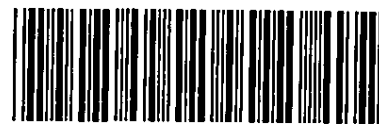


ALCOBENDAS ENTRUST LIMITED

(Company Registration Number: 3835752)

REPORT AND ACCOUNTS 31 December 2007

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ALCOBENDAS ENTRUST LIMITED

CONTENTS

	PAGE
BOARD OF DIRECTORS	2
DIRECTORS' REPORT	3
STATEMENT OF DIRECTORS' RESPONSIBILITIES	5
INDEPENDENT AUDITOR'S REPORT	6
PROFIT AND LOSS ACCOUNT	7
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	7
BALANCE SHEET	8
NOTES TO THE ACCOUNTS	9

Registered Office

The Pearl Centre
Lynch Wood
Peterborough
PE2 6FY

Company Registration No 3835752

ALCOBENDAS ENTRUST LIMITED

BOARD OF DIRECTORS

G S Felston
Director

J S Moss
Director

J S B Smith
Director

Company Secretary

D P Glen

ALCOBENDAS ENTRUST LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting the Report and Accounts of Alcobendas Entrust Limited ("the Company") for the year ended 31 December 2007

Principal activities and future developments

The principal activity of the Company is property development and investment. The development property held by the Company's Spanish branch was completed in 2002, and disposed of in 2003. The Company purchased a new investment property in 2003, sited in Aberdeen, Scotland. This will continue to be the principal activity for the foreseeable future.

Principal risks and uncertainties

The main risks facing the Company are

- exchange rate risk, since movements in exchange rates will impact the value of assets,
- interest rate risk, since movements in interest rates will impact the value of cash deposits,
- liquidity risk, arising from insufficient liquid assets to meet payment obligations, and
- credit risk, arising from the default of the counterparty to a particular financial asset

The Company's exposure to risk is monitored by the directors who agree policies for managing each of these risks on an ongoing basis.

Performance during 2007

The Company generated a profit after taxation for the year of £1,037,056 (2006: £153,828).

Dividends

The Directors have declared an interim ordinary dividend of £5,300,000 (2006: £nil) during the year. This dividend is due to be settled during 2008.

Position as at 31 December 2007

The net assets of the Company at 31 December 2007 were £7,006,651 (2006: £11,309,095).

Material developments

On 27 June 2007 the immediate parent undertaking of the Company changed from Pearl (Alcobendas) Limited to Pearl Assurance plc.

Key Performance Indicators ("KPIs")

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.

Directors and their interests

The names of the directors as at the date of this report are set out on page 2. Additional information in relation to the changes in directors is as follows:

G S Felston Appointed 26 January 2007

Disclosure of indemnity

It has been resolved, by amendment of company Articles, to provide an indemnity to certain persons associated with the Company. These persons include the Company's directors and secretary. This indemnity covers all losses, costs and expenses incurred by an indemnified person in the exercise, execution and discharge of his duties, or connected to the same, to the fullest extent permitted, consistent with the Companies Act 1985.

ALCOBENDAS ENTRUST LIMITED

DIRECTORS' REPORT (continued)

Audit information

So far as each person who was a director at the date of approving this 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 a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Directors



D P Glen
Secretary
Date 21 October 2008

ALCOBENDAS ENTRUST LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 accounts, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts 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 accounts 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.

ALCOBENDAS ENTRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCOBENDAS ENTRUST LIMITED

We have audited the Company accounts (the "accounts") of Alcobendas Entrust Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 16. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the accounts 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 accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts 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 accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts 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 the profit for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts.

Ernst & Young LLP
Registered auditor
London

Date 14 June 2008

ALCOBENDAS ENTRUST LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Notes	2007 £	2006 £
Revenue	5	35,000	35,000
Operating expenses		(28,432)	(63,422)
Operating profit/(loss)	6	6,568	(28,422)
Interest receivable and similar income	7	292,180	455,195
Profit before foreign exchange		298,748	426,773
Gain/(loss) on foreign exchange movements		982,777	(242,820)
Profit before taxation		1,281,525	183,953
Taxation	8	(244,469)	(30,125)
Profit after taxation	14	1,037,056	153,828

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2007

	Notes	2007 £	2006 £
Profit for the financial year		1,037,056	153,828
Unrealised (losses)/gains on revaluation of assets	10	(39,500)	15,000
Total recognised gains arising in the year		997,556	168,828

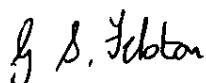
ALCOBENDAS ENTRUST LIMITED

BALANCE SHEET

As at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	10	415,500	455,000
Current assets			
Debtors	11	182,185	188,644
Cash at bank and in hand		12,000,463	10,793,896
		<u>12,182,648</u>	<u>10,982,540</u>
Creditors amounts falling due within one year	12	(5,591,497)	(128,445)
Net current assets		<u>6,591,151</u>	<u>10,854,095</u>
Net assets		<u>7,006,651</u>	<u>11,309,095</u>
Capital and reserves			
Called up share capital	13	5,927,104	5,927,104
Profit and loss account	14	1,039,047	5,301,991
Revaluation reserve	14	40,500	80,000
Shareholders' funds attributable to equity interests	14	<u>7,006,651</u>	<u>11,309,095</u>

The accounts were approved by the Board of Directors and signed on its behalf by



G S Felston
Director

21 October 2008

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared on the historical cost basis of accounting, as modified by the revaluation of certain fixed asset investments and in accordance with applicable UK accounting standards

Foreign currencies

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year.

Investment properties

Investment properties are presented in the balance sheet as tangible fixed assets and are carried at their open market value based on annual valuation. For the year ended 31 December 2007 the property has been revalued for the accounts by CB Richard Ellis Limited.

Depreciation

In accordance with Statement of Standard Accounting Practice no. 19 "Accounting for investment properties", no depreciation is provided in respect of freehold or properties or leasehold properties with over 20 years to expiry. This is a departure from the requirements of the Companies Act 1985, which requires all property to be depreciated. Such properties are not held for consumption, but for investment, and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation, which might otherwise have been charged, cannot be separately identified or quantified. The directors consider that this policy results in the accounts giving a true and fair view.

Taxation

Corporation tax has been provided on taxable profits at the current rate.

Cash flow statement

The Company has taken advantage of the exemption given by FRS 1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 16 to the accounts.

2. AUDITORS' REMUNERATION

All audit fees are borne by Pearl Group Services Limited, another group undertaking.

3. EMPLOYEE INFORMATION

The Company has no employees. Staff are provided by Pearl Group Services Limited.

4. DIRECTORS' EMOLUMENTS

The directors received no remuneration for their services as directors of the Company.

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

5. REVENUE

Revenue, which is stated net of value added tax, comprises the following

	2007 £	2006 £
Rental income from operating leases	35,000	35,000

6 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated before charging exchange gains on foreign currency of £982,777 (2006 losses of £242,820)

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Investment return on cash at bank	292,180	455,195

8 TAXATION ON PROFITS ON ORDINARY ACTIVITIES

	2007 £	2006 £
Corporation Tax		
On profit for the year	237,857	25,940
Double tax relief	(79,342)	(25,940)
Overseas tax	85,954	30,125
Current tax charge for the period	244,469	30,125

The tax assessed for the period is 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	1,281,525	183,953
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	384,457	55,186
Effects of		
Permanent timing differences	-	119
Utilisation of tax losses brought forward	(150,737)	(60,218)
Current year tax losses carried forward not recognised	4,136	30,853
Overseas tax at higher than UK rate	6,613	4,185
Current tax charge for the period	244,469	30,125

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

9. DIVIDENDS

	2007 £	2006 £
Interim ordinary dividend £0.89 (2006 nil) per £1 share	5,300,000	-

10. TANGIBLE ASSETS

	Market Value		Cost	
	2007 £	2006 £	2007 £	2006 £
At 1 January	455,000	440,000	375,000	375,000
Unrealised (loss)/gain	(39,500)	15,000	-	-
At 31 December	415,500	455,000	375,000	375,000

11. DEBTORS

	2007 £	2006 £
Trade debtors	9,337	8,750
Tax debtor	172,848	179,894
	182,185	188,644

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	10,162	10,252
Amounts owed to group undertakings	5,581,335	118,193
	5,591,497	128,445

13. SHARE CAPITAL

	2007 £	2006 £
Authorised 10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
Allotted, called up and fully paid 5,927,104 ordinary shares of £1 each	5,927,104	5,927,104

ALCOBENDAS ENTRUST LIMITED

NOTES TO THE ACCOUNTS (continued)

14 RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Profit & loss account	Revaluation reserve	Total share- holders' funds
	£	£	£	£
At 1 January 2006	5,927,104	5,148,163	65,000	11,140,267
Profit for the year	-	153,828	-	153,828
Gains on revaluation of assets	-	-	15,000	15,000
At 31 December 2006	5,927,104	5,301,991	80,000	11,309,095
Profit for the year	-	1,037,056	-	1,037,056
Gains on revaluation of assets	-	-	(39,500)	(39,500)
Dividend (note 9)	-	(5,300,000)	-	(5,300,000)
At 31 December 2007	5,927,104	1,039,047	40,500	7,006,651

15 RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures', relating to transactions between 90% or more controlled subsidiaries, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties

16 PARENT UNDERTAKING

The Company's immediate parent undertaking is Pearl Assurance plc. Prior to 27 June 2007 the Company's immediate parent undertaking was Pearl (Alcobendas) Limited. The Company's ultimate parent is Pearl Group Limited. A copy of the group accounts can be obtained from the Pearl Centre, Lynchwood, Peterborough PE2 6FY.