

Company No: 3037726

FAIRHOLD (HUDDERSFIELD) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

THURSDAY



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COMPANIES HOUSE

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
C C McGill

SECRETARY

P A Hallam
I Rapley

REGISTERED OFFICE

Molteno House
302 Regents Park Road
London N3 2JX

AUDITOR

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 2011

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 £3,275,867 (2010 £3,336,156) were valued on an actuarial basis by a leading firm of financial and actuarial consultants at £11,600,000 as at 31 May 2011. 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 £400,730 (2010 £401,222). The directors do not recommend the payment of a dividend

Directors and their interests

The directors who have held office since 1 January 2011 were:

W K Procter

C C McGill (appointed 29 March 2011)

I Rapley (resigned 17 March 2011)

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 accounting 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 (Continued)

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is 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.

Auditor

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

C C McGill
Director


20/9/2012

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 auditor

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 and express an opinion on 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 of the financial statements

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/private.cfm.

Opinion on 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 2011 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 modified, 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 could result from the company's United Kingdom group's borrowings from its principal lender not being refinanced, which may have an impact on the company's ability to continue as a going concern.

These 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.

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.

Baker Tilly UK Audit LLP

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

21/9/ 2012

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover		382,809	335,335
Cost of sales		(60,289)	(56,192)
Gross profit		322,520	279,143
Administrative expenses		(319,121)	(289,283)
Other operating income	1	490,891	504,831
Operating profit		494,290	494,691
Interest payable and similar charges	2	(93,560)	(93,469)
Profit on ordinary activities before taxation	3	400,730	401,222
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation	11	£ 400,730	£ 401,222

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 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Investments	6		648,214		648,214
Current assets					
Stock	7	3,275,867		3,336,156	
Debtors	8	216,823		218,670	
			<u>3,492,690</u>		<u>3,554,826</u>
Total assets less current liabilities			<u>4,140,904</u>		<u>4,203,040</u>
Creditors: amounts falling due after more than one year	9		<u>(1,923,145)</u>		<u>(2,386,011)</u>
Net assets			<u>£ 2,217,759</u>		<u>£ 1,817,029</u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		2,217,757		1,817,027
Shareholders' funds	11		<u>£ 2,217,759</u>		<u>£ 1,817,029</u>

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 20/9/2012 and are signed on its behalf by



C C McGill
Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**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 United Kingdom 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 is itself a wholly owned subsidiary undertaking of a United Kingdom company preparing group accounts

Going concern

The company is party to a group cross collateralised funding structure. The directors have assessed the operation of the structure and have determined that the company has, or can expect to have, subject to the further matters set out hereafter, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

The group's cross collateralised bank loan is due for repayment in January 2013. Should it be required the group intends to negotiate a facility extension to allow a reasonable time for a refinancing to take place. The bank loan facility is a syndicated loan principally funded by way of bonds issued under a CMBS financing structure. The bonds issued by the CMBS conduit do not fall due for repayment until April 2018 and the terms of the bond issue provide for an extension of the bank loan if this will facilitate repayment of the bonds by their due date. Accordingly the directors' opinion is that the group's principal lender will consent to the extension of the bank loan facility.

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 and that a facility extension will be agreed as necessary to enable new financing facilities to be put in place. The principal direct and indirect effects of the withdrawal by the lender of the group's borrowings are that:

- i the cross collateralised borrowings, as set out in note 12, totalling £106,740,262 (2010: £107,797,985) 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 2011

ACCOUNTING POLICIES (Continued)

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment

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 substantively 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 2011

1 Other operating income	2011	2010
	£	£
Rent receivable	265,649	271,388
Other income	225,242	233,443
	£ 490,891	£ 504,831
2 Interest payable and similar charges	2011	2010
	£	£
Interest on United Kingdom holding company loan	44,188	44,097
United Kingdom holding company finance charges	49,372	49,372
	£ 93,560	£ 93,469
3 Profit on ordinary activities before taxation	2011	2010
	£	£
The profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration	£ 4,000	£ 3,500
4 Employees and directors		
There were no employees during the year other than the directors, who received no remuneration for their services		
5 Taxation	2011	2010
	£	£
Current tax		
UK corporation tax on profits of the year	-	-
Total current tax	£ -	£ -
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	£ 400,730	£ 401,222
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 26% (2010 28%)	104,190	112,342
Effects of		
Non-deductible expenses	-	42
Group relief received without charge	(104,190)	(112,384)
Current tax charge for the year	£ -	£ -

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments	Subsidiary undertakings
	£
Cost	
At 1 January 2011 and 31 December 2011	£ 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	2011	2010
	£	£
Properties held for resale	£ 3,275,867	£ 3,336,156
8 Debtors	2011	2010
	£	£
Trade debtors	153,660	153,230
Prepayments and accrued income	63,163	65,440
	£ 216,823	£ 218,670
9 Creditors: amounts falling due after more than one year	2011	2010
	£	£
United Kingdom holding company	£ 1,923,145	£ 2,386,011

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	2011	2010
	£	£
Allotted, issued and fully paid		
2 ordinary shares of £1 each	£ 2	£ 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

11 Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	2	1,817,027	1,817,029
Profit for the financial year	-	400,730	400,730
Closing shareholders' funds	2	2,217,757	£ 2,217,759

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 2011 the total amount outstanding subject to those guarantees was £106,740,262 (2010 £107,797,985).

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 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, CF14 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 exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year the company incurred a management charge of £307,613 (2010 £285,633) from Estates & Management Limited, a related party by virtue of common control and common directors.

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Schedule	2011 £	2010 £
Turnover		382,809	335,335
Cost of sales	I	(60,289)	(56,192)
Gross profit		322,520	279,143
Administrative expenses	II	(319,121)	(289,283)
Other operating income	III	490,891	504,831
Operating profit		494,290	494,691
Interest payable	IV	(93,560)	(93,469)
Profit on ordinary activities before taxation		£ 400,730	£ 401,222

The detailed trading and profit and loss account on pages 12 and 13 is supplementary to, but does not form part of, the statutory financial statements