

FAIRHOLD (HUDDERSFIELD) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009



DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
I Rapley

SECRETARY

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

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 2009

Principal activities

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

Review of the business and future developments

The directors are satisfied with the financial position of the company at the year end subject to the matters discussed in the accounting policies on page 7 which 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 £3,392,348 (2008 £3,438,055) were valued on an actuarial basis by a leading firm of financial and actuarial consultants at £14,100,000 as at 29 February 2008. The directors consider that the value of the properties at the balance sheet date is not materially different from that value

Results and dividends

The profit for the year amounted to £300,379 (2008 £141,629). The directors do not recommend the payment of a dividend

Directors and their interests

The directors who have held office since 1 January 2009 were

W K Procter

C C McGill (appointed 21 August 2009, resigned 10 June 2010)

I Rapley (appointed 10 June 2010)

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

DIRECTORS' REPORT

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves 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 provisions applicable to companies entitled to the small companies exemption.

By order of the Board,



W K Procter
Director

7/10/

2010

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

We have audited the financial statements on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 of the financial statements which set out some possible events which may have an impact on company's ability to continue as a going concern as a result of shares pledged as security to secure the financial liabilities of a related party having been called by the joint receivers. These possible events, together with the breaches of covenants explained on page 7 of the financial statements, 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.

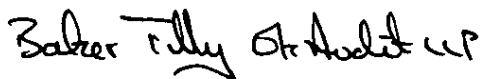
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



David Worrow FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

12 October 2010

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover		319,766	311,211
Cost of sales		(45,707)	(49,655)
Gross profit		274,059	261,556
Administrative expenses		(266,433)	(311,077)
Other operating income	1	424,583	481,176
Operating profit		432,209	431,655
Interest payable and similar charges	2	(131,830)	(290,026)
Profit on ordinary activities before taxation	3	300,379	141,629
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation	11	£ 300,379	£ 141,629

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

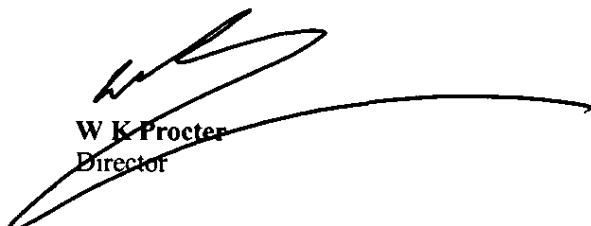
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

BALANCE SHEET (Company Registration Number: 3037726)

AT 31 DECEMBER 2009

	Notes	2009	2008
		£	£
Fixed assets			
Investments	6	648,214	648,214
Current assets			
Stock	7	3,392,348	3,438,055
Debtors	8	182,764	187,701
		<u>3,575,112</u>	<u>3,625,756</u>
Total assets less current liabilities		<u>4,223,326</u>	<u>4,273,970</u>
Creditors: amounts falling due after more than one year	9	(2,807,519)	(3,158,542)
Net assets		<u>£ 1,415,807</u>	<u>£ 1,115,428</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	1,415,805	1,115,426
Shareholders' funds	11	<u>£ 1,415,807</u>	<u>£ 1,115,428</u>

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 7/10/ 2010 and are signed on its behalf by



W K Procter
Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**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 of a United Kingdom company preparing group accounts

Going concern

On 31 March 2008 shares in companies immediately controlling the company's United Kingdom holding company, Fairhold Holdings Limited, were pledged as security to secure the financial liabilities of a related party, Oscatello Investments Limited. On 10 December 2008 these liabilities were called and on 16 February 2009 Grant Thornton UK LLP and Grant Thornton (British Virgin Islands) Limited were appointed as joint Land and Property Act receivers in respect of the pledged shares. Should the shares covered by the pledges be realised by the receivers 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. As at the date of approval of these financial statements negotiations are continuing with the charge holder and the receivers acting on its behalf regarding a settlement of the financial liabilities in question.

During the year the company's United Kingdom group breached the debt service cover covenant in respect of the borrowings from its senior lender. This constituted an event of default in respect of these borrowings. Subsequent to the year end the debt service cover covenant breach is continuing and there have been other associated breaches of covenants. The directors are confident that recently improved trading conditions should result in the group no longer being in breach of the covenants.

The financial statements have been prepared on the going concern basis which assumes that the group's principal lender will not withdraw its loan facilities to the group as a result of the events of default that have arisen and that, in addition, the share pledges and negotiations with the charge holder 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 any further events of default in respect of the group's borrowings from its senior lender and that there will be no consequent withdrawal of those facilities resulting therefrom. The principal direct and indirect effects of a demand to repay the group's borrowings by its senior lender, are that

- i the cross collateralised borrowings of the company's group to the senior lender, as set out in note 12, totalling £108,740,262 at the year end, 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**ACCOUNTING POLICIES**

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.

Rent receivable

Rental income is recognised in accordance with the terms of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

Cash flow statement

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Other operating income	2009	2008
	£	£
Rent receivable	255,381	285,644
Other income	153,397	195,532
	<u>£ 408,778</u>	<u>£ 481,176</u>
2 Interest payable and similar charges	2009	2008
	£	£
Interest on parent company loan	85,877	244,073
Parent company finance charges	45,953	45,953
	<u>£ 131,830</u>	<u>£ 290,026</u>
3 Profit on ordinary activities before taxation	2009	2008
	£	£
The profit on ordinary activities before taxation is stated after charging Auditors' remuneration	<u>£ 5,000</u>	<u>£ 6,000</u>
4 Employees and directors		
Other than the directors who received no remuneration, no persons were employed during the year (2008 Nil)		
5 Taxation	2009	2008
	£	£
Current tax		
UK corporation tax on profits of the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	-	-
Tax on profit on ordinary activities	<u>£ -</u>	<u>£ -</u>
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	<u>£ 300,379</u>	<u>£ 141,629</u>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 28% (2008 28%)	84,106	39,656
Effects of		
Non-deductible expenses	504	28
Group relief received without charge	(84,610)	(39,684)
Current tax charge for the year	<u>£ -</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

6 Fixed asset investments	Subsidiary undertakings
	£
Cost	
At 1 January 2009 and 31 December 2009	£ 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.

7 Stocks	2009	2008
	£	£
Properties held for resale	£ 3,392,348	£ 3,438,055
8 Debtors	2009	2008
	£	£
Trade debtors	117,154	119,156
Prepayments and accrued income	65,610	68,545
	£ 182,764	£ 187,701
9 Creditors: amounts falling due after more than one year	2009	2008
	£	£
United Kingdom holding company	£ 2,807,519	£ 3,158,542

There are no fixed terms of repayment of the holding company loan. Interest is charged at Libor+1%.

The amount due, subject to note 12, 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.

10 Share capital	2009	2008
	£	£
Authorised		
100 ordinary shares of £1 each	£ 100	£ 100
Allotted, issued and fully paid		
2 ordinary shares of £1 each	£ 2	£ 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

11 Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	2	1,115,426	1,115,428
Profit for the financial year	-	300,379	300,379
Closing shareholders' funds	2	1,415,805	£ 1,415,807

12 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 2009 the total amount outstanding subject to those guarantees was £108,740,262 (2008 £109,740,262).

13 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, Maundy, Cardiff, CF4 3UZ.

14 Ultimate holding company

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

15 Controlling party

The ultimate controlling party is the Tchenguiz Family Trust.

16 Related party transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose intra-group related party transactions between subsidiary undertakings where 100% of the voting rights are controlled within the group.

During the year the company incurred a management charge of £242,735 (2008 £303,279) from Estates & Management Limited, a related party by virtue of common control.