

FIL Property Company Limited

Registered number: 2039759

**Financial statements
for the year ended 30 June 2010**

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FIL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

The directors submit their report and audited financial statements of FIL Property Company Limited ("the company") registered number 2039759 for the year ended 30 June 2010

Principal activities

The company's principal activities during the year were to hold the headlease of Charles House, Birmingham

Business review

On 24 June 2009 the headlease and sublease of Beechgate which FIL Property Company Limited held were terminated in favour of a direct lease between the landowner and FIL Investment Management Limited. The company continues to hold the headlease for Charles House, Birmingham for which rental payments were made to the property freeholders

The results for the company are set out on page 5. The company's loss after tax for the financial year is £1,230,000 (2009 profit of £20,000). No interim dividend was paid in the year (2009 nil). No final dividend is proposed (2009 nil).

Key performance indicators ("KPIs")

The directors of the company are of the opinion that its KPIs are consistent with those of FIL Investment Management Limited ("FILML") and therefore separate disclosure is not necessary. Details of these KPIs may be found in the financial statements of FILML.

Development of the business

The company's activities are expected to continue during the coming year.

Financial risk management

The principal risks and uncertainties facing the company are credit risk, liquidity risk and valuation risk.

The company is committed to a business strategy which supports the proactive identification and assessment of risk, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies. The directors monitor risks associated with the company and work closely with the risk management department of the EEA parent company to identify potential risks and deal with them.

The company has access to various oversight functions which provide a global and independent perspective to assist senior management with establishing policies and procedures for effective control and risk management. These functions include a central risk management department, a global compliance group, a global internal audit group and an investigation and intelligence unit.

Credit risk

The company makes use of credit rating services of all the major credit rating agencies and has access to the research of brokerage firms and independent research companies. The group has implemented policies that require credit checks where appropriate on potential customers. This policy limits the potential for large overdue accounts and bad debts.

FIL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Liquidity risk

The UK group implemented a Liquidity risk policy during the year. This policy requires the group to maintain a framework for the management of liquidity risk that will assure that the group will have sufficient surplus liquid resources to meet operational, legal and regulatory requirements.

Authority is delegated by the company and other UK group boards to the Head of Treasury to carry out the day-to-day management and reporting of the UK group liquidity ensuring that it at all times complies with UK group requirements, regulatory requirements as advised by Finance and FIL Group policy.

Valuation risk

None of the properties within the company are held for investment and so there is no requirement for external valuations to be undertaken. However, depending on market conditions and at the discretion of the directors, from time to time external valuations are carried out to ensure that there is no permanent impairment to the value of the properties.

Directors

The directors of the company during the year and up to the date of signing the financial statements are listed below:

M Heath
R A Heberden

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). 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 year.

In preparing those 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 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.

FIL PROPERTY COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

Statement of disclosure of information to auditors

So far as the directors are aware there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and 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 the company's auditors are aware of that information

Independent auditors

The directors appointed PricewaterhouseCoopers LLP as auditors to the company on 6 March 2003. The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting

On behalf of the board



R A Heberden
Director
12 October 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIL PROPERTY COMPANY LIMITED

We have audited the financial statements of FIL Property Company Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 30 June 2010 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.



Mark Pugh (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 October 2010

FIL PROPERTY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 £'000	2009 £'000
Turnover		-	961
Administrative expenses		(1,233)	(987)
Operating loss		(1,233)	(26)
Interest receivable and similar income	2	1	13
Loss on ordinary activities before taxation	4	(1,232)	(13)
Taxation on loss on ordinary activities	5	2	33
(Loss)/profit for the financial year		(1,230)	20

All operations are regarded as continuing

The company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the (loss) / profit for the financial period stated above and their historical cost equivalents

FIL PROPERTY COMPANY LIMITED

BALANCE SHEET AS AT 30 JUNE 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	6	-	1,176
		-	-
Current assets			
Debtors	7	33	20
Cash at bank and in hand		559	622
		592	642
Creditors amounts falling due within one year	8	(10)	(5)
Net current assets		582	637
Total assets less current liabilities		582	1,813
Provision for liabilities and charges			
Deferred taxation	5(c)	-	(1)
Net assets		582	1,812
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	581	1,811
Total shareholders' funds	11	582	1,812

The financial statements on pages 5 to 12 were approved by the board of directors and were signed on its behalf by



R A Heberden
Director
FIL Property Company Limited
Registered number 2039759
12 October 2010

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

1.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Turnover

Revenues earned from rental of the company's leasehold property are accounted for on the accruals basis and are recognised as earned. Revenues received in advance for services to be provided in the future are deferred and recognised over the service period.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation or amortisation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation on leasehold property was previously calculated on a straight line basis over 25 years being the lesser of the useful economic life of the property and the minimum life of the lease. In the year to 30 June 2010 depreciation on leasehold property has been accelerated due to a revision in the useful economic life to 15 years, creating a total depreciation charge for the year of £1,176k (2009: £109k). Fixtures and fittings are depreciated over 5 years, being the expected useful economic lives of the assets.

1.4 Cash at bank and in hand

Cash at bank and in hand comprise cash in hand and deposits that are repayable on demand.

1.5 Deferred taxation

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.

A net deferred tax asset is recognised as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average 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 by the balance sheet date. Deferred tax is measured on an undiscounted basis.

1.6 Pension scheme arrangements

Another group company, FIML, operates a self-administered defined contribution scheme in which eligible employees of FIML and directors of the company participate.

Within the defined contribution scheme, there is a small sub-set of employees (current and deferred members) who are covered by a final salary guarantee on their pension. This ensures that for the members covered, the pension paid will be no less than a pre-defined percentage of the members' final salary. For these members, the defined contribution plan acts as a defined benefit scheme. This is a closed pool of employees and there is no option for any additional members to be added to this part of the scheme.

A full description of the plan is included in the FIML financial statements.

1.7 Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable	1	13

3 Directors' emoluments

	2010 £'000	2009 £'000
<u>All directors</u>		
Aggregate emoluments	26	27
Company pension contributions to defined contribution schemes	2	2
	<u>28</u>	<u>29</u>

During the period, retirement benefits were accruing to 2 directors (2009 3) under a defined contribution scheme

As at the 30 June 2010 there were no outstanding or prepaid contributions to the pension scheme (2009 nil) in relation to directors

	2010 £'000	2009 £'000
<u>Highest paid director</u>		
Aggregate emoluments	13	13
Company pension contributions to defined contribution schemes	1	1
	<u>14</u>	<u>14</u>

4 Loss on ordinary activities before taxation

	2010 £'000	2009 £'000
The loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation	1,176	109
Operating property lease charges	-	(954)

The company does not have any employees (2009 none)

Another UK group company employs all staff and assumes the associated staff costs

Fees paid to the company's auditor, PricewaterhouseCoopers LLP, for services other than the statutory audit of the company are not disclosed in the company's financial statements since they are disclosed in the consolidated financial statements of FIML, which is required to disclose non-audit fees on a consolidated basis. Auditors' remuneration for non-audit services has been borne by FIML.

Fees for the audit of the company are £10,100 (2009 £6,000)

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Tax on loss on ordinary activities

- a) The charge for taxation on the loss on ordinary activities is made up as follows

	2010 £'000	2009 £'000
Current taxation		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior years	-	-
Total current taxation	-	-
Deferred taxation		
Origination and reversal of timing differences	(2)	(33)
Total taxation on profit on ordinary activities	(2)	(33)

- b) The taxation assessed for the year is higher (2009 higher) than the standard rate of corporation taxation in the UK and the difference is made up as follows

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(1,232)	(13)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax at 28% (2009 28%)	(345)	(4)
Effects of		
Expenses not deductible for tax purposes	327	30
Depreciation in excess of capital allowances	2	-
Tax losses surrendered	16	(26)
Total current tax charge	-	-

In 2010 the company surrendered losses of £57,219 as group relief to fellow group companies for consideration of £16,021. The consideration will be settled in full in accordance with the group's inter-company policy.

- c) The movement on the deferred tax asset/ (liability) is as follows

	2010 £'000	2009 £'000
At 1 July	(1)	(34)
Deferred tax credit in the profit and loss account	2	33
At 30 June	1	(1)

- d) The deferred tax asset consists of

	2010 £'000	2009 £'000
Capital allowances below/(in excess) of depreciation	1	(1)

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tangible fixed assets

	Leasehold property £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 July 2009	2,746	2,830	5,576
Additions	-	-	-
Disposals	(2,746)	(2,830)	(5,576)
At 30 June 2010	-	-	-
Accumulated depreciation			
At 1 July 2009	(1,570)	(2,830)	(4,400)
Charge for the year	(1,176)	-	(1,176)
Disposals	2,746	2,830	5,576
At 30 June 2010	-	-	-
Net book value at 30 June 2010	-	-	-
Net book value at 30 June 2009	1,176	-	1,176

7 Debtors amounts falling due within one year

	2010 £'000	2009 £'000
Prepayments	26	19
Related party receivable	-	1
VAT receivable	6	-
Deferred tax asset (note 5)	1	-
	33	20

8 Creditors amounts falling due within one year

	2010 £'000	2009 £'000
Accruals	10	5

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Called up share capital

	2010 £	2009 £
Authorised, allotted and fully paid		
500 Ordinary £1 shares	<u>500</u>	<u>500</u>

10 Reserves

	Profit and loss account £'000
At 1 July 2009	1,811
Profit for the financial year	(1,230)
At 30 June 2010	<u>581</u>

11 Reconciliation of movement in shareholders' funds

	2010 £'000	2009 £'000
(Loss)/ profit for the financial year	(1,230)	20
Opening shareholders' funds	<u>1,812</u>	<u>1,792</u>
Closing shareholders' funds	<u>582</u>	<u>1,812</u>

12 Contingent liabilities and guarantees

The company, along with certain other FIL group companies, has entered into an arrangement whereby the balance on its bank account is subject to a legal set off agreement, and the company is jointly and severally liable for any liabilities which may arise under this agreement. As at 30 June 2010 the net bank balance on group accounts held within the arrangement was £11,195,000 (2009 net bank balance £12,697,000)

The bank facility is secured by way of a cross guarantee between the companies in the netting agreement

Overdraft interest is charged at the Barclays Bank base rate plus 1%

13 Financial commitments

As at 30 June 2010 the company had annual commitments under non-cancellable operating leases

	2010 Land and Buildings £'000	2009 Land and Buildings £'000
Expiring during years 2 to 5	18	18
Expiring in over 5 years	<u>-</u>	<u>-</u>

FIL PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Cash flow statement and related party transactions

The company has taken advantage of the exemption available under paragraph 3 of Financial Reporting Standard ("FRS") 8 from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties, and of preparing a cash flow statement under the terms of FRS 1 (revised 1996)

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is FIL Investment Management Limited ("FIML"), a company registered in England and Wales

The ultimate parent undertaking and controlling party is FIL Limited ("FIL"), a company incorporated in Bermuda. FIL is the parent undertaking of the largest group of undertakings to consolidate these financial statements

FIML is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated accounts of FIML may be obtained from The Company Secretary, FIL Administration Limited, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent, TN11 9DZ