

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

WEDNESDAY



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19/08/2009

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COMPANIES HOUSE

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DIRECTOR AND OFFICERS

DIRECTOR

W K Procter

SECRETARIES

A Wolfson
I Rapley

REGISTERED OFFICE

Molteno House
302 Regents Park Road
London N3 2JX

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 2007.

Principal activities

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

Review of the business and future developments

The director is satisfied with the result for the year and the financial position of the company at the year end subject to the matters set out in note 18 and that discussed in the accounting policies on page 7 concerning events that have occurred after the balance sheet date, of which some possible consequent events may have an impact on the company's ability to continue as a going concern.

Properties held for resale

The properties held for resale as stock and included in the financial statements at a cost of £3,487,710 (2006: £3,566,327) were valued on an actuarial basis at £14,100,000 (2006: £12,600,000).

Results and dividends

The profit for the year amounted to £402,552 (2006: £401,386). 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

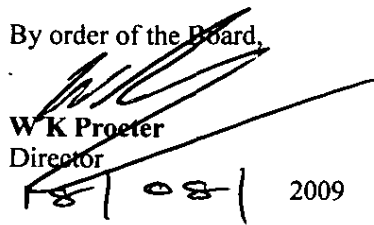
The director who was in office on the date of approval of these financial statements has confirmed, as far as he is aware, that there is no relevant audit information of which the auditors are unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director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

Auditors

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, 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

18 | 08 | 2009

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 2007 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies on page 7 and the disclosures set out in note 18 on page 11 of the financial statements which set out events occurring since the year ended 31 December 2007 of which some possible consequent events may have an impact on the company's ability to continue as a going concern. These possible consequent events indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP

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

19 August

2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	1	716,700	443,957
Cost of sales		(86,002)	(72,969)
Gross profit		<u>630,698</u>	<u>370,988</u>
Administrative expenses		(452,509)	(318,445)
Other operating income	2	541,298	642,035
Operating profit		<u>719,487</u>	<u>694,578</u>
Interest payable and similar charges	3	(316,935)	(295,233)
Interest receivable		-	2,041
Profit on ordinary activities before taxation	4	<u>402,552</u>	<u>401,386</u>
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	12	<u>£ 402,552</u>	<u>£ 401,386</u>

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

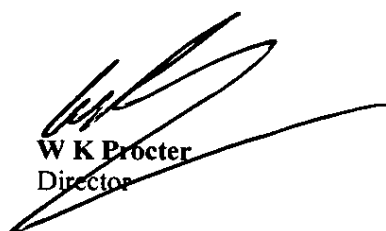
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET

AT 31 DECEMBER 2007

	Notes	2007	2006
		£	£
Fixed assets			
Investments	7	648,214	648,214
Current assets			
Stock	8	3,487,710	3,566,327
Debtors	9	194,227	181,078
		<u>3,681,937</u>	<u>3,747,405</u>
Total assets less current liabilities		<u>4,330,151</u>	<u>4,395,619</u>
Creditors: amounts falling due after more than one year	10	(3,356,352)	(3,824,372)
Net assets		<u>£ 973,799</u>	<u>£ 571,247</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	973,797	571,245
Shareholders' funds	12	<u>£ 973,799</u>	<u>£ 571,247</u>

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 18/08/2009 and are signed on its behalf by:



W K Procter
Director

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2007**

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.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the post balance sheet share pledges and negotiations with the charge holder referred to in note 18 will not result in a realisation of the shares covered by the pledges and that the actions of the joint receivers in respect of those shares will not give rise to an event of default in respect of the group's borrowings from its senior lender and that consequently there will be no withdrawal of those facilities. Should the shares covered by the pledges be realised this action would constitute a change in control of the company and of its United Kingdom group and this would constitute an event of default in respect of the group's borrowings from its senior lender. The principal direct and indirect effects of such a change of control, or of any other event of default arising from the actions of the joint receivers in respect of the group's borrowings from its senior lender, are that:

- i. the cross collateralised borrowings of the company's group to the senior lender, as set out in note 13, totalling £110,740,263 at the year end, could become immediately repayable and further costs could arise in respect of the interest rate arrangements that fix the interest rates on those loans, the level of which would depend on the market rates of interest prevailing at the time of such a termination;
- ii. if not repaid when due, the senior lender to the company's United Kingdom holding company could exercise its share pledges over that holding company and its group companies and take control or could exercise its security direct over the company's properties. The senior lender may seek to sell the holding company, individual companies or dispose of assets separately or together and at a time of its own choosing. This process may not represent an orderly realisation in the normal course of business so the company's properties held for resale as stock could be realised at values less than their carrying value in the financial statements and would, probably, only be realised at values significantly less than the actuarial valuation stated in the directors' report on page 2.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies (Continued)

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	2007 £	2006 £
Rent receivable	284,130	281,514
Other income	257,168	360,521
	<u>£ 541,298</u>	<u>£ 642,035</u>
3. Interest payable and similar charges	2007 £	2006 £
United Kingdom holding company	270,497	256,352
Amortisation of finance charges	46,438	38,881
	<u>£ 316,935</u>	<u>£ 295,233</u>
4. Profit on ordinary activities before taxation	2007 £	2006 £
This is stated after charging:		
Auditors' remuneration	<u>£ 9,000</u>	<u>£ 8,000</u>

5. Employees and director

Other than the director who received no remuneration, no persons were employed during the year (2006: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

6. Taxation	2007 £	2006 £
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	£ 402,552	£ 401,386
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2006: 30%).	120,766	120,416
Effects of:		
Non-deductible expenses	134	30
Group relief received without charge	(120,900)	(120,446)
Current tax charge for the year	£ -	£ -
7. Fixed asset investments		Subsidiary undertakings
		£
Cost		
At 1 January 2007 and 31 December 2007		£ 648,214
The company's wholly-owned subsidiary undertakings are West Lancashire Investments Limited and Fairhold (Midlands) Limited. Both companies are registered and have their place of business in, England and Wales, and are engaged in property dealing and property investment respectively.		
8. Stocks	2007 £	2006 £
Properties held for resale	£ 3,487,710	£ 3,566,327

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

9. Debtors	2007	2006
	£	£
Amounts due within one year		
Trade debtors	124,903	109,117
Prepayments and accrued income	69,324	71,961
	£ 194,227	£ 181,078

10. Creditors: amounts falling due after more than one year	2007	2006
	£	£
United Kingdom holding company	£ 3,356,352	£ 3,824,372

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 13.

The amount due, subject to note 13, 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.

11. Share capital	2007	2006
	£	£
Authorised		
100 ordinary shares of £1 each	£ 100	£ 100
Allotted, issued and fully paid		
2 ordinary shares of £1 each	£ 2	£ 2

12. Reserves and reconciliation of movements in shareholders' funds	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Opening shareholders' funds	2	571,245	571,247
Profit for the financial year	-	402,552	402,552
Closing shareholders' funds	2	973,797	£ 973,799

13. 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 2007 the total amount outstanding subject to those guarantees was £110,740,263 (2006: £112,143,110).

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2007**

14. 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.

15. Ultimate holding company

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

16. Controlling party

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

17. 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.

18. Subsequent events

Subsequent to the year end on 31 March 2008 shares in companies immediately controlling the company's United Kingdom holding company, Fairhold Holdings Limited, have been pledged as security to secure the financial liabilities of a related party, Oscatello Investments Limited. On 10 December 2008 these liabilities have been called and Grant Thornton UK LLP and Grant Thornton (British Virgin Islands) Limited have been appointed as joint receivers in respect of the pledged shares. As at the date of approval of these financial statements negotiations are underway with the charge holder and the receivers acting on its behalf regarding a settlement of the financial liabilities in question.