

# Drift Properties Limited

## REPORT AND FINANCIAL STATEMENTS

31 December 2012



Company Registration No 709849

# Drift Properties Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

H E MM Al Tajir  
MS Al Tajir  
AMM Al Tajir

### REGISTERED OFFICE

Arlington House  
20 Arlington Street  
London SW1A 1RG

### AUDITOR

Baker Tilly UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

# Drift Properties Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Drift Properties Limited for the year ended 31 December 2012

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of property investment

### DIRECTORS

The following directors have held office since 1 January 2012

H E MM Al Tajir  
MS Al Tajir  
AMM Al Tajir

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they 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 it has been communicated to the auditor.

### AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

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

By order of the board

H E MM Al Tajir  
Director

25 / 9 2013



# Drift Properties Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 DRIFT PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 11. 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 more fully explained 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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

### 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 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime.

*Baker Tilly UK Audit LLP*

EUAN BANKS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

27 Sept 2013

**Drift Properties Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2012**

	<i>Notes</i>	2012 £	2011 £
Turnover	1	1,860,000	1,856,080
Administrative expenses		(522)	(1,088)
<b>OPERATING PROFIT</b>		<u>1,859,478</u>	<u>1,854,992</u>
Investment income	2	9	8
Interest payable	3	(8,538)	(264)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<u>1,850,949</u>	<u>1,854,736</u>
Taxation	5	(2,646,362)	(2,863,173)
<b>LOSS FOR THE YEAR</b>	11	<u>(795,413)</u>	<u>(1,008,437)</u>

The turnover and operating profit for the year arise from the company's continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 December 2012**

	<i>Note</i>	2012 £	2011 £
Loss for the financial year		(795,413)	(1,008,437)
Unrealised surplus on revaluation of properties during the year	10	31,700,000	8,200,000
<b>Total recognised gains and losses relating to the year</b>		<u>30,904,587</u>	<u>7,191,563</u>

**Drift Properties Limited**  
**BALANCE SHEET**  
**31 December 2012**

Company Registration No 709849

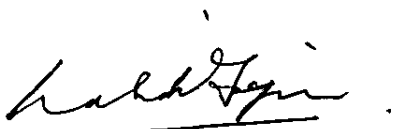
	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	6	242,000,000	210,300,000
<b>CURRENT ASSETS</b>			
Debtors	7	8,076,419	6,615,156
Cash at bank and in hand		401,945	253,058
		<u>8,478,364</u>	<u>6,868,214</u>
<b>CREDITORS</b> Amounts falling due within one year	8	(18,626,626)	(16,221,063)
<b>NET CURRENT LIABILITIES</b>		<u>(10,148,262)</u>	<u>(9,352,849)</u>
<b>NET ASSETS</b>		<u>231,851,738</u>	<u>200,947,151</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,500,000	1,500,000
Revaluation reserve	10	234,647,337	202,947,337
Profit and loss account	11	(4,295,599)	(3,500,186)
<b>SHAREHOLDERS' FUNDS</b>	12	<u>231,851,738</u>	<u>200,947,151</u>

These financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 27<sup>th</sup> September 2013 and signed on its behalf by

H E MM Al Tajir

Director



# Drift Properties Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets

### CASH FLOW STATEMENT

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary of a company that prepares a consolidated cash flow statement

### TANGIBLE FIXED ASSETS

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 2006 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act 2006 does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

If this departure from the act had not been made, the loss for the period would have been increased by depreciation. However, the amount of depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### DEFERRED TAX

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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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.

### TURNOVER

Turnover represents rents and other property income receivable for the year, net of Value Added Tax.

### GOING CONCERN

The directors have a reasonable expectation that, given continued group support, the company has adequate resources to continue operations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of the financial statements.

### LESSOR ACCOUNTING FOR LEASED ASSETS

Rental income arising from operating leases is recognised on a straight line basis over the period of the lease.



# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

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#### 1 TURNOVER

The company's turnover was derived from its principal activity wholly undertaken in the United Kingdom

2	INVESTMENT INCOME	2012 £	2011 £
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Bank interest receivable	9	8
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3	INTEREST PAYABLE	2012 £	2011 £
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Other interest payable	8,538	264
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#### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee of £2,500 (2011 £2,500) has been borne by another group company

Directors' enrolments for 2012 and 2011 were borne by other group companies. It is not practical to calculate the amount of remuneration that relates to services for this company

5	TAXATION	2012 £	2011 £
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Current tax		
UK corporation tax on profits of the period	352,969	183,857
Payment for current year group relief	2,293,810	2,674,984
Prior year (overprovision)/underprovision	(417)	4,332
Total current tax	<u>2,646,362</u>	<u>2,863,173</u>

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

5	TAXATION (continued)	2012 £	2011 £
	Factors affecting tax charge for period		
	The tax assessed for the period is higher than the average standard rate of corporation tax in the UK (26.5%) The differences are explained below		
	Profit on ordinary activities before tax	1,850,949	1,854,736
	Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 24.50% (2011 26.5%)	453,483	491,320
	Effects of		
	Expenses not deductible for tax purposes	37	-
	Capital allowances less than depreciation	-	(129)
	Imputed rental charge on related party rentals	2,180,257	2,357,891
	Imputed interest on related party balances	10,962	9,759
	Other timing differences	2,040	-
	Adjustments to tax charge in respect of previous year	(417)	4,332
		<u>2,646,362</u>	<u>2,863,173</u>

The potential unprovided deferred tax liability at the balance sheet date was £41,320,043 (2011 £50,736,834) in respect of the taxable profit that would arise on the sale of investment property

6	TANGIBLE FIXED ASSETS	Investment property £
	Valuation	
	1 January 2012	210,300,000
	Revaluation	31,700,000
	31 December 2012	<u>242,000,000</u>

The investment property is shown at valuation at the year end. The valuation was carried out by the directors on an existing use open market basis, based on consultation with a firm of Chartered Surveyors.

On an historical cost basis the investment property would be stated at £7,352,663 (2011 £7,352,663)

7	DEBTORS Due within one year	2012 £	2011 £
	Amount owed from group undertakings	8,076,419	6,593,342
	Other debtors	-	21,814
		<u>8,076,419</u>	<u>6,615,156</u>

**Drift Properties Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2012

8	<b>CREDITORS</b> Amounts falling due within one year	2012 £	2011 £
	Amounts owed to parent undertaking	12,131,847	10,832,891
	Amounts owed to related undertaking	5,913,945	4,955,501
	Corporation tax	329,372	187,272
	Other creditors	48,000	41,937
	Accruals and deferred income	203,462	203,462
		<u>18,626,626</u>	<u>16,221,063</u>
9	<b>SHARE CAPITAL</b>	2012 £	2011 £
	Allotted, issued and fully paid 1,500,000 ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
10	<b>REVALUATION RESERVE</b>	2012 £	2011 £
	1 January 2012	202,947,337	194,747,337
	Surplus on revaluation in the year	31,700,000	8,200,000
	31 December 2012	<u>234,647,337</u>	<u>202,947,337</u>
11	<b>PROFIT AND LOSS ACCOUNT</b>	2012 £	2011 £
	Loss for the financial year	(795,413)	(1,008,437)
	Retained loss brought forward	(3,500,186)	(2,491,749)
	Retained loss carried forward	<u>(4,295,599)</u>	<u>(3,500,186)</u>
12	<b>RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>	2012 £	2011 £
	Opening shareholders' funds	200,947,151	193,755,588
	Loss for the financial year	(795,413)	(1,008,437)
	Surplus on revaluation in the year	31,700,000	8,200,000
	Closing shareholders' funds	<u>231,851,738</u>	<u>200,947,151</u>
13	<b>CONTINGENT LIABILITIES</b>		

At 31 December 2012 the company had guaranteed, together with other related companies, bank loans to its parent company of £92,612,000 (2011 £95,020,000). The guarantee is supported by a mortgage debenture over all the company's property and assets.

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2012

#### 14 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Park Tower Holdings Establishment, which is incorporated in Liechtenstein. The immediate parent company is Park Tower Investments Limited which is registered in England and Wales, and for which group financial statements are prepared. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The company is under the control of Park Tower Investments Limited, which owns 100% of the issued share capital.

#### 15 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard 8 "Related Parties" whereby the company is exempt from disclosing transactions with fellow group undertakings in respect of subsidiaries within a 100% group.

Name of party	Relationship	Description of transaction	Value of transactions in the year		Balance at year end	
			2012 £	2011 £	2012 £	2011 £
Cubcall Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Payment for group relief	(495,928)	(233,819)	(3,325,094)	(2,829,166)
Mill Developments (Blackford) Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Payment for group relief	-	-	(15,817)	(15,817)
Arlington House Investment Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Payment for group relief	(77,771)	(33,178)	(941,465)	(863,694)
Arlington House Residents Management Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Payment for group relief	(1,565)	(1,980)	(3,545)	(1,980)
Ochil Developments Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Payment for group relief	(383,180)	(242,412)	(1,615,234)	(1,232,054)
Blackford Farms Limited	Fellow subsidiary i.e. controlled by Park Tower Holding Establishment	Loan	-	-	(12,790)	(12,790)