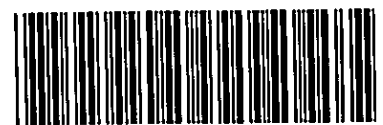


Davy Property Holdings Limited

Financial Statements for the year ended 31 December 2011
together with director's and auditors' reports

Registered number 31754



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28/09/2012

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Davy Property Holdings Limited

Director's Report

The Sole Director presents his report and the audited financial statements for the year ended 31 December 2011

Activities and prospects

The Company is a property management company engaged in a work out process

The Company is a member of the TH Global group of companies which is engaged in a work-out process. The work-out is a financial and organisational restructuring whose objective is to resolve outstanding disputes and liabilities, in the best interest of creditors and shareholders.

The work-out process is subject to fundamental uncertainties. These fundamental uncertainties and their impact on the financial statements are disclosed in the basis of preparation in Note 1 to these financial statements.

The Company's property management activities ceased in December 2008. Since that date the Company has not operated or controlled any business activities. It is not the intention of the Sole Director or the shareholder to seek new business opportunities or activity for the Company.

The Company's residual liability is responsibility for industrial disease claims lodged against the Company by former employees arising from the circumstances of the past activities of the Company.

As a past employer and operator of engineering businesses (before its role was changed to property management), the Company is the recipient of claims by former employees alleging that they have suffered bodily injury as a result of industrial diseases caused during the course of the claimant's employment with the Company. These claims do not arise until many years after the relevant employment ceased (medical conditions may not develop until much later). The Company together with its insurance carriers and outside claims handlers and counsel review each claim that is pursued by claimants. In those cases where a compensatable disease, exposure during the course of employment and causation can be established by the claimants, the Company's approach is to seek to resolve claims for amounts that reflect the type of disease, the seriousness of the injury, the age of the claimant, the particular jurisdiction of the claim and the number and solvency of other defendants.

Financial statements and dividend

The financial statements of the Company appear on pages 6 to 15 inclusive.

As explained in Note 1(a) (Basis of Preparation) of the Notes to these financial statements, the Sole Director does not consider that it is appropriate to prepare these financial statements on a going concern basis.

The result for the year is set out in the profit and loss account on page 6. Retained profit of £7,590 (2010 - profit of £70,844) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend can be paid.

Directors

The Directors who held office during the year were

Rufus Laycock
Marcelo Pereira

Marcelo Pereira resigned as a director on 18 April 2011.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Director's Report (continued)

Disclosure of information to auditor

The Sole Director who held office at the date of this Director's Report confirms that, so far as he is aware, there is no relevant audit information of which the Company's Auditor are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor are aware of that information

Rufus Laycock

Rufus Laycock
Sole Director

Date 27 September 2012

Registered Office
Surrey House
36-44 High Street
Redhill
Surrey RH1 1RH

Davy Property Holdings Limited

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The Sole Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the Sole Director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these financial statements, the Sole Director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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

As explained in Note 1(a) (Basis of Preparation) of the Notes to these financial statements, the Sole Director does not consider that it is appropriate to prepare these financial statements on a going concern basis

The Sole Director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Davy Property Holdings Limited

We were engaged to audit the financial statements of Davy Property Holdings Limited for the year ended 31 December 2011 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

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 auditor's 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 3, 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 (APB's) Ethical Standards for Auditors. Because of the matters described in the basis for disclaimer of opinion on financial statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because we were not able to assess the appropriate carrying amounts of intercompany receivables recognised at £10,803,928 as at 31 December 2011. The directors of the company have concluded that the fundamental uncertainties disclosed in note 1 of the financial statements regarding the financial effects of the ultimate outcome of the work-out process facing the group of which the company is a part, together with the resulting uncertainty that brings to the expected settlement of the intercompany receivables, render assessing the recoverable amount of the items impracticable at this time. As a consequence the directors have not performed this assessment. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning intercompany receivables.

Opinion on financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Davy Property Holdings Limited (continued)

Matters on which we are required to report by exception

In respect solely of the limitation of our work regarding the assessment of the recoverable amount of intercompany receivables referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records have been kept

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

- 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

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Date 27 September 2012

Davy Property Holdings Limited

Profit And Loss Account for the Year Ended 31 December 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Rental income		-	-
Cost of sales - property outgoings	2	-	(4,083)
Operating Profit (Loss)		-	(4,083)
Administrative Income		7,590	74,927
Profit on ordinary activities before taxation	5	7,590	70,844
Taxation - on profit on ordinary activities	6	-	-
Retained profit for the financial year	10	<u>7,590</u>	<u>70,844</u>

The notes on pages 8 to 15 inclusive form part of these financial statements

The Company has no recognised gains or losses other than the profits for the current and the prior financial years Accordingly, a statement of total recognised gains and losses has not been prepared

The only movement in shareholders' funds is the profit for the year Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared

These financial statements have been prepared in the context of the nature and purpose of the work-out described in the Directors' Report and Note 1 (Basis of Preparation) to the financial statements These financial statements have not been prepared on a going concern basis

The profit and loss account has been prepared on the basis that all operations are discontinued operations

Balance Sheet at 31 December 2011

	Note	31 December 2011		31 December 2010	
		£	£	£	£
Current assets					
Debtors	7	<u>10,803,928</u>		<u>10,833,372</u>	
Creditors Amounts falling due within one year					
Amounts owed to fellow subsidiary undertakings		(2,544,118)		(2,573,562)	
		<u>(2,544,118)</u>		<u>(2,573,562)</u>	
Net current assets			8,259,810		8,259,810
Provisions for liabilities and charges	8		<u>(1,960)</u>		<u>(9,550)</u>
Net assets			<u>8,257,850</u>		<u>8,250,260</u>
Capital and reserves					
Called up equity share capital	9		26,000,000		26,000,000
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	10		<u>(19,001,410)</u>		<u>(19,009,000)</u>
Equity shareholders' funds			<u>8,257,850</u>		<u>8,250,260</u>

The notes on pages 8 to 15 inclusive form part of these financial statements

The financial statements were approved by the Sole Director on 27 September 2012

Rufus Laycock

Rufus Laycock
Sole Director

Notes to accounts 31 December 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

(a) Basis of preparation

These financial statements have not been prepared on a going concern basis. The background and reason for this basis of preparation are explained below

The TH Global Group (the "Group") in which the Company is a wholly owned subsidiary is facing significant challenges to continue the work-out on a solvent basis. In addition to the pre-existing and pervasive uncertainty of the work-out (see further background and explanation below), the Group faces a number of specific and significant legacy and litigation issues in which the outcome is uncertain and where the nature and magnitude of an adverse outcome puts at risk the solvency of the Group (and the Company) and the planned outcome of the work-out. The objectives of the work-out have been and remain to achieve a solvent outcome for third party creditors, and, an orderly winding up of constituent entities including the Company. In this context, the Sole Director of the Company considers that it is not appropriate to adopt the going concern basis of preparation for these financial statements but have sought to present assets and liabilities on a break up basis other than when it is impracticable to do so (see below)

Background - the Work-Out

The Group is engaged in a work-out process. The work-out is a financial and organisational restructuring whose objective is to resolve outstanding disputes and liabilities, in the best interests of creditors and shareholders.

The Group discharges a range of legacy responsibilities including significant liabilities and costs related to historic issues, such as historic contractual liabilities, historic pensions liabilities, environmental liabilities, industrial injury compensation claims, overseas taxation claims and sundry other liabilities. The Group's primary objective is to wind-up these legacy responsibilities as soon as practicable consistent with achieving best value for money. Since 1 April 2005, while in a number of instances, realisations have exceeded the initial budget expectations and certain legacy issues and liabilities have been resolved more favourably than initially budgeted, conversely, there have been a number of liabilities that have resulted in an increased exposure and further unknown and unforeseen legacy issues have arisen.

Material uncertainties and risks inherent in the work-out

From the outset, the work-out has been subject to significant issues indicating material uncertainties and risks which give rise to significant doubt on the Group's ability to continue to facilitate and manage the work-out if actual results were to differ materially from those anticipated. These uncertainties relate to

- whether the outcome of a number of existing claims including industrial disease compensation claims (incurred and incurred but not reported) and overseas taxation claims will be as estimated,
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the expected range and timing, these substantial outstanding liabilities include external borrowings, environmental liabilities in the US, US pensions, industrial disease compensation claims and other legacy issues which have not yet been resolved, and

Notes to accounts (continued)
31 December 2011

1 Accounting policies (continued)

(a) Basis of preparation (continued)

- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated

Restructuring of liabilities under material borrowings and US pension plan

During 2011, the Group Directors identified the need to restructure two of the Group's principal third party liabilities, being, (1) liabilities under a US defined benefit pension plan (the "US Pension Plan") and (2) pending and prospective default under material borrowings and onerous present and future interest payments attaching to those borrowings (the "Material Borrowings"), if the work-out was to continue on a solvent basis

In June 2012, the Group carried out a restructuring of its liabilities under the Material Borrowings and the US Pension Plan which relieved companies within the Group of liability for the Material Borrowings and from contributions to the US Pension Plan and also relieved companies within the Group from present and potential recourse in respect of those liabilities and contributions. The Material Borrowings have been settled through the issue of preferred equity securities to the Material Borrowings holders. As described below, the relief from contributions to the US Pension Plan is an interim solution while work continues to achieve a permanent transfer of legal liability

Significant financial challenges to the continuation of the work-out on a solvent basis

The principal significant challenges to continue the work-out on a solvent basis are (1) to achieve a permanent settlement for liabilities under the US Pension Plan and, (2) an overseas (Finland) tax dispute where the additional tax assessed in respect of a prior period transaction exceeds the relevant subsidiary's ability to satisfy it and where a final and binding demand could cause the bankruptcy of the subsidiary and, in view of the level of intercompany indebtedness within Group subsidiaries, could have a domino effect resulting in the insolvency of other Group subsidiaries including this company and, possibly, of the Group

The Group Directors' assessment of the outcome of these two legacy issues is as follows

Liabilities under a US defined benefit pension plan

The Group Directors have a reasonable expectation that discussions to permanently exit the US Pension Plan will yield a solution on acceptable terms. Under the restructuring carried out in June 2012, the existing third party guarantor of the required minimum contribution to the US Pension Plan confirmed its capacity and willingness to meet its financial commitments under the guarantee and further, the guarantor has released its right to reimbursement and indemnity from Group companies. The Group and the guarantor intend (subject to agreement with all relevant parties and approval from regulatory bodies on acceptable terms) that the guarantor will legally assume the Group's liabilities under the US Pension Plan without recourse to the Group. As with any company placing reliance on a third party to meet its guaranteed obligations, the Group Directors acknowledge that there can be no absolute certainty of the fulfilment of the guaranteed obligations, however, at the date of these financial statements the Group Directors have no reason to believe that the third party will not do so

In March 2012, the Helsinki Administrative Court found against one of the Group's Finnish subsidiaries in a claim by the Finnish State Tax Auditor that additional tax was payable in respect of an asset disposal in 2004. The additional tax demanded including interest and penalties is EUR 24.1 million. The Group is seeking permission to appeal that decision to the Finnish Supreme Administrative Court. The outcome of the application to appeal will probably not be known for 8-9 months. During May 2012, the Group made its application to appeal and in accordance with Finnish procedures simultaneously submitted its appeal

Notes to accounts (continued)

31 December 2011

1 Accounting policies (continued)

Basis of preparation (continued)

The Group has received advice from three leading law firms in connection to the appeal regarding the chances for the appeal application to be permitted. All three law firms think that it is more likely than not that permission will be given to appeal and that the appeal will be successful.

However, given the nature of this claim and the previous unfavourable judgement in the lower court the Group Directors and the Sole Director of the Company recognise that the outcome of the application to appeal and, if permission is given to appeal, the ultimate favourable resolution of this tax claim, must be treated as subject to uncertainty. As explained elsewhere in these financial statements, an adverse outcome in the application to appeal and, if permission is given to appeal, in the appeal itself will have a material adverse impact on the Group.

Continuation of work-out on a solvent basis

Since 1 April 2005, the Group Directors and the Sole Director of the Company have worked diligently to forge the best possible outcome for the Group and its various stakeholders through the facilitation and management of an orderly work-out and settlement of legacy liabilities.

The Group Directors and the Sole Director of the Company recognise and report that the current situation and outlook presents significant challenges in terms of the magnitude of material uncertainties that cast significant doubt upon the Group's ability to continue the work-out on a solvent basis.

If the settlement or resolution of the two legacy liabilities identified above is not forthcoming on acceptable terms and/or if the guarantor of the required minimum contribution to the US Pension Plan is unable to meet its guaranteed obligation then that non-success/non-fulfilment of guarantee obligations would immediately trigger a need to re-examine the Group's ability to continue the work-out on a solvent basis and the Group and the Company may have to consider, among other things, formal insolvency proceedings. The failure of the appeal in the Finnish tax dispute would have the same effect.

The Group Directors believe that the Group will have sufficient liquidity to satisfy its needs for the period of the appeal in the overseas tax dispute subject to the guarantor of the funding obligations to the US Pension Plan fulfilling its guaranteed obligations.

In addition to the liabilities under a US defined benefit pension plan and the tax dispute in Finland, the Group has exposures to other legacy issues relating to historical contractual liabilities, historical pensions liabilities, environmental liabilities, industrial injury compensation claims, overseas taxation claims and sundry other liabilities. Although less significant individually, the Group's obligations regarding some of these other legacy issues are expected to continue for more than 5 years and thus are expected to substantially deplete the group resources over time. As noted elsewhere, the objective of the work-out is to resolve outstanding disputes and liabilities in the best interests of creditors and shareholders as soon as practicable. The Group explores options that may be available to resolve these long tail liabilities.

After thoughtful and careful consideration, based on their expectations stated above, combined with their forecasts and assumptions relating to the outcome of claims, values and timings of expected legacy liability settlements and disposal of remaining assets, the Group Directors and the Sole Director of the Company consider that the work-out remains ultimately viable subject to a permanent settlement solution for the US Pension Plan being forthcoming and the successful appeal in the Finnish tax dispute and therefore they consider it is appropriate to continue the work-out for the time being in order to provide the opportunity for the resolution of those two legacy issues on acceptable terms.

Davy Property Holdings Limited

Notes to accounts (continued)

31 December 2011

1. Accounting policies (continued)

Basis of preparation (continued)

The Group Directors and the Sole Director of the Company consider that through the continuation of an orderly work-out within the current structure the Group is best able to fulfil its objective of achieving a return for stakeholders in excess of that which could be achieved under an insolvent winding up. The Group Directors and the Sole Director of the Company note that, given the interconnectedness of the subsidiaries within the Group, the outcome of an insolvent winding up of the Group for any stakeholder is extremely unpredictable and uncertain.

Carrying values of intercompany receivables

The Sole Director of the Company has concluded that the fundamental uncertainties mentioned above regarding financial effects of the ultimate outcome of the work-out process facing the Group of which the Company is a part, together with the resulting uncertainty that brings to the expected settlement of the intercompany receivables, renders, at this time, assessing the recoverable amount of these items impracticable. This is due to the, possibly insoluble, complications of the exercise as a result of the group structure and the uncertainties along with the unjustifiable cost of any attempt to carry out the exercise.

In preparing these financial statements, the Sole Director of the Company has therefore recognised the intercompany receivables at original nominal value except for certain specific impairments recognised in prior years. If the assessment of recoverable amounts could have taken the implications of the work-out into account significant additional impairments against intercompany receivables may well be required.

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2011

1 Accounting policies (continued)

(b) Cash flow statement

The Company has taken the exemption available under FRS 1 from preparing a cash flow statement on the grounds of it being a small company under the criteria laid down in Companies Act 2006

(c) Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2 Cost of sales - property outgoings

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Property outgoings less amounts charged against provisions	-	4,083

3 Inter-company interest

With effect from 1 January 2008, UK subsidiaries within the TH Global Group including the Company stopped charging interest (where interest was previously charged) on UK to UK inter-company debt and UK to UK inter-company account receivables with certain limited exceptions. This change in approach in the compensation for UK to UK inter-company financial transactions has been made in recognition of, and to assist with, the work-out of the Group.

4 Director's Emoluments

The director is remunerated by TH Group Services Limited, a fellow subsidiary undertaking, for his services to the Group. Because of this, his emoluments are disclosed in TH Group Services Limited. It is not practical to allocate his remuneration between Group companies.

5 Profit on ordinary activities before taxation

There were no employees of the Company during the year (2010- None)

The audit fee in respect of the statutory audit of these financial statements was £2,000 (2010- £2,758). This fee has been paid on behalf of the Company by a fellow subsidiary undertaking.

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2011

6 Tax on profit on ordinary activities <i>Recognised in the profit and loss account</i>	2011 £	2010 £
<i>UK corporation tax</i>		
UK Corporation tax on profit for the year	-	-
Foreign tax on profit for the year	-	-
Total current tax and tax on profit on ordinary activities	<u>-</u>	<u>-</u>

<i>Factors affecting the current tax charge</i>	2011 £	2010 £
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The tax assessed for the year is the same as (2010 same as) the standard rate of corporation tax in the United Kingdom. The reconciliation is as follows:

Profit on ordinary activities before taxation	<u>7,590</u>	<u>70,844</u>
Taxation charge at UK corporation tax rate of 26.5% (2010 28%)	2,011	19,836
Effect of		
Group relief for which no payment is received		
Capital allowances in excess of depreciation		
Increase in losses carried forward	-	-
Utilisation of losses brought forward	(2,011)	(19,843)
Items not deductible for tax	-	7
Actual tax charge per accounts	<u>-</u>	<u>-</u>
Current tax charge and tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting future tax charges

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies, and, where possible, the use of the Group's tax losses arising in prior years.

The TH Global Limited UK tax group has brought forward tax losses estimated at £ 279M, capital losses of £ 480M and surplus ACT of approximately £202M.

There is no potential liability to deferred taxation (2010 £nil).

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2011

7 Debtors

	31 December 2011 £	31 December 2010 £
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	<u>10,803,928</u>	<u>10,833,372</u>

Details of fundamental uncertainties relating to the carrying values of intercompany receivables have been disclosed in these financial statements

8. Provisions for liabilities and charges

	£
At 1 January 2011	9,550
Release during the year	(7,590)
At 31 December 2011	<u>1,960</u>

The provision represents the anticipated costs of winding-up the legacy responsibilities of the Company

Contingent Liability

As a past employer and operator of engineering businesses, the Company is the recipient of industrial injury and disease claims submitted by former employees. On the various legal and financial restructurings which occurred in the former Kvaerner group the Company retained responsibility in the great majority of cases for industrial injury and disease claims resulting from its former activities. Claims do not arise until many years after the relevant employment ceased (medical conditions may not develop until much later). The nature of these industrial diseases - their causation, progress and latency periods, is such that it is neither possible to know with any certainty the timing of the submission of claims nor to measure with any reliability the number of future claims and the cost of settlement. The Company provides for the estimated cost of incurred claims less insurance recoveries. Where it is not possible to make a reasonable estimate, no provision is made. No provision is made in respect of claims not yet received and verified. The future receipt and settlement of these claims could result in additional liabilities.

	31 December 2011 £	31 December 2010 £
9 Called up equity share capital		
Authorised, allotted and fully paid 104,000,000 ordinary shares of 25 pence each	<u>26,000,000</u>	<u>26,000,000</u>

10 Profit and loss account

	£
At 1 January 2011 - (deficit)	(19,009,000)
Retained profit for the financial year	7,590
At 31 December 2011 - (deficit)	<u>(19,001,410)</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2011

11 Ultimate parent company and ultimate controlling party

The Glacier Trust, established under the laws of Guernsey, is the ultimate controlling party of the Company

Medaura BV, a private company incorporated in the Netherlands, is the ultimate parent company of the Company. The financial statements of Medaura BV can be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, Surrey House, 36-44 High Street, Redhill, Surrey, RH1 1RH, UK

The larger group qualifies as a small group and is exempt from the requirement to prepare group accounts on the grounds of its size

12 Post Balance Sheet Events disclosure

Note 1(a) (Basis of Preparation) of the Notes to these financial statements describes the fundamental uncertainties relating to the work-out process in which the Company and the Group are engaged and, in particular, a number of specific and significant legacy and litigation issues facing the Group in which the outcome is uncertain and where the nature and magnitude of an adverse outcome puts at risk the continuation of the work-out on a solvent basis. Note 1(a) further describes the restructuring of two of the Group's principal third party liabilities on 29 June 2012 and the current position regarding the significant financial challenges to the continuation of the work-out on a solvent basis

There have been no adjusting or non-adjusting post balance sheet events relevant to these financial statements except for the events disclosed in the basis of preparation

13 Related party disclosures

Identity of related parties

The Company has related party relationships with member companies of the same group and with its directors

Transactions between related parties

The related party transactions with member companies of the same group relate solely to intercompany debt and intercompany account receivables. The Company has taken advantage of the exemptions in FRS 8 – 3 (C) from disclosing transactions entered into with two or more members of the Group

The transactions arising from the related party relationships with the directors relate solely to the compensation for their management services to the Group. See Note 4 (Directors' Remuneration) for further information