

**TAI INVESTMENTS LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

Company number 2272431

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# **TAI INVESTMENTS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors submit their report and accounts for the year ended 31 December 2008.

### **BUSINESS REVIEW**

The principal activity of the company is as an investment holding company. The principal investment is in Liberty International Holdings Limited.

The company's results and financial position for the year ended 31 December 2008 are set out in full in the profit and loss account, the balance sheet and the notes relating thereto.

Both the level of business during the year and the year end financial position deteriorated due to the difficult conditions throughout the UK property industry, which resulted in significant reductions in property values, giving rise to a provision against its investment in subsidiary. Loss on ordinary activities before taxation was £142.2 million (2007 profit £30.5 million). Shareholder's funds at 31 December 2008 were £210.2 million (2007 £352.4 million).

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 business

The directors expect that the present level of activity will continue for the foreseeable future. As the company's ultimate parent company is Liberty International PLC, there are no principal risks and uncertainties facing the company which are not faced by the group. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the group financial statements.

### **DIVIDENDS**

The company did not pay a dividend in the year (2007 paid 18.2p per ordinary share, £30.5 million).

### **CREDITOR PAYMENT**

The company follows the same policy for creditor payments as its ultimate parent company, Liberty International PLC. The majority of trade creditors are paid in accordance with the Better Payment Practice Code. For other suppliers, the company's policy is to agree terms with suppliers for each transaction, to ensure the terms are stated in contracts and to pay in accordance with those terms. The ratio, expressed in days, between the amounts invoiced to the company in the year and its trade creditors as at 31 December 2008 was nil days as calculated in accordance with the requirements of the Companies Acts (2007 nil days).

### **FIXED ASSETS**

The movements in fixed assets are set out in note 7.

### **DIRECTORS IN THE YEAR**

D A Fischel

A C Smith

S Folger

Resigned 31 March 2008

Appointed 7 April 2008

# **TAI INVESTMENTS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

### **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 period.

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 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.

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware and each director has taken all reasonable steps to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

### **AUDITORS**

Under the provisions of the Companies Act 2006, the company is not required to hold an annual general meeting. Elective Resolutions are in force to dispense with the appointment of auditors annually. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to be reappointed for each succeeding financial year.

**By order of the Board**



**S Folger  
Secretary**

**2 September 2009**

# **TAI INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **Independent auditors' report to the members of Tai Investments Limited**

We have audited the financial statements of Tai Investments Limited for the year ended 31 December 2008 which comprise of the Profit and Loss Account, the Balance Sheet, the Reconciliation of movement in shareholder's funds, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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 Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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.

# **TAI INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **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.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**  
**2 September 2009**

# TAI INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £m	2007 £m
<b>Continuing operations</b>			
Income from interests in associated undertakings	2	-	30.5
Exceptional item	3	<u>(142.2)</u>	<u>-</u>
Profit on ordinary activities before taxation	4	(142.2)	30.5
Taxation on profit on ordinary activities	5	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year	11	<u>(142.2)</u>	<u>30.5</u>

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore a statement of total recognised gains and losses has not been included.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the year and their historical cost equivalents.

The notes on pages 8 to 13 form part of these financial statements.

# TAI INVESTMENTS LIMITED

## BALANCE SHEET AT 31 DECEMBER 2008

	Notes	2008 £m	2007 £m
<b>Fixed assets</b>			
Investment in associated undertakings	7	<u>204.8</u>	<u>347.0</u>
<b>Current assets</b>			
Debtors	8	37.5	37.5
<b>Creditors: amounts falling due within one year</b>	9	<u>(32.1)</u>	<u>(32.1)</u>
<b>Net current assets</b>		<u>5.4</u>	<u>5.4</u>
<b>Net assets</b>		<u>210.2</u>	<u>352.4</u>
<b>Capital and reserves</b>			
Share capital	10	175.4	175.4
Share premium account	11	177.0	177.0
Profit and loss account	11	<u>(142.2)</u>	<u>-</u>
<b>Equity shareholder's funds</b>		<u>210.2</u>	<u>352.4</u>

The notes on pages 8 to 13 form part of these financial statements.

Approved by the Board on 2 September 2009 and signed on its behalf by



**D A Fischel**  
Director



**S Folger**  
Director

## TAI INVESTMENTS LIMITED

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £m	2007 £m
Opening shareholder's funds	352.4	352.4
Total recognised gains and losses for the year	(142.2)	30.5
Dividend paid	<u>-</u>	<u>(30.5)</u>
Closing shareholder's funds	<u>210.2</u>	<u>352.4</u>

The notes on pages 8 to 13 form part of these financial statements.



# **TAI INVESTMENTS LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008**

### **1. Principal accounting policies**

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below:

#### **Basis of preparation**

The financial statements are prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom on the going concern basis and under the historical cost convention.

#### **Investment in associated undertakings**

Investments in associated undertakings are carried in the balance sheet at cost less provision for permanent diminution in value.

#### **Turnover**

Turnover represents dividend income accounted for on a receivable basis.

#### **Taxation**

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed, and any adjustment in respect of prior years. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

#### **Group accounts**

The company is exempt under Section 228(1) of the Companies Act 1985 from the requirement to prepare consolidated accounts because it is a wholly owned subsidiary of Liberty International PLC, a company which does prepare consolidated accounts.

#### **Cash flow statement**

The company is not required to produce a statement of cash flows under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of Liberty International PLC and the cash flows of the company are included in the consolidated financial statements of the ultimate parent company, which are publicly available.

#### **Related party transactions**

The company is ultimately wholly owned by Liberty International PLC, whose consolidated financial statements are publicly available, and therefore the company is exempt under the terms of Financial Reporting Standard 8 from disclosing details of transactions with related parties who are members or investees of the Liberty International PLC group.

# TAI INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 2. Income from interests in associated undertakings

Income from interests in associated undertakings represents dividends receivable from investments in Liberty International Holdings Limited.

### 3. Exceptional item

	2008 £	2007 £
Impairment of investment in subsidiary undertaking	<u>(142.2)</u>	<u>-</u>

Investments are reviewed at least annually for impairment. Where an indication of impairment exists an assessment of the recoverable amount is performed. The recoverable amount is based on the greater of the investments continued value in use or its fair value less costs to sell.

### 4. Profit on ordinary activities before taxation

The loss on ordinary activities before taxation of £142.2 million (2007 profit £30.5 million) is arrived at after charging:

	2008 £	2007 £
Auditors' remuneration – audit services	nil	nil
Directors' remuneration	nil	nil

The audit fees of the company in 2008 were met by Liberty International PLC, the ultimate parent undertaking.

There were no employees during the year (2007 nil).

# TAI INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 5. Taxation

The differences between the taxation charged for the year and the current United Kingdom standard rate of corporation tax 28.5% (2007 30%) are shown below:

	2008 £m	2007 £m
(Loss)/profit on ordinary activities before taxation	<u>(142.2)</u>	<u>30.5</u>
Current United Kingdom corporation tax at 28.5% (2007 30%)	(40.5)	9.1
Effects of:		
Exceptional item not subject to tax	40.5	
Elimination of tax on non-taxable dividends	-	(9.1)
Transfer pricing adjustment	-	0.1
Group relief	<u>-</u>	<u>(0.1)</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

### 6. Dividends

	2008 £m	2007 £m
<b>Equity – ordinary</b>		
Final paid:		
Dividend of 4.2p per ordinary share (2007 18.2p)	<u>-</u>	<u>30.5</u>

# TAI INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 7. Investment in associated undertakings

#### (a) Investment

	£m
At 31 December 2007	347.0
Provision for diminution in value	(142.2)
At 31 December 2008	<u>204.8</u>

The company owns 29% (2007 29%) of the share capital of Liberty International Holdings Limited, an investment holding company incorporated in England and Wales.

#### (b) Information in respect of associated undertaking

	100%		29%	
	2008 £m	2007 £m	2008 £m	2007 £m
<b>Profit and loss account:</b>				
Operating profit	<u>17.8</u>	<u>84.7</u>	<u>5.1</u>	<u>24.6</u>
(Loss)/profit before taxation	<u>(294.0)</u>	<u>92.5</u>	<u>(84.4)</u>	<u>26.8</u>
(Loss)/profit after taxation	<u>(294.1)</u>	<u>92.5</u>	<u>(84.4)</u>	<u>26.8</u>
<b>Balance sheet:</b>				
Fixed assets	<u>694.5</u>	<u>1,072.3</u>	<u>199.4</u>	<u>311.0</u>
Current assets	<u>365.0</u>	<u>352.9</u>	<u>104.8</u>	<u>102.3</u>
Liabilities due within one year	<u>(346.4)</u>	<u>(339.8)</u>	<u>(99.4)</u>	<u>(98.5)</u>
Net assets	<u>713.1</u>	<u>1,085.4</u>	<u>204.8</u>	<u>314.8</u>

The historical cost of investment in associated undertakings was £347.0 million (2007 £347.0 million).

### 8. Debtors

	2008 £m	2007 £m
Amount due from group undertakings	<u>37.5</u>	<u>37.5</u>

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment.

# TAI INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 9. Creditors: amounts falling due within one year

	2008 £m	2007 £m
Amounts owed to parent company	30.5	30.5
Amounts owed to group undertakings	<u>1.6</u>	<u>1.6</u>
	<u>32.1</u>	<u>32.1</u>

Amounts due to group undertakings are unsecured, interest free and payable on demand. The group undertakings have given an undertaking that repayment of amounts owing to them will not be demanded in priority to any other liabilities of the company and unless appropriate funds are available to repay the liabilities and meet the terms of all other creditors

### 10. Share capital

	2008 £m	2007 £m
<b>Authorised</b>		
200,000,000 ordinary shares of £1 each	200.0	200.0
7,000,000 deferred shares of £1 each	7.0	7.0
8,000,000 'B' deferred shares of £1 each	8.0	8.0
30,000 fixed rate cumulative preference shares of 1p each	<u>-</u>	<u>-</u>
	<u>215.0</u>	<u>215.0</u>
<b>Issued, called up and fully paid</b>		
167,380,000 ordinary shares of £1 each	167.4	167.4
8,000,000 'B' deferred shares of £1 each	<u>8.0</u>	<u>8.0</u>
	<u>175.4</u>	<u>175.4</u>

The 'B' deferred shares carry no rights to participate in any profits of the company or to receive notice of, attend or vote at general meetings. Following a winding-up of the company any assets available for distribution, after the repayment of preference shares, ordinary shares and deferred shares, shall be applied to repaying the par value of the 'B' deferred shares. The 'B' deferred shares may be transferred or purchased by the company on such terms as the company sees fit and without the sanction of the 'B' deferred shareholders.

# TAI INVESTMENTS LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 11. Reserves

	Share premium account £m	Profit and loss account £m	Total £m
31 December 2007	177.0	-	177.0
Loss for year	<u>-</u>	<u>(142.2)</u>	<u>(142.2)</u>
31 December 2008	<u>177.0</u>	<u>(142.2)</u>	<u>34.8</u>

### 12. Ultimate and immediate parent company

The ultimate parent company is Liberty International PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Libtai Holdings (Jersey) Limited, a company registered and incorporated in Jersey, Channel Islands, copies of whose accounts may be obtained at PO Box 761, Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8ZZ.