRENT ASSETS - PROPERTIES

	2010 £	2009 £
Properties at cost	<u>2,100,002</u>	<u>2,100,002</u>

Properties comprise industrial warehousing with a gross internal area of 86,788 square feet and are carried at the lower of cost and net realisable value. Net realisable value has been assessed by internal, qualified surveyors by reference to market conditions as at the balance sheet date.

5 DEBTORS

	2010 £	2009 £
Amounts owed by group undertakings	1,626,029	2,083,917
Other debtors	22,553	3,715
	<u>1,648,582</u>	<u>2,087,632</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Other creditors	29,018	72,309
Group relief payable	3,995	411,624
	<u>33,013</u>	<u>483,933</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

7 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Provision for services, insurance and rates</i> £	<i>Provision for dilapidations and legal fees</i> £	<i>Total</i> £
At 25 December 2009	10,000	90,000	100,000
Released during the year	-	(90,000)	(90,000)
Arising during the year	1,596	-	1,596
At 24 December 2010	<u>11,596</u>	<u>-</u>	<u>11,596</u>

Insurance and rates

Provision has been made for insurance premiums and rates on vacant properties owned, for the forecast void period being twelve months as at 24 December 2010

8 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	2010 £	2009 £
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid	2010 £	2009 £
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 25 December 2008	1,000,000	2,537,418	3,537,418
Profit for the year	-	66,283	66,283
At 24 December 2009	1,000,000	2,603,701	3,603,701
Profit for the year	-	100,274	100,274
At 24 December 2010	1,000,000	2,703,975	3,703,975

10 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 24 December 2010 is P&O Property Holdings Limited, a company incorporated in the United Kingdom

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Istithmar Buildings FZE, a company incorporated in Dubai. The consolidated financial statements of this group are available on request from 6th Floor, Building No 4, The Galleries, Downtown Jebel Ali, Dubai, United Arab Emirates

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Dubai World Corporation. The consolidated financial statements of this group are available on request from P O Box 1700, Dubai, United Arab Emirates