

Galaplace Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2009

MONDAY



LVQJ9FZC

LD2

21/12/2009

229

COMPANIES HOUSE

Company Registration No. 02767201

Galaplace Limited

COMPANY INFORMATION

DIRECTORS	M D Gubbay R Tchenguiz V A Tchenguiz M R Turner
SECRETARY	M H P Ingham
COMPANY NUMBER	02767201 (England & Wales)
REGISTERED OFFICE	4th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Galaplace Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Galaplace Limited (Registered number: 02767201) for the year ended 31 May 2009.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the letting of investment property. There were no additions or disposals of investment property during the year.

The investment property held at 31 May 2009 was valued as at that date at £19,390,000 by the directors. The decrease in value during the year amounted to £3,080,000 as set out in Note 7.

The rent receivable from the company's investment property is specified in the lease and increased by £74,819 during the year.

There have been no changes in tenancy during the year.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2009 were satisfactory.

KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance:

	<u>2009</u>	<u>2008</u>
Percentage change in net assets	(21%)	(8%)
Ratio of loan to property value	79%	73%
Interest rental cover	252%	230%

RISKS AND UNCERTAINTIES

It is the company's policy that no trading in financial instruments shall be undertaken. The company only enters into derivative contracts as part of its risk mitigation strategy.

The company is exposed to interest rate risk, tenant credit risk, cashflow risk and market value risk.

Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans.

Tenant credit risk

The risk has been mitigated by the company only taking on appropriate tenants with credit checks undertaken by Prime Estates Property Management Limited, a fellow related company.

Cashflow risk

The company minimises its cashflow risk of non performance on its loan agreements by minimising its tenant credit risk and by arranging for its rentals to be paid by direct transfer.

Galaplace Limited

DIRECTORS' REPORT (CONTINUED)

Market value risk

The company's investment property values are determined by market forces outside of the company's control.

The company is not exposed to a loan default resulting from a fall in property values as the loan agreement is predicated on contractual cash flows and does not include a loan to value covenant.

DIVIDENDS

The directors do not recommend payment of an ordinary dividend.

DIRECTORS

The following directors have held office since 1 June 2008:

M D Gubbay
R Tchenguiz
V A Tchenguiz
M R Turner

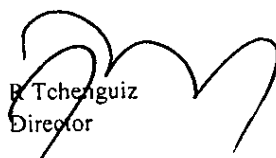
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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. Each of 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.

On behalf of the board


R Tchenguiz
Director

26 November 2009

Galaplace Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

Galaplace Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Galaplace Limited

We have audited the financial statements on pages 5 to 14. 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 sections 495 and 496 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 the directors and auditors

As more fully explained in the Directors' Responsibilities Statement, 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 May 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.

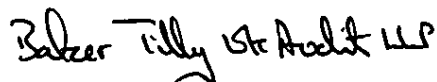
Opinion on other matter prescribed by the Companies Act 2006

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.



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

26 November 2009

Galaplace Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2009

	Notes	2009 £	2008 £
RENT RECEIVABLE		2,568,791	2,493,972
Cost of sales		(375,525)	(375,525)
GROSS PROFIT		2,193,266	2,118,447
Other operating expenses	1	(45,594)	(46,844)
OPERATING PROFIT		2,147,672	2,071,603
Investment income	2	3,220	9,536
Interest payable and similar charges	3	(1,104,568)	(1,137,231)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,046,324	943,908
Taxation	6	(353,854)	(346,920)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	692,470	596,988

All amounts derive from continuing activities.

Galaplace Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2009

	2009	2008
	£	£
Profit for the financial year	692,470	596,988
Unrealised deficit on revaluation of properties	(3,080,000)	(1,940,000)
Total recognised gains and losses relating to the year	<u>(2,387,530)</u>	<u>(1,343,012)</u>

Galaplace Limited

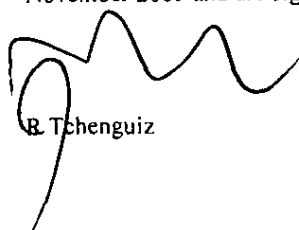
BALANCE SHEET

As at 31 May 2009

Company registration No. 02767201

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	7	19,390,000	22,470,000
CURRENT ASSETS			
Debtors	8	6,418,183	6,720,009
Cash at bank and in hand		100,077	137,766
		6,518,260	6,857,775
CREDITORS: Amounts falling due within one year	9	(2,264,223)	(2,134,957)
NET CURRENT ASSETS		4,254,037	4,722,818
TOTAL ASSETS LESS CURRENT LIABILITIES		23,644,037	27,192,818
CREDITORS: Amounts falling due after more than one year	10	(14,107,000)	(15,274,000)
PROVISIONS FOR LIABILITIES	11	(815,503)	(809,754)
NET ASSETS		8,721,534	11,109,064
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Revaluation reserve	13	7,167,200	10,247,200
Profit and loss account	13	1,554,332	861,862
SHAREHOLDERS' FUNDS	14	8,721,534	11,109,064

The financial statements on pages 5 to 14 were approved by the board of directors and authorised for issue on 26 November 2009 and are signed on its behalf by:



R. Tchenguiz

Director

Galaplace Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts.

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

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment is a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

LEASING

The annual rentals on operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

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 FRS 1.

RENT RECEIVABLE

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Contingent rents such as turnover rents and indexed rents are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2009

1	OTHER OPERATING EXPENSES	2009 £	2008 £
	Administrative expenses	<u>45,594</u>	<u>46,844</u>
2	INVESTMENT INCOME	2009 £	2008 £
	Bank interest	<u>3,220</u>	<u>9,536</u>
3	INTEREST PAYABLE AND SIMILAR CHARGES	2009 £	2008 £
	On bank loans and overdrafts	1,020,750	1,083,778
	Other interest	30,365	-
	Amortisation of finance costs	<u>53,453</u>	<u>53,453</u>
		<u>1,104,568</u>	<u>1,137,231</u>
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2009 £	2008 £
	Profit is stated after charging:		
	Operating lease rentals	375,525	375,525
	Auditor's remuneration	<u>2,500</u>	<u>2,000</u>

5 EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments.

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

6	TAXATION	2009 £	2008 £
	UK Corporation tax		
	Current tax charge	348,105	394,946
	Deferred tax		
	Effects of changes in tax rates and laws	-	(57,185)
	Deferred tax charge current year	5,749	9,159
	Total deferred tax	5,749	(48,026)
	Tax on profit on ordinary activities	353,854	346,920
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,046,324	943,908
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	292,971	264,294
	Effects of:		
	Non deductible expenses	-	194
	Capital allowances	(5,749)	(9,159)
	Adjustment in respect of change in tax rate	-	22,022
	UK transfer pricing	60,883	117,595
		55,134	130,652
	Current tax charge	348,105	394,946

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

7 TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 June 2008	22,470,000
Revaluation (deficit)	(3,080,000)
	<u>19,390,000</u>
At 31 May 2009	<u>19,390,000</u>

The property was valued as at 31 May 2009 at £19,390,000 (2008: £22,470,000) by the directors.

The original cost of the property was £12,222,800 (2008: £12,222,800).

Investment property at net book value comprises:	2009 £	2008 £
Long Leasehold	<u>19,390,000</u>	<u>22,470,000</u>

8 DEBTORS

	2009 £	2008 £
Other debtors	6,277,844	6,524,646
Prepayments and accrued income	140,339	195,363
	<u>6,418,183</u>	<u>6,720,009</u>

Amounts falling due after more than one year and included in the debtors above are:

	2009 £	2008 £
Prepayments	<u>86,886</u>	<u>142,540</u>

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

9 CREDITORS: amounts falling due within one year	2009 £	2008 £
Bank loan (note 10)	1,167,000	1,025,000
Corporation tax	743,051	741,457
Other creditors	-	11,750
Accruals and deferred income	354,172	356,750
	<u>2,264,223</u>	<u>2,134,957</u>

10 CREDITORS: amounts falling due after more than one year	2009 £	2008 £
Bank loan	<u>14,107,000</u>	<u>15,274,000</u>
Loan maturity analysis		
In more than one year but not more than two years	1,323,000	1,167,000
In more than two years but not more than five years	12,784,000	14,107,000
	<u>14,107,000</u>	<u>15,274,000</u>

The bank loan is repayable by instalments by 2012, and bears interest at a rate of 6.49% per annum. The bank loan is secured by a fixed and floating charge over the whole assets of the company.

11 PROVISIONS FOR LIABILITIES

	Deferred tax liability £
Balance at 1 June 2008	809,754
Profit and loss account	5,749
Balance at 31 May 2009	<u>815,503</u>

The deferred tax liability is made up as follows:

	2009 £	2008 £
Excess of capital allowances over depreciation	<u>815,503</u>	<u>809,754</u>

No provision for deferred taxation has been made in respect of the property held as an investment which is included in these financial statements at a valuation of £19,390,000 (2008: £22,470,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £199,800 (2008: £1,007,400).

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

12 SHARE CAPITAL	2009 £	2008 £
Allotted, issued and fully paid		
Equity Shares		
2 ordinary shares of £1 each	2	2

13 RESERVES	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2008	10,247,200	861,862
Profit for the year	-	692,470
Revaluation during the year	(3,080,000)	-
Balance at 31 May 2009	7,167,200	1,554,332

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009 £	2008 £
Profit for the financial year	692,470	596,988
Other recognised gains and losses	(3,080,000)	(1,940,000)
Net depletion in shareholders' funds	(2,387,530)	(1,343,012)
Opening shareholders' funds	11,109,064	12,452,076
Closing shareholders' funds	8,721,534	11,109,064

15 FINANCIAL COMMITMENTS

At 31 May 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2010:

	Land and buildings 2009 £	2008 £
Operating leases which expire:		
In over five years	375,525	375,525

16 CONTROL

There is no single controlling party. The company is a joint venture vehicle owned by Highread Limited and Aldersgate Investments Limited.

Galaplace Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2009

17 RELATED PARTY TRANSACTIONS

The company is related to fellow subsidiaries of Rotch Property Group Limited ("Rotch") with whom it has directors in common and whose ultimate controlling party is the Tchenguiz Family Trust.

During the year Rotch charged the company management fees of £43,125 (2008: £44,062). At the balance sheet date, and included in amounts owed by group undertakings, £6,137,055 (2008: £6,383,914) was due from Rotch.

The company is also related to other companies controlled by the Tchenguiz Family Trust. At the balance sheet date, and included within other creditors, £nil (2008: £11,750) was owed to one such company, Vincos Limited.

At the balance sheet date, and included in other debtors, £70,367 (2008: £70,367) was due from Highread Limited, a 50% shareholder in the company, and £70,365 (2008: £70,365) was due from Aldersgate Investments Limited, a 50% shareholder in the company, in relation to monies advanced.

No interest accrues on the above related party balances.