

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004



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DIRECTOR AND OFFICERS

DIRECTOR

W K Procter

SECRETARIES

A Wolfson
I Rapley

REGISTERED OFFICE

Euro House
131/133 Ballards Lane
London N3 1GR

AUDITORS

Baker Tilly
Chartered Accountants
The Clock house
140 London Road
Guildford
Surrey
GU1 1UW

DIRECTOR'S REPORT

The director submits his report and the financial statements for the year ended 31 December 2004.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 proper accounting records which 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 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.

Principal activities

The principal activity of the company during the year was property dealing.

Business review and future developments

The director is satisfied with the profit for the year and the financial position at the year end. He considers the company's prospects to be sound.

Properties held for resale

The properties held for resale as stock and included in the financial statements at a cost of £3,746,973 were valued by Mercer Oliver Wyman Limited, actuarial and financial consultants, on an actuarial basis at £11,300,000 as at 1 August 2004.

Dividends

The director does not recommend the payment of a dividend.

Director and his interests

The director who served during the year was as follows:

W K Procter

The director had no beneficial interest in the share capital of the company at the year end.

Auditors

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors of the company, will be put to the members at the Annual General Meeting.

By order of the Board,



W K Procter

Director

12 June 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRHOLD (HUDDERSFIELD) LIMITED

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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. 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.

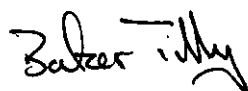
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements 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 at 31 December 2004 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

12 June 2006

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	1	791,162	606,529
Cost of sales		(75,541)	(65,974)
Gross profit		<u>715,621</u>	<u>540,555</u>
Administrative expenses		(384,757)	(315,640)
Other operating income	2	654,712	595,147
Operating profit		<u>985,576</u>	<u>820,062</u>
Interest receivable	3	54,064	29,838
Interest payable and similar charges	4	(851,617)	(329,512)
Profit on ordinary activities before taxation	5	<u>188,023</u>	<u>520,388</u>
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	14	<u>£ 188,023</u>	<u>£ 520,388</u>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET

AT 31 DECEMBER 2004

	Notes	2004	2003
		£	£
Fixed assets			
Investments	8	648,214	648,214
Current assets			
Stock	9	3,746,973	3,821,339
Debtors	10	5,196,847	4,072,516
		<u>8,943,820</u>	<u>7,893,855</u>
Creditors: amounts falling due within one year	11	(619,270)	(619,270)
Net current assets		<u>8,324,550</u>	<u>7,274,585</u>
Total assets less current liabilities		<u>8,972,764</u>	<u>7,922,799</u>
Creditors: amounts falling due after more than one year	12	(7,757,427)	(6,895,485)
Net assets		<u>£ 1,215,337</u>	<u>£ 1,027,314</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	1,215,335	1,027,312
Shareholders' funds	14	<u>£ 1,215,337</u>	<u>£ 1,027,314</u>

Approved by the Board on 12 June 2006 and signed on its behalf by:



W K Procter
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts present information about the company as an individual undertaking and not about its group. The company has not prepared consolidated accounts as the company itself is a wholly owned subsidiary undertaking.

Investments

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

Stocks

Properties acquired with a view to resale are identified as trading stock and stated at the lower of cost and net realisable value. Cost comprises the cost of acquisition including directly attributable fees, expenses and finance costs.

Turnover and recognition of profit

Turnover comprises the sale proceeds of trading stocks.

Profit on the sale of properties is recognised on agreement of the sale.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

2. Other operating income

	2004 £	2003 £
Rent receivable	296,370	309,368
Other income	358,342	285,779
	<u>£ 654,712</u>	<u>£ 595,147</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

3. Interest receivable	2004	2003
	£	£
Interest recharged to subsidiaries	£ 54,064	£ 29,838
	=====	=====
4. Interest payable and similar charges	2004	2003
	£	£
United Kingdom holding company	447,100	329,512
Prior year finance charges	394,520	-
Amortisation of finance charges	9,997	-
	£ 851,617	£ 329,512
	=====	=====

The prior year finance charges represent the write-off of the unamortised element of finance charges incurred in previous years, which were being amortised over the life of the loan to which they related, now being written off in full in view of the refinancing of that loan in the year.

5. Profit on ordinary activities before taxation	2004	2003
	£	£
This is stated after charging:		
Auditors' emoluments	£ 6,000	£ 6,000
	=====	=====

6. Employees and director

Other than the director who received no remuneration, no persons were employed during the year (2003: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

7. Taxation	2004 £	2003 £
Current tax:		
UK corporation tax on profits of the year	-	-
Total current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	£ -	£ -
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	188,023	520,388
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2003: 30%).	56,407	156,116
Effects of:		
Tax losses utilised	-	(10,830)
Group relief received without charge	(85,024)	(145,286)
UK transfer pricing	28,617	-
Current tax charge for the year	£ -	£ -
8. Fixed asset investments		Subsidiary undertakings
		£
Cost and net book value		
At 1 January 2004 and 31 December 2004		£ 648,214
The subsidiary undertakings are West Lancashire Investments Limited and Fairhold (Midlands) Limited, which are both wholly-owned, registered and with their place of business in England and Wales, and respectively engaged in property dealing and property investment.		
9. Stocks	2004 £	2003 £
Properties held for resale	£ 3,746,973	£ 3,821,339
10. Debtors	2004 £	2003 £
Amounts due within one year		
Trade debtors	149,510	178,828
Amounts owed by group undertakings	4,195,314	3,086,581
Prepayments and accrued income	68,737	77,885
	4,413,561	3,343,294
Amounts due after more than one year		
Amounts owed by group undertakings	783,286	729,222
	£ 5,196,847	£ 4,072,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

11. Creditors: amounts falling due within one year	2004 £	2003 £
Amounts owed to group undertakings	£ 619,270	£ 619,270
	<u> </u>	<u> </u>
12. Creditors: amounts falling due after more than one year	2004 £	2003 £
Amounts owed to group undertakings	725,113	714,788
United Kingdom holding company	7,032,314	6,180,697
	<u>£ 7,757,427</u>	<u>£ 6,895,485</u>

The amount owed to the company's United Kingdom holding company, Fairhold Holdings Limited has been funded by a third party loan to that holding company on which interest has been suffered at 2% over LIBOR. The interest on this third party loan has been recharged to the company as group interest. No interest has been charged on the amounts owed to group undertakings.

The amounts due to the United Kingdom holding company and to group undertakings, subject to note 15, are unsecured and have no specific repayment date. Despite the loans being repayable on demand it is not the intention for the loans to be repaid within one year and they have therefore been treated as due after more than one year.

13. Share capital	2004 £	2003 £
Authorised 100 ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>
Allotted, issued and fully paid 2 ordinary shares of £1 each	£ 2	£ 2
	<u> </u>	<u> </u>

14. Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 January 2004	2	1,027,312	1,027,314
Profit for the financial year	-	188,023	188,023
Balance at 31 December 2004	<u>2</u>	<u>1,215,335</u>	<u>£ 1,215,337</u>

15. Contingent liability

The company has given an unlimited guarantee in respect of some of the indebtedness of its United Kingdom holding company. The guarantee is supported by a debenture and a charge over the company's properties. At 31 December 2004 the total amount outstanding subject to this guarantee was £49,800,000.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2004**

16. Immediate and United Kingdom holding company

The immediate parent company is Owners Provident Limited a company incorporated in England and Wales. The company's United Kingdom and closest intermediate holding company for which group accounts are drawn up is Fairhold Holdings Limited, which is registered in England and Wales. This undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

17. Ultimate holding company

The director regards the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

18. Controlling party

The ultimate controlling party is the Tchenguiz Family Trust.

19. Related party transactions

The company and the group have taken advantage of the exemption within Financial Reporting Standard 8 not to disclose intra-group related party transactions between subsidiary undertakings where more than 90% of the voting rights are controlled within the group.