

Registered Number 2940394

EFS Sovereign Limited  
Annual report  
for the year ended 31 December 2007

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# **EFS Sovereign Limited**

## **Annual report for the year ended 31 December 2007**

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# **EFS Sovereign Limited**

## **Directors and advisers for the year ended 31 December 2007**

### **Directors**

R J Pollard

J-C Pillois

E Sebag

J Simmonds

### **Company secretary**

R J Pollard

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

### **Registered office**

Wistons Lane

Elland

West Yorkshire

HX5 9DS

# **EFS Sovereign Limited**

## **Directors' report for the year ended 31 December 2007**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007. The report has been prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

### **Principal activity**

The principal activity of the company is property investment. The property was sold on 18 January 2008.

### **Review of business and future developments**

The profit and loss account for the year is set out on page 5. The directors consider the result for the year, the year-end financial position and the future prospects to be satisfactory.

Given the straightforward nature of the business, the company's directors are of the opinion that a discussion of the principal risks and uncertainties affecting the company and an analysis using Key Performance Indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

### **Dividends**

Dividends recognised in the profit and loss account total £nil (2006: £nil).

### **Directors and their interests**

The directors of the company during the year and up to the date of the signing of the financial statements were as follows:

R J Pollard  
J-C Pillois  
E Sebag  
J Simmonds

None of the directors have any beneficial interests in the shares of the company or in the shares of any other group undertaking.

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 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

## **EFS Sovereign Limited**

for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement on disclosure of information to the independent auditors**

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps that they ought to have taken in their duty as a director 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 company has passed an elective resolution under Section 386 of the Companies Act 1985 (as amended by Section 119 of the Companies Act 1989) to dispense with the formal requirement to reappoint auditors annually.

In the absence of a notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will remain in office for the next financial year.

On behalf of the board



R J Pollard  
**Director**  
4 July 2008

# EFS Sovereign Limited

## Independent auditors' report to the members of EFS Sovereign Limited

We have audited the financial statements of EFS Sovereign Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies 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

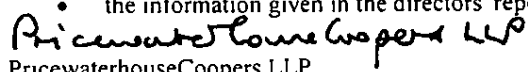
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

### 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 2007 and of its profit 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  
Leeds

# EFS Sovereign Limited

## Profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover		98,810	88,760
Cost of Sales		34,273	(61,007)
<b>Gross Profit</b>		<b>133,083</b>	<b>27,753</b>
Administrative expenses		(8,440)	(2,683)
<b>Operating profit</b>	2	<b>124,643</b>	<b>25,070</b>
Net interest receivable	3	1,813	121
<b>Profit on ordinary activities before taxation</b>		<b>126,456</b>	<b>25,191</b>
Tax on profit on ordinary activities	4	(38,137)	(6,183)
<b>Profit for the financial year</b>		<b>88,319</b>	<b>19,008</b>
Dividends	5	-	-
<b>Profit for the financial year</b>	11	<b>88,319</b>	<b>19,008</b>

All of the company's operations during the two years shown above relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents

## Statement of total recognised gains and losses for the year ended 31 December 2007

	Note	2007 £	2006 £
Profit for the financial year		88,319	19,008
Unrealised (deficit)/surplus on revaluation of property	6	(350,000)	50,000
<b>Total recognised (losses)/gains</b>		<b>(261,681)</b>	<b>69,008</b>

# EFS Sovereign Limited

## Balance sheet as at 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	6	1,650,000	2,000,000
<b>Current assets</b>			
Debtors	7	106,227	26,620
Cash at bank and in hand		8,628	10,493
		114,855	37,113
<b>Creditors: amounts falling due within one year</b>	8	(66,773)	(77,583)
<b>Net current assets/(liabilities)</b>		48,082	(40,470)
<b>Total assets less current liabilities</b>		1,698,082	1,966,530
Provisions for liabilities	9	(32,002)	(31,769)
<b>Net assets</b>		1,666,080	1,927,761
<b>Capital and reserves</b>			
Called up share capital	10	4	4
Share premium account	11	638,280	638,280
Revaluation reserve	11	875,000	1,225,000
Profit and loss account	11	152,796	64,477
<b>Total equity shareholders' funds</b>	12	1,666,080	1,927,761

The financial statements on pages 5 to 12 were approved by the board of directors on 4 July 2008 and were signed on its behalf by



R J Pollard  
Director



# **EFS Sovereign Limited**

## **Statement of accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. However, compliance with SSAP19 (revised) 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation. An explanation is given below in the accounting policy relating to investment properties. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **Basis of accounting**

The financial statements are prepared on a going concern basis, under the historical cost convention, modified by the revaluation of investment properties.

### **Investment properties**

In accordance with SSAP19 (revised)

- (a) Investment properties are professionally valued annually on an open market basis. Any surplus or deficit arising from the valuation is taken to revaluation reserve unless a deficit on an individual investment property is expected to be permanent, in which case it is written off through the profit and loss account.
- (b) No depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation or amortisation 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 taxation**

Provision is made for deferred taxation on all timing differences at rates at which it is expected that the tax will arise. No deferred tax provision or asset is recognised in respect of tax on capital gains or losses which would arise on a disposal of an investment property owned by the company to the extent that the property is unlikely to be sold and the liability or asset is unlikely to be crystallised in the foreseeable future.

### **Cash flow statement**

The company is a wholly owned subsidiary of EFS Group Limited and cash flows of the company are included in the publicly available consolidated cash flow statement of that company. Consequently the company is exempt under the terms of Financial Reporting Standard Number 1 (1996, revised) from publishing a cash flow statement.

### **Rents receivable**

Rents are brought into the profit and loss account when receivable and any element relating to future periods is included in deferred income.

### **Tenant deposits**

Tenant deposits are excluded from the balance sheet as they are held in separate bank accounts as the risks and rewards of the cash remain with the tenant.

# EFS Sovereign Limited

## Notes to the financial statements for the year ended 31 December 2007

### 1 Directors' emoluments and employee information

The directors did not receive emoluments during the year (2006 £nil)

The company had no employees during the year other than the directors and the company secretary (2006 nil)

### 2 Operating profit

Operating profit is stated after charging	2007	2006
	£	£
Auditors' remuneration for audit	1,869	1,869

### 3 Net interest receivable

	2007	2006
	£	£
Bank interest receivable	(1,813)	(156)
Other interest payable	-	35
	(1,813)	(121)

### 4 Tax on profit on ordinary activities

Analysis of charge in year:

	2007	2006
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the year	38,000	7,000
Adjustments to tax charge in respect of previous years	(96)	(1,128)
<b>Total current tax</b>	<b>37,904</b>	<b>5,872</b>
<b>Deferred tax</b>		
Origination of timing differences (note 9)	233	311
<b>Tax on profit on ordinary activities</b>	<b>38,137</b>	<b>6,183</b>

# EFS Sovereign Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 4 Tax on profit on ordinary activities (continued)

#### Factors affecting charge for the year:

The tax assessed for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	126,456	25,191
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2006 30%)	37,937	7,557
Effects of		
Accelerated capital allowances and other timing differences	(233)	(311)
Adjustments to tax charge in respect of previous years	(96)	(1,128)
Expenses not deductible for tax purposes	296	246
<b>Total current tax charge</b>	<b>37,904</b>	<b>5,872</b>

### 5 Dividend

	2007 £	2006 £
Ordinary dividend proposed £nil per share (2006 £nil per share)	-	102,358

### 6 Tangible fixed assets

	2007 £
<b>Freehold investment property</b>	
<b>Valuation</b>	
At 1 January 2007	2,000,000
Revaluation deficit	(350,000)
<b>At 31 December 2007</b>	<b>1,650,000</b>

The investment property was disposed of on 18 January 2008. In accordance with SSAP 19, the property has been valued at the sale price. The historical cost of the property was £775,000 (2006 £775,000)

# EFS Sovereign Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 7 Debtors

	2007	2006
	£	£
Amount owed by group undertakings	6,565	1,398
Prepayments and accrued income	99,662	25,222
	106,227	26,620

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed date of repayment

### 8 Creditors: amounts falling due within one year

	2007	2006
	£	£
Amount due to group undertakings	-	46,689
Corporation tax	38,000	7,000
Accruals and deferred income	28,773	23,894
	66,773	77,583

Amounts owed by group undertakings are unsecured, interest free, repayable on demand and have no fixed date of repayment

### 9 Provisions for liabilities

	Deferred tax provision - accelerated capital allowances
	£
At 1 January 2007	31,769
Charged to the profit and loss account (note 4)	233
At 31 December 2007	32,002

There is no unprovided deferred tax on gains recognised on revaluation of property to its market value (2006 £nil)

# EFS Sovereign Limited

## Notes to the financial statements for the year ended 31 December 2007 (continued)

### 10 Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
1,000 (2006 1,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
4 (2006 4) ordinary shares of £1 each	4	4

### 11 Reserves

	Share premium £	Revaluation reserve £	Profit and loss account £
At 1 January 2007	638,280	1,225,000	64,477
Revaluation deficit for the financial year	-	(350,000)	-
Profit for the financial year	-	-	88,319
<b>At 31 December 2006</b>	<b>638,280</b>	<b>875,000</b>	<b>152,796</b>

### 12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	88,319	19,008
Other recognised (losses) and gains relating to the year	(350,000)	50,000
Net (decrease)/increase in shareholders' funds	(261,681)	69,008
Opening shareholders' funds	1,927,761	1,858,753
<b>Closing shareholders' funds</b>	<b>1,666,080</b>	<b>1,927,761</b>

# **EFS Sovereign Limited**

## **Notes to the financial statements for the year ended 31 December 2007 (continued)**

### **13 Parent undertakings**

At 31 December 2007 the immediate parent undertaking is EFS Property Holdings Limited, a company registered in England

The directors regard EOI European and Overseas Investments SARL, a company registered in Luxembourg, as the company's ultimate parent undertaking. EFS Group Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements may be obtained from the Company secretary, EFS Property Holdings Limited, Wistons Lane, Elland, HX5 9DS

The company is ultimately controlled by Mr J G Murray through his controlling interest in EOI European and Overseas Investments SARL

### **14 Related party transactions**

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with related parties within the EFS Group Limited group

The services of Mr R J Pollard, Mr J-C Pillois, Mr E Sebag and Mr J Simmonds as directors and/or officers of the company are provided free of charge by other companies, which are controlled by Mr J G Murray