

PICASSO INVESTMENTS (MAIDENHEAD) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



Bessler Hendrie
Chartered Accountants
Statutory Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RU

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for the year ended 31 December 2011

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PICASSO INVESTMENTS (MAIDENHEAD) LIMITED

COMPANY INFORMATION

for the year ended 31 December 2011

DIRECTORS:

C P Oliver
S C Loggie
J M E Lawes

SECRETARY:

C P Oliver

REGISTERED OFFICE:

10 Ivory House
Plantation Wharf
London
SW11 3TN

REGISTERED NUMBER:

05132619 (England and Wales)

AUDITORS:

Bessler Hendrie
Chartered Accountants
Statutory Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RU

REPORT OF THE DIRECTORS
for the year ended 31 December 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property developers

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

C P Oliver
S C Loggie
J M E Lawes

GOING CONCERN

The company is reliant on the financial resources of Picasso Investments Limited and other group members. The balance sheet includes group borrowings of £3,838,937 (2010 £7,151,930) which are financed by loans provided by Lloyds Banking Group and Lehman Commercial Paper Inc (in liquidation) to Picasso Investments Limited. This loan was repaid after the year end out of the proceeds from the sale of the property. The directors believe the company remains a going concern based on the fact that it is supported by Picasso Investments Limited and other group members and the group is operating within the loan covenants prescribed in the loan agreements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements 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 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.

REPORT OF THE DIRECTORS
for the year ended 31 December 2011

STATEMENT AS TO 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 each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditor, Bessler Hendrie, Chartered Accountants, has indicated its willingness to continue in office

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C P Oliver', written in a cursive style.

C P Oliver - Director

28 June 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PICASSO INVESTMENTS (MAIDENHEAD) LIMITED

We have audited the financial statements of Picasso Investments (Maidenhead) Limited for the year ended 31 December 2011 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page two, 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 and express an opinion on 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.

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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PICASSO INVESTMENTS (MAIDENHEAD) LIMITED**

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors

Bessler Hendrie

Robert Watkins (Senior Statutory Auditor)
for and on behalf of Bessler Hendrie
Chartered Accountants
Statutory Auditor
Albury Mill
Mill Lane
Chilworth
Guildford
Surrey
GU4 8RU

28 June 2012

PICASSO INVESTMENTS (MAIDENHEAD) LIMITED (REGISTERED NUMBER: 05132619)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

		2011	2010
	Notes	£	as restated £
TURNOVER		424,545	370,387
Administrative expenses		(130,327)	(104,057)
		<u>294,218</u>	<u>266,330</u>
Other operating income		6,599	485,000
OPERATING PROFIT	2	300,817	751,330
Loss on sale of freehold property	3	(980,854)	-
Impairment adjustments	3	-	492,850
Write off of accrued sales	3	(323,353)	-
Group loans forgiven	3	2,829,000	-
		<u>1,825,610</u>	<u>1,244,180</u>
Interest payable and similar charges	4	187,733	(173,463)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,013,343	1,070,717
Tax on profit on ordinary activities	5	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>2,013,343</u>	<u>1,070,717</u>

The notes form part of these financial statements

PICASSO INVESTMENTS (MAIDENHEAD) LIMITED (REGISTERED NUMBER: 05132619)

BALANCE SHEET
31 December 2011

		2011	2010
		£	as restated £
FIXED ASSETS	Notes		
Tangible assets	7	-	4,900,000
CURRENT ASSETS			
Debtors	8	4,191,036	406,140
Cash at bank		18,015	44,013
		<u>4,209,051</u>	<u>450,153</u>
CREDITORS			
Amounts falling due within one year	9	(4,208,162)	(7,362,607)
NET CURRENT ASSETS/(LIABILITIES)		<u>889</u>	<u>(6,912,454)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>889</u>	<u>(2,012,454)</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	789	(2,012,554)
SHAREHOLDERS' FUNDS		<u>889</u>	<u>(2,012,454)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 28 June 2012 and were signed on its behalf by



C P Oliver - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

Investment properties are accounted for in accordance with the Financial Reporting Standard for Smaller Entities relating to Investment Properties, which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 2006, which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by is the Financial Reporting Standard for Smaller Entities considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in note 7.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on a going concern basis. This is considered appropriate by the directors as the company is supported by Picasso Investments Limited and other group members as a result of cross guarantees, which have been given in respect of mortgage financing on the group's investments in commercial property. The group is forecast to continue trading profitably and within its loan covenants.

The bank facilities provided will be available until 30 June 2013.

Changes in accounting policies

In prior years the financial statements of the company have shown the assets and liabilities in relation to the service charges of the property and tenants' deposits.

Updated guidance (TECH 03/11 as issued by ICAEW on 25 October 2011) on accounting for service charge transactions in the financial statements of companies has recently been issued. This guidance is considered to be current best practice and states that such monies should not be recognised in the financial statements as these are held on trust on behalf of the tenants. In order to comply with the current best practice, a change of accounting policy has been adopted and these financial statements do not include any balances in relation to the service charge or tenants' deposits.

The above change in accounting policy is merely a change in the presentation of the statutory accounts and does not have any impact on the net asset position of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

Turnover

Turnover represents net receivable rental income, excluding value added tax. Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

Tangible fixed assets

Investment properties are revalued annually by the directors who are members of the RICS. The valuations are on an open market basis. Changes in market value are recognised in reserves other than deficits expected to be permanent, which are charged to the profit and loss account for the period. No depreciation is provided on freehold investment properties or on leasehold investment properties where the unexpired lease term exceeds 20 years.

Deferred tax

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011	2010 as restated
	£	£
Auditors' remuneration	4,000	5,000
Operating lease income	(424,545)	(370,387)
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	-	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

3 EXCEPTIONAL ITEMS

Group debt of £2,829,000 was written off in order to facilitate the group refinancing process which completed in December 2011

Freehold land and buildings were sold for £4,100,000 realising a loss of £980,854 after inclusion of all sale costs

The income accrued during rent free periods granted to tenants up to the date that the property was sold totalled £323,353. As this amount is no longer recoverable, the accrued amount has been written off

4 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following

	2011	2010 as restated
	£	£
Loan interest - intra-group	129,279	173,463
Cancellation of intra-group interest charged in previous years	(317,012)	-
	<u>(187,733)</u>	<u>173,463</u>

The loan interest has been charged by Picasso Investments 1 Limited and arises in respect of a mortgage from Bank of Scotland Plc and mezzanine finance from Lehman Commercial Paper Inc (in liquidation) to finance the purchase of the company's property

As part of the refinancing agreement with Lehman Commercial Paper Inc (in liquidation) in December 2011 accrued interest due from Picasso Investments 1 Limited was cancelled. The share previously charged to this subsidiary company has been reversed in the current year

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010

Factors that may affect future tax charges

There are tax losses to carry forward at 31 December 2011 of £21,150 (2010 £186,347)

6 PRIOR YEAR ADJUSTMENT

As a result of the change in accounting policy set out in note 1, the comparatives have been restated to exclude the assets and liabilities in relation to the service charge of the property and tenants' deposits, consequently current assets and current liabilities in the comparative figures have each been reduced by £148,097

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

7 TANGIBLE FIXED ASSETS

	Land and buildings £
COST	
At 1 January 2011	4,900,000
Additions	55,495
Disposals	(4,955,495)
	<u>-</u>
At 31 December 2011	-
NET BOOK VALUE	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>4,900,000</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 as restated £
Trade debtors	84,361	102,103
Amounts owed by group undertakings	5,000	-
Other debtors	4,101,675	304,037
	<u>4,191,036</u>	<u>406,140</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 as restated £
Trade creditors	14,443	65,405
Amounts owed to group undertakings	3,838,937	7,151,930
Taxation and social security	14,397	-
Other creditors	340,385	145,272
	<u>4,208,162</u>	<u>7,362,607</u>

10 SECURED DEBTS

Fixed and floating charges over the undertaking and assets of the company are given as security for loans made to Picasso Investments 1 Limited, this company's parent company. The loans are for £36,281,400 from the Bank of Scotland Plc and for £3,500,000 from Lehman Commercial Paper Inc (in liquidation). The loans are due to be repaid in full on 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 as restated £
100	Ordinary	£1	<u>100</u>	<u>100</u>

12 RESERVES

	Profit and loss account £
At 1 January 2011	(2,012,554)
Profit for the year	<u>2,013,343</u>
At 31 December 2011	<u>789</u>

13 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Picasso Investments 1 Limited, a company registered in England and Wales. The ultimate parent company is Lehman Commercial Paper Inc (in liquidation), which was incorporated in the US and has filed for voluntary bankruptcy.

The largest and smallest group of which this company is a member for which group accounts are drawn up is headed by Picasso Investments Limited. Copies of the consolidated financial statements can be obtained from The Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

14 CONTINGENT LIABILITIES

At 31 December 2011, the company had together with other group companies, guaranteed certain Bank of Scotland Plc and Lehman Commercial Paper Inc (in liquidation) loans by means of an unlimited multilateral cross guarantee. The liability in respect of these bank loans was £39,781,400 (2010 £36,280,521).

The company is part of a VAT group. The group companies are

- Picasso Investments Limited
- Picasso Investments 1 Limited
- Picasso Investments (Arena) Limited
- Arena Centre (Stockley) Limited
- Picasso Investments (Maidenhead) Limited
- Picasso Investments (Pier) Limited
- Picasso Investments (Plantation Wharf) Limited

Each of these companies is liable to the group VAT creditor.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

15 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions provided by the provisions of Financial Reporting Standard for Smaller Entities relating to members of a group that prepares publicly available consolidated financial statements, and has not disclosed transactions with fellow group undertakings

During the year management fees of £31,240 (2010 £32,040) were charged to this company by Cube Consulting Limited, a company in which C P Oliver, S C Loggie and J M E Lawes are directors

16 POST BALANCE SHEET EVENTS

The contract for the sale of Nicholson's House owned by Picasso Investments (Maidenhead) Limited was exchanged unconditionally on 21 December 2011 and the sale completed on 12 January 2012. The company ceased trading on this date.

17 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Lehman Commercial Paper Inc (in liquidation) by virtue of its shareholding in Picasso Investments Limited.

18 DEFERRED TAX

No deferred tax asset was recognised in respect of losses carried forward and accelerated capital allowances. This was on the basis that there was insufficient evidence of when the asset would be recoverable.

	Amount unprovided	
	£ 2011	£ 2010
Tax losses carried forward	5,076	48,450
Accelerated capital allowances	-	(22,678)
	<u>5,076</u>	<u>25,772</u>