

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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COMPANIES HOUSE

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 UK Audit LLP
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 2006

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 result for the year and the financial position at the year end

Properties held for resale

The properties held for resale as stock and included in the financial statements at a cost of £3,566,327 were valued on an actuarial basis at £ 12,600,000

Results and dividends

The profit for the year amounted to £401,386 (2005 £154,524) 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

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 director is required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the requirements of the Companies Act 1985 He is also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTOR'S REPORT

Statement as to disclosure of information to auditors

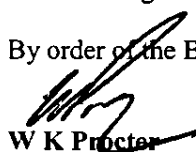
The director who was in office on the date of approval of these financial statements has confirmed, as far as he is aware, that there is no relevant audit information of which the auditors are unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

The director, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board,



W K Procter
Director

22 January

2008

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

We have audited the financial statements on pages 5 to 11

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 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 Annual Report and 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).

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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2006 and of its result for the year then ended and 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

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

22 January 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover	1	443,957	700,828
Cost of sales		(72,969)	(107,677)
Gross profit		370,988	593,151
Administrative expenses		(318,445)	(343,683)
Other operating income	2	642,035	600,744
Operating profit		694,578	850,212
Interest payable and similar charges	3	(295,233)	(695,688)
Interest receivable		2,041	-
Profit on ordinary activities before taxation	4	401,386	154,524
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	13	£ 401,386	£ 154,524

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 2006

	Notes	2006	2005
		£	£
Fixed assets			
Investments	8	648,214	648,214
Current assets			
Stock	9	3,566,327	3,639,295
Debtors	10	181,078	227,458
		<u>3,747,405</u>	<u>3,866,753</u>
Net current assets		<u>3,747,405</u>	<u>3,866,753</u>
Total assets less current liabilities		<u>4,395,619</u>	<u>4,514,967</u>
Creditors: amounts falling due after more than one year	11	(3,824,372)	(4,345,106)
Net assets		<u>£ 571,247</u>	<u>£ 169,861</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	571,245	169,859
Shareholders' funds	13	<u>£ 571,247</u>	<u>£ 169,861</u>

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 22 January 2008 and are signed on its behalf by



W K Procter
Director

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2006**

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 and expenses, excluding finance costs which are written off to the profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

2 Other operating income	2006	2005
	£	£
Rent receivable	281,514	294,337
Other income	360,521	306,407
	<u>£ 642,035</u>	<u>£ 600,744</u>
3 Interest payable and similar charges	2006	2005
	£	£
United Kingdom holding company	256,352	283,762
Amortisation of finance charges	38,881	33,317
Finance charges arising on refinancing	-	378,609
	<u>£ 295,233</u>	<u>£ 695,688</u>
4 Profit on ordinary activities before taxation	2006	2005
	£	£
This is stated after charging		
Auditors' remuneration	<u>£ 8,000</u>	<u>£ 7,000</u>

Auditors' remuneration is due to Baker Tilly UK Audit LLP for 2006 (2005 due to Baker Tilly, Chartered Accountants)

5 Employees and director

Other than the director who received no remuneration, no persons were employed during the year (2005 £Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

6 Taxation	2006	2005
	£	£
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	£ 401,386	£ 154,524
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005 30%)	120,416	46,357
Effects of		
Non-deductible expenses	30	30
Group relief received without charge	(120,446)	(70,335)
UK transfer pricing	-	23,948
Current tax charge for the year	£ -	£ -
7 Dividends	2006	2005
	£	£
Ordinary		
Interim paid £Nil per share (2005 £600,000)	£ -	£ 1,200,000
8 Fixed asset investments		Subsidiary undertakings
		£
Cost		
At 1 January 2006 and 31 December 2006		£ 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	2006	2005
	£	£
Properties held for resale	£ 3,566,327	£ 3,639,295

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

10 Debtors	2006 £	2005 £
Amounts due within one year		
Trade debtors	109,117	152,859
Prepayments and accrued income	71,961	74,599
	<u>£ 181,078</u>	<u>£ 227,458</u>

11 Creditors: amounts falling due after more than one year	2006 £	2005 £
United Kingdom holding company	<u>£ 3,824,372</u>	<u>£ 4,345,106</u>

There are no fixed terms of repayment of the holding company loan. Interest is charged based on the interest suffered by the parent company in respect of its borrowings referred to in note 14.

The amount due, subject to note 14, is unsecured and has no specific repayment date. Despite the loan being repayable on demand it is not the intention for the loan to be repaid within one year and it has therefore been treated as due after more than one year.

12 Share capital	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Allotted, issued and fully paid		
2 ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

13 Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 January 2006	2	169,859	169,861
Profit for the financial year	-	401,386	401,386
Balance at 31 December 2006	<u>2</u>	<u>571,245</u>	<u>£ 571,247</u>

14 Contingent liability

The company has given an unlimited guarantee in respect of some of the indebtedness of its United Kingdom holding company and of the related parties Fairhold Holdings (2001) Limited, Fairhold Holdings (2003) Limited and Linecroft Limited. The guarantee is supported by a debenture and a charge over the company's properties. At 31 December 2006 the total amount outstanding subject to those guarantees was £112,143,110 (2005 £113,600,000).

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2006**

15 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, Mandy, Cardiff, CF4 3UZ.

16 Ultimate holding company

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

17 Controlling party

The ultimate controlling party is the Investec Trust (Guernsey) Limited as trustees of the Tchenguiz Family Trust.

18 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.