

# ALCOBENDAS ENTRUST LIMITED

(Company Registration Number: 3835752)

REPORT AND ACCOUNTS  
31 December 2009

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## ALCOBENDAS ENTRUST LIMITED

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Registered Office

1 Wythall Green Way  
Wythall  
Birmingham  
B47 6WG

Company Registration No 3835752

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## **ALCOBENDAS ENTRUST LIMITED**

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### **BOARD OF DIRECTORS**

G S Felston  
Director

A Moss  
Director

### **Company Secretary**

D P Glen

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## **ALCOBENDAS ENTRUST LIMITED**

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### **DIRECTORS' REPORT**

The directors have pleasure in presenting the Report and Accounts of Alcobendas Entrust Limited ("the Company") company registration number 3835752 for the year ended 31 December 2009

#### **Principal activities and future developments**

The principal activity of the Company is property development and investment. 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 return on deposits, and
- liquidity risk, arising from insufficient liquid assets to meet payment obligations

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

#### **Material developments**

On 2 September 2009, the ultimate shareholders of Pearl Group Limited (subsequently renamed Pearl Group Holdings (No 2) Limited), which at the time was the Company's ultimate parent undertaking, exchanged their interests in the group for the issue of shares in Liberty Acquisition Holdings (International) Company. Following this, Liberty Acquisition Holdings (International) Company became the Company's ultimate parent undertaking and subsequently changed its name to Pearl Group. On 15 March 2010 Pearl Group changed its name to Phoenix Group Holdings.

#### **Performance during 2009**

The Company generated a loss after taxation for the year of £943,846 (2008 profit of £3,068,276)

#### **Dividends**

The directors have declared ordinary dividends of £nil (2008 £nil) during the year. The 2007 dividend has been settled in August 2010.

#### **Position as at 31 December 2009**

The net assets of the Company at 31 December 2009 were £9,145,581 (2008 £10,034,427). The decrease in the year reflects shareholders' recognised losses of £888,846.

#### **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.

#### **Going concern**

Having reviewed the position in light of the Financial Reporting Council Guidance from October 2009, the directors are satisfied that the Company has adequate resources to meet its liabilities as they fall due for the foreseeable future. The Directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

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## ALCOBENDAS ENTRUST LIMITED

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### **DIRECTORS' REPORT (continued)**

#### **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 changes in directors is as follows:

J S B Smith	Resigned 5 August 2010
A Moss	Appointed 5 August 2010

#### **Disclosure of indemnity**

Pearl Group Holdings (No. 2) Limited has agreed to provide an indemnity to certain persons associated with that company and its subsidiaries. These persons include nominated directors and secretaries of Pearl Group Holdings (No. 2) Limited, directors and secretaries of subsidiary companies such as the Company together with alternate directors and approved persons, being persons in relation to whom the Financial Services Authority has given its approval under section 59 of the Financial Services and Markets Act 2000 ("FSMA") for the performance of a controlled function. This indemnity will cover all losses, costs and expenses incurred by an indemnified person incurred in the exercise, execution and discharge of his duties, or connected to the same, to the fullest extent permitted, consistent with the Companies Act 2006 and the FSA Rules. The indemnity states that it does not apply to any loss suffered or incurred by an indemnified person to the extent that he is indemnified by any third party (including under any Directors & Officers liability insurance).

#### **Disclosure of information to auditors**

So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (2) of the Companies Act 2006.

#### **Reappointment of auditors**

In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been reappointed at the end of the period of 28 days following circulation of copies of these accounts as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these accounts relate.

On order of the directors



A Moss  
Director  
24 September 2010

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## **ALCOBENDAS ENTRUST LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing the Directors' Report and the 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). Under company law the directors must not approve the accounts 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 accounts, 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 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 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 accounts 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.

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## ALCOBENDAS ENTRUST LIMITED

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### INDEPENDENT AUDITORS' 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 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 16. 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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.

#### Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts.

#### Opinion

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

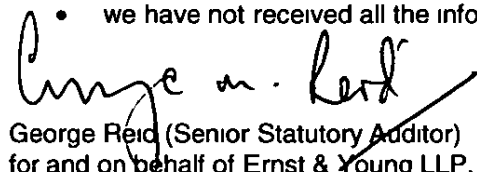
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

#### 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 accounts 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.



George Reid (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

28 Sept. 2010

# ALCOBENDAS ENTRUST LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	Notes	2009 £	2008 £
Revenue	5	35,000	35,000
Operating expenses		(51,548)	(53,122)
<b>Operating loss</b>	6	(16,548)	(18,122)
Interest receivable and similar income	7	83,981	525,150
Unrealised revaluation gains/(losses) on investments	7	35,000	(35,000)
Other expenses	8	(100,326)	-
<b>Profit before foreign exchange</b>		2,107	472,028
(Loss)/gain on foreign exchange movements		(1,308,763)	3,839,846
<b>(Loss)/profit before taxation</b>		(1,306,656)	4,311,874
Taxation	9	362,810	(1,243,598)
<b>(Loss)/profit after taxation</b>	14	(943,846)	3,068,276

All activities relate to continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2009

	Notes	2009 £	2008 £
(Loss)/profit for the financial year		(943,846)	3,068,276
Unrealised gains/(losses) on revaluation of assets	14	55,000	(40,500)
<b>Total recognised (losses)/gains arising in the year</b>		(888,846)	3,027,776



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**ALCOBENDAS ENTRUST LIMITED**

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**BALANCE SHEET**

As at 31 December 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	10	430,000	340,000
<b>Current assets</b>			
Debtors	11	417,131	131,984
Cash at bank and in hand		15,043,177	16,267,375
		<hr/>	<hr/>
		15,460,308	16,399,359
<b>Creditors amounts falling due within one year</b>	12	(6,744,727)	(6,704,932)
		<hr/>	<hr/>
<b>Net current assets</b>		8,715,581	9,694,427
		<hr/>	<hr/>
<b>Net assets</b>		9,145,581	10,034,427
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	5,927,104	5,927,104
Profit and loss account	14	3,163,477	4,107,323
Revaluation reserve	14	55,000	-
		<hr/>	<hr/>
<b>Shareholders' funds attributable to equity interests</b>	14	9,145,581	10,034,427
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The accounts were approved by the Board of Directors and signed on its behalf by

A Moss  
Director  
24 September 2010

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## **ALCOBENDAS ENTRUST LIMITED**

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### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

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

##### **Foreign currencies**

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the monthly average rate between the functional currency and the foreign currency at the date of the transaction. The assets and liabilities at year end denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences arising are charged/credited to the profit and loss account.

##### **Rental income from operating leases**

Rentals received under operating leases are recognised in the profit and loss account on a straight line basis over the lease term.

##### **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. Unrealised gains and losses are taken to the statement of total recognised gains and losses. If a deficit (or its reversal) on the individual investment property is expected to be permanent, it will be charged (or credited) in the profit and loss account of the period. For the year ended 31 December 2009 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 2006, 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**

The fees payable to the Company's auditor for the audit of the Company's annual accounts are borne by Pearl Assurance Limited (formerly Pearl Assurance plc) (its immediate parent undertaking).

#### **3. EMPLOYEE INFORMATION**

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

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 4. DIRECTORS' EMOLUMENTS

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

### 5. REVENUE

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

	2009 £	2008 £
Rental income from operating leases	35,000	35,000

### 6. OPERATING LOSS

Operating loss is stated before recognising exchange losses on foreign currency of £1,308,763 (2008 gain of £3,839,846)

### 7. INVESTMENT INCOME

	2009 £	2008 £
Investment return on cash at bank	83,981	525,150
Unrealised gains/(losses) on investments	35,000	(35,000)
	<u>118,981</u>	<u>490,150</u>

The unrealised revaluation gains in 2009 is a reversal of the permanent loss charged to the profit and loss account in 2008

### 8. OTHER EXPENSES

Other expenses of £100,326 represents the write off of tax withheld on bank interest income that was previously thought to be recoverable and therefore disclosed as a tax debtor

### 9. TAXATION ON (LOSSES)/PROFITS ON ORDINARY ACTIVITIES

	2009 £	2008 £
Corporation Tax.		
On profit for the year	(375,667)	1,238,859
Double tax relief	-	(135,802)
Overseas tax	12,857	140,541
	<u>(362,810)</u>	<u>1,243,598</u>
Current tax (credit)/charge for the period		

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 9. TAXATION ON (LOSSES)/PROFITS ON ORDINARY ACTIVITIES (continued)

The tax (credit)/charge assessed for the period is lower than the standard rate of corporation tax in the UK of 28.0% (2008: 28.5%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	(1,306,656)	4,311,874
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	(365,864)	1,228,884
Effects of Non deductible expenses	(9,803)	9,975
Overseas tax	12,857	4,739
Current tax charge for the period	(362,810)	1,243,598

### 10. TANGIBLE ASSETS

	Market Value		Cost	
	2009 £	2008 £	2009 £	2008 £
At 1 January	340,000	415,500	375,000	375,000
Unrealised revaluation gain/(loss)	90,000	(75,500)	-	-
At 31 December	430,000	340,000	375,000	375,000

### 11. DEBTORS

	2009 £	2008 £
Trade debtors	7,154	27,475
Tax debtor	409,977	104,509
	417,131	131,984

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade creditors	-	15,095
Tax creditors	8,751	-
Amounts owed to group undertakings	6,735,976	6,689,837
	6,744,727	6,704,932

# ALCOBENDAS ENTRUST LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 13. SHARE CAPITAL

	2009 £	2008 £
<b>Allotted, called up and fully paid:</b>		
5,927,104 ordinary shares of £1 each	5,927,104	5,927,104

### 14. RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit & loss account £	Revaluation reserve £	Total share- holders' funds £
At 1 January 2008	5,927,104	1,039,047	40,500	7,006,651
Profit for the year	-	3,068,276	-	3,068,276
Unrealised losses on revaluation of assets	-	-	(40,500)	(40,500)
At 31 December 2008	5,927,104	4,107,323	-	10,034,427
Loss for the year	-	(943,846)	-	(943,846)
Unrealised gains on revaluation of assets	-	-	55,000	55,000
At 31 December 2009	5,927,104	3,163,477	55,000	9,145,581

### 15. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures', relating to transactions between 100% 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 Limited. Prior to 2 September 2009 the Company's ultimate parent undertaking was Pearl Group Holdings (No 2) Limited. Subsequent to this date, the ultimate parent undertaking became Phoenix Group Holdings whose registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands and is the parent undertaking of the smallest and largest group to consolidate these accounts. A copy of the accounts of Phoenix Group Holdings can be obtained from the Company Secretary, 1st Floor, 32 Commercial Street, St Helier, Jersey, JE2 3 RU.