

QATARI DIAR UK LIMITED

Directors' report and financial
statements

Registered number 06569590
For the period ended 31 December 2008

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Directors' report

The directors present their directors' report and financial statements for the period ended 31 December 2008. The company was formed on 17 April 2008 as Becclewood Limited and changed its name to Qatari Diar UK Limited on 19 June 2008.

Principal activities and review of the business

The company commenced operations during the period as a supervisor and market research adviser focusing on existing and potential investments of Qatari Diar Real Estate Investment Company.

The directors are satisfied with the results of the company for the period.

The directors are satisfied with the position of the company at the end of the period.

Directors

The following directors have held office during the financial period:

Adrian Levy	(Appointed 17 April 2008 and resigned 18 June 2008)
David John Pudge	(Appointed 17 April 2008 and resigned 18 June 2008)
John Philip Wallace	(Appointed 18 June 2008)
Ghanim Bin Saad Al-Saad	(Appointed 18 June 2008)
Ahmed Al Mazroei	(Appointed 18 June 2008)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG LLP have been appointed as the company's auditors for the accounting period.

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

By order of the board



John Philip Wallace
Director

Date:

15 APRIL 2009

77 Grosvenor Street
London
W1K 3JR
United Kingdom

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF QATARI DIAR UK LIMITED

We have audited the financial statements of Qatari Diar UK Limited for the period ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements 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 sections 495 and 496 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view, have been properly prepared in accordance with IFRSs as adopted by the EU and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP
Chartered Accountants
Registered Auditor
1 Canada Square
London E14 5AG

Date: 15 April 2009

Income Statement

For the period from 17 April 2008 to 31 December 2008

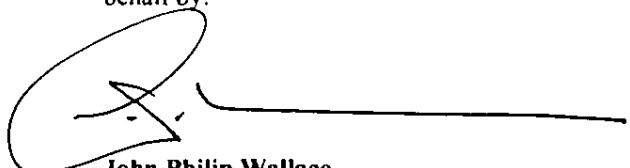
	<i>Note</i>	2008
		£
Revenue		-
Cost of sales		-
		<hr/>
Gross profit		-
Administrative expenses		(1,306,440)
		<hr/>
Operating loss		(1,306,440)
Financial income	5	18,950
Financial expenses	5	(2,070,413)
		<hr/>
Net financing expense		(2,051,463)
		<hr/>
Loss before tax		(3,357,903)
Taxation	6	-
		<hr/>
Loss for the period	<i>11</i>	<u>(3,357,903)</u>

The results of the Company are derived entirely from continuing activities. There was no income and expense for the current period other than that reported in the income statement.

Balance Sheet
As at 31 December 2008

	<i>Note</i>	2008
		£
Non-current assets		
Property, plant and equipment	7	1,167,874
		1,167,874
Current assets		
Trade and other receivables	8	2,754,299
Cash and cash equivalents	9	2,208,424
		4,962,723
Total assets		6,130,597
Current liabilities		
Trade and other payables	10	516,659
Amount due to parent company		8,971,741
		9,488,400
Total liabilities		(3,357,803)
Net liabilities		
Equity		
Share capital	12	100
Retained earnings	11	(3,357,903)
		(3,357,803)
Total equity	11	(3,357,803)

These financial statements were approved by the board of directors on 15/1/09 and were signed on its behalf by:


John Philip Wallace
Director

Cash Flow Statement

For the period from 17 April 2008 to 31 December 2008

	<i>Note</i>	2008 £
Cash flows from operating activities		
Loss for the year		(3,357,903)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	7	30,798
Foreign exchange losses	5	2,070,413
Financial income	5	(18,950)
		(1,275,642)
Increase in trade and other receivables		(2,735,349)
Increase in trade and other payables		516,659
		(3,494,332)
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	7	(1,198,672)
		(1,198,672)
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from the issue of share capital	12	100
Increase in intercompany balance		6,901,328
		6,901,428
Net cash generated from financing activities		
Net increase in cash and cash equivalents		2,208,424
Cash and cash equivalents at beginning of period		-
		2,208,424
Cash and cash equivalents at 31 December 2008	9	2,208,424

Notes (forming part of the financial statements)

1 Accounting policies

Qatari Diar UK Limited (the "Company") is a company incorporated and domiciled in the UK.

Basis of preparation

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The accounts have been prepared on the going concern basis notwithstanding the company's net current liabilities of £3,357,803, which the directors believe to be appropriate as Qatari Diar Real Estate Investment Company Q.S.C. has provided an undertaking that for at least 12 months, from the date of approval of these financial statements, they will make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking the directors believe that it remains appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that would result from the basis of preparation being inappropriate.

The financial statements are presented in sterling prepared on the historical cost basis.

Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated Sterling at foreign exchange rates ruling at the dates the fair value was determined.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold buildings over the lease term
- plant and equipment 3 years
- fixtures and fittings 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Impairments

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Staff numbers and costs

The average number of employees (including directors) during the period was eight, all of whom were involved in the company's principal activity.

	Number of employees
Director	1
Investment	1
Development	4
Finance	1
Administration	1

The aggregate payroll costs of these persons were as follows:

	2008 £
Wages and salaries	461,462
Social security costs	151,569
	613,031
	613,031

3 Auditors' remuneration

	2008 £
Audit of these financial statements	7,000
Accounting assistance	4,000
	11,000
	11,000

4 Directors' remuneration

	2008 £
Directors' emoluments	112,000
	112,000
	112,000

5 Finance income and expense

	2008 £
<i>Finance income</i>	
Bank interest	18,950
	18,950
Total finance income	18,950

Notes (continued)

5 Finance income and expense (continued)

	2008 £
<i>Finance expense</i>	
Net foreign exchange loss on intercompany payable	2,070,413
	2,070,413
Total finance expense	2,070,413

6 Taxation

Recognised in the income statement

	2008 £
<i>Current tax expense</i>	
Current year	-
	-
Current tax expense	-
<i>Deferred tax expense</i>	
Accelerated depreciation on Property, plant and equipment	2,883
Pre-trade expenditure	352,073
Tax losses	574,410
Loss for which no deferred tax asset was recognised	(929,366)
	-
Deferred tax expense	-
Tax expense in income statement	-
Total tax expense	-

Reconciliation of effective tax rate

	2008 £
Loss for the period	(3,357,903)
	(3,357,903)
Tax using the UK corporation tax rate of 28 %	(940,213)
Non-deductible expenses	10,847
Current period loss for which no deferred tax asset was recognised	929,366
	-
Total tax expense	-

No deferred tax asset has been recognised in the financial statements as its utilisation is dependent on future taxable profits.

Notes (continued)

7 Property, plant and equipment

	Leasehold land and buildings £	Plant and equipment £	Fixtures & fittings £	Total £
<i>Cost</i>				
Other acquisitions	1,001,054	47,618	150,000	1,198,672
Balance at 31 December 2008	1,001,054	47,618	150,000	1,198,672
<i>Depreciation</i>				
Depreciation charge for the period	(20,501)	(2,797)	(7,500)	(30,798)
Balance at 31 December 2008	(20,501)	(2,797)	(7,500)	(30,798)
<i>Net book value</i>				
At 31 December 2008	980,553	44,821	142,500	1,167,874

8 Trade and other receivables

	2008 £
Refundable deposit	2,559,804
VAT recoverable	109,202
Other trade receivables	24,488
Interest receivable	18,950
Prepayments	41,855
	2,754,299

9 Cash and cash equivalents

	2008 £
Cash and cash equivalents per balance sheet	2,208,424
Cash and cash equivalents per cash flow statement	2,208,424

Notes (continued)

10 Trade and other payables

	2008 £
<i>Current</i>	
Trade payables	160,100
Accrued expenses	356,559
	516,659
	516,659

11 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £	Retained earnings £	Total equity £
Issue of shares	100	-	100
Loss for the period	-	(3,357,903)	(3,357,903)
	100	(3,357,903)	(3,357,803)
Balance at 31 December 2008	100	(3,357,903)	(3,357,803)

12 Share capital

	2008 £
<i>Authorised</i>	
100 Ordinary shares of £1 each	100
	100
	100
<i>Allotted, called up and fully paid</i>	
100 Ordinary shares of £1 each	100
	100
	100

13 Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Notes (continued)

13 Fair values of financial instruments (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Market risk – foreign currency risk

The company's exposure to foreign currency risk arises from the intercompany transactions in Qatari Riyal. The total exposure at the balance sheet date is reflected as amounts due to parent company of Qatari Riyal 47,749,492.

14 Related parties

The company has an outstanding balance with the immediate parent company, Qatari Diar Real Estate Investment Company of £8,971,471 (QAR 47,749,492), which has funded most of the operational costs of the company.

At period end £81,375 is payable to John Wallace, director, in relation to expenses of £65,359 paid by him on behalf of the company during the period.

15 Ultimate parent company and parent company of larger group

The company is a wholly owned subsidiary undertaking of Qatari Diar Real Estate Investment Company which is the ultimate parent company incorporated in the Qatar.

The largest group in which the results of the company are consolidated is Qatari Diar Real Estate Investment Company incorporated in Qatar. No other group financial statements include the results of the company. The consolidated financial statements of this group are not available to the public.