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EUROHYPO INVESTMENT BANKING LIMITED

Company Number: 2763136

REPORT AND FINANCIAL STATEMENTS

31 December 2008

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# EUROHYPO INVESTMENT BANKING LIMITED

## REPORTS AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

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# EUROHYPO INVESTMENT BANKING LIMITED

## Directors' report

For the year ended 31 December 2008

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The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2008.

### Principal activities, business review and future developments

The principal activity of the company is to act as holding company.

The directors consider that the performance of the company has been in line with expectations for the current period.

On 12 June 2009 the company sold its investment in 121 KHS Limited for £32,406. Apart from this, there have been no other events since the balance sheet date which materially affect the position of the company.

The activity of the company is expected to be unchanged in the near future.

### Results and Dividends

The results for the period are shown on page 4.

No dividend is proposed for the year ended 31 December 2008 (2007: £9.75 million).

### Directors

The Directors who held office during the year were as follows:

P. D. Rivlin	
N. Lawson-May	
B. Knobloch	(resigned 17 October 2008)
M. Sinclair	(appointed 17 October 2008)
S. Allan	(Company Secretary)

### Statements of Directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standard 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 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 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, in which case there should be supporting assumptions or qualifications.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

# EUROHYPO INVESTMENT BANKING LIMITED

## **Directors' report (continued)**

For the year ended 31 December 2008

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The directors are responsible for keeping proper 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **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 he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

The previous auditors, KPMG Audit LLP tendered their resignation as the Company's auditor. There were no matters in connection with this resignation to be brought to the attention of the shareholders. In accordance with section 485 of the Companies Act, the auditors, PricewaterhouseCoopers LLP have been appointed as auditors of the company by ordinary resolution of the Board meeting.

On behalf of the Board



Director

# EUROHYPO INVESTMENT BANKING LIMITED

## Auditors' report

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### Independent auditors' report to the members of Eurohypo Investment Banking Limited

We have audited the financial statements of Eurohypo Investment Banking Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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

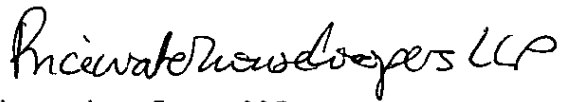
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;

# EUROHYPO INVESTMENT BANKING LIMITED

## Auditors' report (Continued)

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
21 September 2009

# EUROHYPO INVESTMENT BANKING LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Note	2008 £	2007 £
<b>Turnover</b>	1	-	15,000
Administrative expenses		(87,109)	(14,319)
<b>Operating (loss) / profit</b>	2	(87,109)	681
Income from participating interests	3	748,500	-
<b>Profit on ordinary activities before interest and taxation</b>		661,391	681
Interest receivable and similar income		32,582	366,996
<b>Profit on ordinary activities before taxation</b>		693,973	367,677
Tax on profit on ordinary activities	6	12,640	(110,721)
<b>Profit for the financial year</b>	14	706,613	256,956

There were no recognised gains or losses other than the profit for the period; consequently no statement of total recognised gains and losses has been prepared.

All amounts are derived from continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

# EUROHYPO INVESTMENT BANKING LIMITED

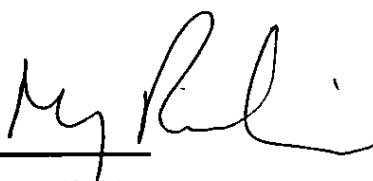
## BALANCE SHEET

As at 31 December 2008

	Note	2008 £	2007 Restated * £
<b>Fixed assets</b>			
Investments in participating interests	8	9,890	9,890
		9,890	9,890
<b>Current assets</b>			
Debtors	9	38,521	17,792
Cash at bank and in hand		1,162,883	584,863
		1,201,404	602,655
<b>Creditors: amounts falling due within one year</b>	11	(13,250)	(121,114)
<b>Net current assets</b>		1,188,154	481,541
<b>Net assets</b>		1,198,044	491,431
<b>Capital and reserves</b>			
Called up share capital	12	150,002	150,002
Profit and loss account	13	1,048,042	341,429
<b>Equity shareholders' funds</b>	14	1,198,044	491,431

\* See Note 8 for details.

These financial statements were approved by the board of directors on 21 September 2009.



For and on behalf of the  
Board of Directors



# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2008

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### 1. Accounting policies

These financial statements have been prepared on the going concern basis under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

#### Group accounts

The company is exempt from preparing consolidated financial statements as the group is and is not an ineligible group as defined by section 248 of the Companies Act 1985. These financial statements provide information about the Company as an individual undertaking and not about its group.

#### Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future, have occurred by the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

#### Cashflow statement

The Company is exempt from the requirement to prepare a Cash Flow Statement under Financial Reporting Standard 1 (Revised 1996) as the company qualifies for small company status.

#### Turnover

The prior year turnover represented fee income derived from arrangement of mortgage loans and was recognised on an accruals basis as the service was performed.

#### Income from participating interests

Other income represents dividend income received from its investment in 121 KHS Limited and is recognised once the dividend is approved.

#### Fixed asset investments

Investments in participating interests are held at cost less any amounts provided for any permanent diminution in value.

#### Interest receivable

Interest receivable is recognised on an accruals basis.

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2.	Operating profit	2008 £	2007 £
	Operating Profit is stated after charging		
	Auditors' remuneration:	7,500	7,463

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# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2008

<b>3. Income from participating interests</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Dividend income	748,500	-
<b>4. Remuneration of directors</b>		
Paul Rivlin and Neil Lawson-May each received emoluments of £14,658 (2007: nil) in respect of service as directors of the company. No other director received any emoluments for their services.		
<b>5. Staff costs</b>		
The total staff costs (excluding directors' emoluments) have been borne by Eurohypo AG without recharge. No staff costs have therefore been included in these financial statements.		
<b>6. Taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
UK Corporation tax (credit)/charge at 28.5% (2007: 30%) on (loss)/profit	(15,708)	110,067
Prior year adjustments	2,403	373
	(13,305)	110,440
<b>Deferred tax:</b>		
Reversal of timing differences	665	281
Tax (credit)/charge on profit on ordinary activities	(12,640)	110,721
The current tax charge for the period was lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The difference is explained below.		
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	693,973	367,677
Current tax at 28.5% (2007: 30%)	197,782	110,303
<i>Effects of:</i>		
Timing differences	(168)	(236)
Non-taxable dividend income	(213,322)	-
Prior year adjustments	2,403	373
Total current tax (credit)/charge	(13,305)	110,440

# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2008

7. Dividends	2008	2007
	£	£
Class A Shares (Final paid 2007: £50 per class A share)	-	7,500,000
Class B Shares (Final paid 2007: £1,125,000 per class B share)	-	2,250,000
	<u>-</u>	<u>9,750,000</u>

8. Investments	2008	2007
	£	Restated £
<b>Investments in participating interests:</b>		
Cost and net book value		
At 1 January and at 31 December	<u>9,890</u>	<u>9,890</u>

In the 2007 financial statements investments were classified within current assets. For these financial statements investments have been reclassified from current assets to Investments in participating interests within fixed assets to better reflect the nature of the investment. The 2007 comparatives within these financial statements have been restated to show a consistent presentation year on year. There is no impact on reported profit or net assets in either 2007 or 2008 as a result of this change.

<i>Participating interests:</i>	Country of Incorporation	Principal activity	Class and percentage of shares held
Ampton BV	Netherlands	Property Investment Company	Ordinary share capital 50.00%
121 KHS Limited	England and Wales	Property Investment Company	Ordinary share capital 49.90%
Ski Leasing No 1 Limited	England and Wales	Property Investment Company	Ordinary share capital 4.99%

The shares in 121 KHS Limited were sold on 12 June 2009 for £32,406.

9. Debtors	2008	2007
	£	£
Amounts owed by group undertaking (Eurohypo AG)	-	15,000
Deferred taxation (note 10)	-	665
Corporation tax recoverable	15,709	-
Prepayments	22,812	2,127
	<u>38,521</u>	<u>17,792</u>

# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2008

<b>10. Deferred taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Balance at 1 January	665	945
Transfer to profit and loss account	(665)	(280)
Balance at 31 December	-	665
<b>11. Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertaking (Eurohypo AG)	-	5,000
Accruals and deferred income	13,250	8,225
Corporation tax	-	107,889
	13,250	121,114
<b>12. Called up share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised and issued</b>		
'A' Ordinary shares		
150,000 Ordinary shares of £1 each	150,000	150,000
'B' Ordinary shares		
2 Ordinary shares of £1 each	2	2
	150,002	150,002
<p>The 'A' Ordinary shares are entitled to 66.67% of the distributable profits of the company. The 'B' Ordinary shares are entitled to 33.33% of the distributable profits of the company. The share classes rank pari passu with each other.</p>		
<b>13. Profit and loss account reserve</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Balance at 1 January	341,429	9,834,473
Profit for the financial year	706,613	256,956
Dividend payment	-	(9,750,000)
Balance at 31 December	1,048,042	341,429

# EUROHYPO INVESTMENT BANKING LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 December 2008

### 14. Reconciliations of shareholders' funds

	2008 £	2007 £
Balance at 1 January	491,431	9,984,475
Profit for the financial year	706,613	256,956
Dividend payment	-	(9,750,000)
Balance at 31 December	1,198,044	491,431

### 15. Related party transactions

Included in fees receivable and outstanding at year end is an amount of nil (2007: £15,000) due from Eurohypo AG.

Included in Interest receivable is £8,567 (2007: £237,295) received from Eurohypo AG. No amounts were outstanding at year end (2007: nil). Also included in interest receivable for the year is nil (2007: £118,647) from sub-trusts of the Eurohypo Employee Benefit Trust. Paul Rivlin and Neil Lawson-May are potential beneficiaries of these sub-trusts.

Included within administration expenses for the year and outstanding at year end is £5,040 (2007: nil) due to Paul Rivlin and Neil Lawson-May in relation to travel expenses incurred in the performance of their duties. Also included within administration expenses for the year and outstanding at year end was an amount of nil (2007: £5,000) due to Eurohypo AG.

As at 31 December 2008 £2,127 (2007: 2,127) was due to EIBL from Joparny SL, a subsidiary of Ski Leasing No. 1 Limited. Paul Rivlin and Neil Lawson-May have a separate interest in Ski Leasing No. 1 Limited.

### 16. Ultimate parent company and other parent undertakings

Eurohypo AG is the immediate parent undertaking, a company incorporated in Germany.  
The ultimate parent company is Commerzbank AG, a company incorporated in Germany.