

**Registered number**  
**02900053**

**Graingrade Limited**  
**Annual report and financial statements**  
**for the year ended**  
**30 September 2008**

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**Graingrade Limited**  
**for the year ended 30 September 2008**  
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**Graingrade Limited**  
**Company information**  
**for the year ended 30 September 2008**

**Director**  
Mr C King

**Company secretary**  
Mr R N Luck

**Registered office**  
Quadrant House, Floor 6  
17 Thomas More Street  
Thomas More Square  
London  
E1W 1YW

**Independent auditors**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

**Registered number**  
02900053

## **Graingrade Limited**

### **Director's report for the year ended 30 September 2008**

The director presents his report and the audited accounts of the company for the year ended 30 September 2008.

#### **Principal activities and review of the business**

The company acts as a commercial property investment company. The director considers the financial position at 30 September 2008 to be satisfactory.

#### **Principal Risks and Uncertainties**

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. Further discussions of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

#### **Key Performance Indicators**

The company is managed by the Directors in accordance with its ultimate parents company, Loopsign Ltd, group strategies and for this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

#### **Results and dividends**

The results for the year are set out in the profit and loss account. The director does not recommend the payment of a dividend (2007 : £nil).

#### **Going concern**

The director believes that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company London & Regional Group Holdings Limited. The director has received confirmation that London & Regional Group Holdings Limited intend to support the company for at least one year after these financial statements are signed.

#### **Director**

The director of the company who served during the year and up to the date of signing the financial statements was:

Mr C King

#### **Qualifying third party indemnity provisions**

The company maintains liability insurance for its director and officer. Following shareholder approval, the company has also provided an indemnity for its director and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

#### **Independent auditors and disclosure of information to auditors**

In so far as the director is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

The 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



Mr R N Luck

Company secretary

12<sup>th</sup> June 2009

## **Graingrade Limited**

### **Statement of director's responsibilities for the year ended 30 September 2008**

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 those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The director confirms that he has complied with the above requirements in preparing the financial statements.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with Companies Act 1985. He is 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.

By order of the board



Mr R N Luck

**Company secretary**

12<sup>th</sup> June 2009

## **Graingrade Limited**

### **Independent auditors' report to the members of Graingrade Limited**

We have audited the financial statements of Graingrade Limited for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of director and auditors**

The director's responsibilities for preparing 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 director's 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 director's 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 director's remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **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 judgments made by the director 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 as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the director's report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

15 June 2009

**Graingrade Limited**  
**Profit and loss account**  
**for the year ended 30 September 2008**

	Note	2008 £	2007 £
<b>Turnover</b>	2	-	135,286
Administrative expenses	3	(82,950)	(83,777)
<b>Operating (loss)/profit</b>		<u>(82,950)</u>	<u>51,509</u>
Interest receivable		139	-
Interest payable and similar charges	4	(1,207,578)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(1,290,389)</u>	<u>51,509</u>
Tax on (loss)/profit on ordinary activities	6	-	-
<b>(Loss)/profit for the financial year</b>	14	<u>(1,290,389)</u>	<u>51,509</u>

All amounts relate to continuing operations.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) stated above and their historical costs equivalents.

**Graingrade Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 30 September 2008**

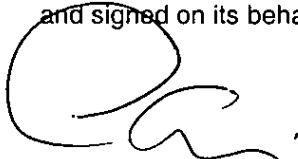
	2008 £	2007 £
(Loss)/profit for the financial year	(1,290,389)	51,509
Unrealised (deficit)/surplus on revaluation of investment properties	(7,330,054)	2,716,269
Total recognised gains and losses related to the year	<u>(8,620,443)</u>	<u>2,767,778</u>



**Graingrade Limited**  
**Balance sheet**  
**as at 30 September 2008**

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Investment properties	7	17,367,458	17,500,000
<b>Current assets</b>			
Debtors	8	15,533,014	4,584,766
<b>Creditors: amounts falling due within one year</b>	9	(14,490,080)	(14,946,037)
<b>Net current assets/(liabilities)</b>		<u>1,042,934</u>	<u>(10,361,271)</u>
<b>Total assets less current liabilities</b>		<u>18,410,392</u>	<u>7,138,729</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(19,892,106)	-
<b>Net (liabilities)/assets</b>		<u>(1,481,714)</u>	<u>7,138,729</u>
<b>Capital and reserves</b>			
Called up share capital	12	9	9
Investment revaluation reserve	13	-	7,330,053
Profit and loss account	14	(1,481,723)	(191,333)
<b>Total shareholders' funds</b>	15	<u>(1,481,714)</u>	<u>7,138,729</u>

These financial statements were approved by the Board of Directors on 12 June 2009  
and signed on its behalf by



Mr C King  
**Director**

12 June 2009

**Graingrade Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2008**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**Finance costs**

Finance costs, including issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument, are amortised over the period of the loans in accordance with FRS4.

**Accounting convention**

The accounts have been prepared under the historical cost convention as modified to include the revaluation of investment properties and in accordance with applicable accounting standards.

**Depreciation**

Compliance with Statement of Standard Accounting Practice 19 (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

**Investment properties**

Investment properties under construction are valued at the lower of cost and net realisable value.

This represents a change in valuation policy compared to previous years when, in accordance with SSAP 19, investment properties under construction were revalued by the director annually on an open market basis and independently valued when required by SSAP 19. Any changes in the market value of investment properties were taken to the statement of total recognised gains and losses and transferred to the revaluation reserve, unless a deficit (or its reversal) on an individual investment property was expected to be permanent, in which case it was charged (or credited) in the profit and loss account of the period. No depreciation is provided in respect of investment properties. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have reduced the profit for the year) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

**Deferred taxation**

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Cash flow statement**

The company has taken advantage of the exemption in the Financial Reporting Standards No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned and its ultimate parent publishes a consolidated cash flow statement.

**Accrued income**

Income from rental properties is allocated in the year to which it relates, with amounts owed from tenants, but not invoiced at the year end held as accrued income.

**Deferred income**

Income from rental properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the the profit and loss when earned.

**Graingrade Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2008**

**2 Turnover**

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

**3 Operating (loss)/profit**

**2008**  
**£**

**2007**  
**£**

Operating (loss)/profit is stated after charging:  
Auditors' remuneration

- -

Auditors' remuneration has been borne by London & Regional Properties Limited.

**4 Interest payable and similar charges**

**2008**  
**£**

**2007**  
**£**

On borrowings repayable within five years  
Amortisation of loan fees

1,133,687 -  
73,891 -  
1,207,578 -

**5 Director's emoluments**

The director did not receive any emoluments in respect of his services to the company (2007: £nil).  
The company has no employees (2007: nil) other than the director.

The emoluments of the director are paid by a fellow subsidiary company which makes no recharge to the company. Mr King is a director of the parent company and a number of fellow subsidiary companies and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the director. His total emoluments are included in the aggregate of directors' emoluments included in the financial statements of the parent company.

**6 Tax on (loss)/profit on ordinary activities**

No provision for taxation is made due to the taxable losses in the year.

**Factors affecting tax charge for period**

From 01 April 08 the rate of corporation tax has reduced from 30% to 28%, giving a blended average rate for the year of 29%.

The tax assessed for the year is lower (2007: lower) than the blended/standard rate of corporation tax in the UK (29%, 2007: 30%). The differences are explained below:

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
(Loss)/profit on ordinary activities before tax	(1,290,389)	51,509
Standard rate of corporation tax in the UK	29%	30%
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities multiplied by blended (2007: standard) rate of corporation tax in the UK of 29% (2007: 30%)	(374,213)	15,453
<b>Effects of:</b>		
Surrender / (utilisation) of tax losses	374,213	(15,453)
<b>Total current tax charge</b>	-	-

The company surrendered the benefit of tax losses amounting to £1,290,389 to fellow subsidiary undertakings without receiving any payment. In 2007 the corporation tax charge for the year was reduced by £15,453 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender was made by the company.

**Graingrade Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2008**

**7 Investment properties**

	Freehold land and buildings £
Valuation	
At 1 October 2007	17,500,000
Additions	7,197,512
Deficit on revaluation	<u>(7,330,054)</u>
At 30 September 2008	<u>17,367,458</u>

The company's investment property is being redeveloped and was under construction at 30 September 2008. As a consequence the investment property is stated at cost this year.

**8 Debtors**

	2008 £	2007 £
Amounts owed by group undertakings	15,417,743	4,584,766
Other debtors	<u>115,271</u>	<u>-</u>
	<u>15,533,014</u>	<u>4,584,766</u>

The amounts owed to group undertakings are interest free, repayable on demand, and unsecured.

**9 Creditors: amounts falling due within one year**

	2008 £	2007 £
Bank loan and overdrafts	491,864	-
Trade creditors	788,033	2,807
Amounts owed to group undertakings	12,003,957	14,937,031
Taxation	-	2,140
Accruals and deferred income	<u>1,206,226</u>	<u>4,059</u>
	<u>14,490,080</u>	<u>14,946,037</u>

The amounts owed to group undertakings are interest free, repayable on demand, and unsecured.

**10 Creditors: amounts falling due after one year**

	2008 £	2007 £
Bank loan (see note 11)	20,106,888	-
Finance costs	<u>(214,782)</u>	<u>-</u>
	<u>19,892,106</u>	<u>-</u>

**11 Loans**

	2008 £	2007 £
Loans wholly repayable within five years:		
Bank loan	<u>20,596,033</u>	<u>-</u>
Analysis of maturity of debt:		
Within one year or on demand	489,145	-
Between two and five years	<u>20,106,888</u>	<u>-</u>
	<u>20,596,033</u>	<u>-</u>

The bank loan is secured over the investment property and the rental income derived therefrom and by fixed and floating charges over the assets of the company. The loan is repayable in full on 7th May 2010 and all sale proceeds/rents received (net of costs) are to be used towards repayment of the facility. The facility bears an interest at an effective fixed rate of 6.96% per annum.

**Graingrade Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2008**

**12 Called up share capital**

	£	£
Authorised:		
10 ordinary shares of \$1 each	6	6
2 deferred shares of £1 each	2	2
1 A ordinary share of £1	1	1
	<u>9</u>	<u>9</u>

	2008 Number	2007 Number	2008 £	2007 £
Allotted, called up and fully paid:				
Ordinary shares of \$1 each	10	10	6	6
Deferred shares of £1 each	2	2	2	2
A ordinary share of £1	1	1	1	1
	<u>13</u>	<u>13</u>	<u>9</u>	<u>9</u>

**Class Rights**

The deferred shares of \$1 each carry the right to repayment of \$1 each on a winding up, carry no other right to participate in the capital or income of the company and the holders are entitled to one vote for every two shares held.

**13 Investment revaluation reserve**

**2008**  
**£**

At 1 October 2007	7,330,054
Reversal of revaluation surplus on change in valuation policy (note 1)	(7,330,054)
At 30 September 2008	<u>-</u>

**14 Profit and loss account**

**2008**  
**£**

At 1 October 2007	(191,334)
Loss for the financial year	(1,290,389)
At 30 September 2008	<u>(1,481,723)</u>

**15 Reconciliation of movement in shareholders' funds**

**2008**  
**£**

	2008 £	2007 £
At 1 October	7,138,729	4,370,951
(Loss)/profit for the financial year	(1,290,389)	51,509
Other recognised gains and losses	(7,330,054)	2,716,269
At 30 September	<u>(1,481,714)</u>	<u>7,138,729</u>

**16 Events after the balance sheet date**

On 28 November 2008, as part of a group-wide restructuring, all the shares in the company were transferred from Norcrest Limited to London & Regional Group Investments Limited.

**17 Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Loopsign Ltd, whose accounts are publically available.

**Graingrade Limited**  
**Notes to the accounts**  
**for the year ended 30 September 2008**

**18 Parent undertaking**

The immediate parent undertaking is London and Regional Group Investments Limited.

The ultimate parent undertaking and controlling party is Loopsign Ltd, a company incorporated in England and Wales.

Loopsign Ltd is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2008. The consolidated financial statements of Loopsign Limited can be obtained from the company secretary at:

Quadrant House, Floor 6

17 Thomas More Street

Thomas More Square

London

E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of Loopsign Ltd.