

# H.A. Leasing Limited

## FINANCIAL STATEMENTS

for the year ended

31 May 2008



Company Registration No. 03462658

# H.A. Leasing Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

R Tchenguiz  
V A Tchenguiz

### SECRETARY

M H P Ingham

### COMPANY NUMBER

03462658 (England and 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

Olswang  
90 High Holborn  
London  
WC1V 6XX

# H.A. Leasing Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of H.A. Leasing Limited for the year ended 31 May 2008.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company, which has remained unchanged during the financial year, was property investment by holding lease interests in land and buildings.

The company also acts as an intermediate holding company.

No new finance leases have been initiated during the year and the finance lease debtor at 31 May 2008 amounted to £4,882,436. The original cost of the finance lease was £4,372,584 as set out in note 9.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2008 were satisfactory given the support of Rotch Property Group Limited, a related company.

### KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance:

	2008	2007
Ratio of loan to finance lease	143%	143%
Interest turnover cover	95%	95%

### 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 risks, lessee credit risk, cashflow risks, market value risks and third party risks. As its subsidiary is involved in property investment the principal risks it faces, in addition to the company's, is tenant credit risk.

#### Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans, through the use of swap arrangements.

#### Lessee and tenant credit risk

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

#### Cashflow risk

The company minimises its cashflow risk of non performance on its loan agreements by minimising its lessee credit risk and by employing Prime Estates Management Limited, a related company, as its management agents utilising their specialist skills to ensure collection of rent takes place on time.

# H.A. Leasing Limited

## DIRECTORS' REPORT (CONTINUED)

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### Market value risk

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

A reduction in the market value of the investment property could give rise to a risk of default as the loan funding includes loan to value covenants. The company minimises its exposure to loan defaults resulting from falls in property market values by cross-collateralising its property portfolio with that of other group companies so as to spread the risk over a more diverse portfolio and geographical area.

### Third party risk

The company is exposed to third party risk as the company's assets and undertakings are charged in respect of the loan finance provided to fellow group companies under the cross-guarantee and cross-collateralisation arrangements (see note 11).

### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS

The following directors have held office since 1 June 2007:

R Tchenguiz  
V A Tchenguiz

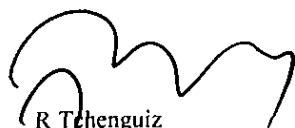
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

27 March 2009

# H.A. Leasing Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual 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). 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H.A. LEASING LIMITED

We have audited the financial statements on pages 6 to 15.

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 opinion**

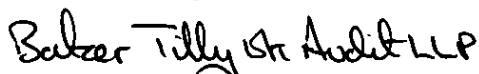
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 May 2008 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.



BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

The Clock House

140 London Road

Guildford

Surrey

GU1 1UW

27 March 2009

**H.A. Leasing Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 May 2008

	<i>Notes</i>	2008 £	2007 £
TURNOVER	1	364,217	357,480
Other operating expenses	2	(4,580)	(5,455)
OPERATING PROFIT		359,637	352,025
Investment income	3	-	249
		359,637	352,274
Interest payable and similar charges	4	(392,759)	(385,438)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(33,122)	(33,164)
Taxation	7	(224,041)	(64,691)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	14	(257,163)	(97,855)

All amounts derive from continuing activities.

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.

# H.A. Leasing Limited

## BALANCE SHEET

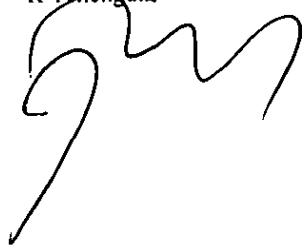
31 May 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	8	<u>236,836</u>	<u>236,836</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	9	1,368,842	1,379,696
Debtors: amounts falling due after more than one year	9	<u>5,083,301</u>	<u>5,023,836</u>
	9	6,452,143	6,403,532
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(114,042)</u>	<u>(110,631)</u>
<b>NET CURRENT ASSETS</b>		<u>6,338,101</u>	<u>6,292,901</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,574,937</u>	<u>6,529,737</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(6,981,558)	(6,903,236)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(448,958)</u>	<u>(224,917)</u>
<b>NET LIABILITIES</b>		<u>(855,579)</u>	<u>(598,416)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	200,000	200,000
Profit and loss account	14	<u>(1,055,579)</u>	<u>(798,416)</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>(855,579)</u>	<u>(598,416)</u>

The financial statements on pages 6 to 15 were approved by the board of directors and authorised for issue on 27 March 2009 and are signed on its behalf by:

R Tchenguiz

Director





# H.A. Leasing Limited

## ACCOUNTING POLICIES

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### 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.

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

### GOING CONCERN

The company's property investment and funding structure has been set up to be principally self funding.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 18), a related company, and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

### INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

### 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

### GROUP ACCOUNTS

The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

### CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

### FINANCE LEASES

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2008

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### 1. TURNOVER

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return in the company's net cash investment in the lease.

2. OTHER OPERATING EXPENSES	2008 £	2007 £
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Administrative expenses	4,580	5,455
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3. INVESTMENT INCOME	2008 £	2007 £
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Bank interest	-	249
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4. INTEREST PAYABLE AND SIMILAR CHARGES	2008 £	2007 £
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Loan interest payable to group undertakings	384,104	376,783
Amortisation of finance costs	8,655	8,655
	<u>392,759</u>	<u>385,438</u>

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2008 £	2007 £
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Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

### 6. EMPLOYEES

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

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2008

7. TAXATION	2008 £	2007 £
U.K. corporation tax	-	-
Current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Effects of changes in tax rates and laws	(16,544)	-
Deferred tax charge current year	<u>240,585</u>	<u>64,691</u>
Deferred tax charge	<u>224,041</u>	<u>64,691</u>
Total tax charge	<u><u>224,041</u></u>	<u><u>64,691</u></u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(33,122)</u>	<u>(33,164)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007: 30.00%)	<u>(9,274)</u>	<u>(9,949)</u>
Effects of:		
Non deductible expenses	30,002	31,630
Group relief	12,212	18,394
UK transfer pricing	24,408	24,616
Adjustment in respect of finance leases	<u>(57,348)</u>	<u>(64,691)</u>
	<u>9,274</u>	<u>9,949</u>
Current tax charge	<u><u>-</u></u>	<u><u>-</u></u>

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2008

### 8. FIXED ASSET INVESTMENTS

	<i>Shares in group undertakings</i>
	£
Cost	
1 June 2007 and 31 May 2008	<u>236,836</u>

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Subsidiary undertakings			
Restgrove Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<i>Capital and reserves</i>	<i>Profit for the year</i>
	£	£
Restgrove Limited	<u>253,648</u>	<u>(534)</u>

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2008

9. DEBTORS	2008 £	2007 £
Trade debtors	46,948	2,066
Amounts owed by group undertakings	1,313,238	1,368,974
Finance leases	4,882,436	4,814,315
Prepayments and accrued income	209,521	218,177
	<u>6,452,143</u>	<u>6,403,532</u>

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

	2008 £	2007 £
Finance leases	4,882,436	4,814,315
Prepayments	200,865	209,521
	<u>5,083,301</u>	<u>5,023,836</u>

The original cost of the finance lease was £4,372,584 (2007: £4,372,584).

10. CREDITORS: Amounts falling due within one year	2008 £	2007 £
Accruals and deferred income	<u>114,042</u>	<u>110,631</u>

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 May 2008

11. CREDITORS: Amounts falling due after more than one year	2008 £	2007 £
Loans from group undertaking	<u>6,981,558</u>	<u>6,903,236</u>
Loan maturity analysis:		
In more than five years	<u>6,981,558</u>	<u>6,903,236</u>

The group undertaking loans comprise four loans which are financed by loans from a third party to that group undertaking which are secured by a fixed and floating charge over the company's assets. The loans bear interest at 5.7% per annum.

Loan one's interest shortfall rolls up into the loan until April 2014 when it will be repayable in instalments until April 2025 when one bullet payment of £2,359,158 will be made.

Loan two's interest shortfall rolls up into the loan until April 2015 when it will be repayable in instalments until April 2035 when one bullet payment of £524,630 will be made.

Loan three's interest shortfall rolls up into the loan until December 2010 when it will be repayable in instalments until March 2025 when one bullet payment of £1,514,154 will be made.

Loan four's interest shortfall rolls up into the loan until March 2022 when it will be repayable in instalments until March 2025 when one bullet payment of £1,136,006 will be made.

The loans are subject to cross guarantees and cross-collateralisation of the underlying properties used as security with other group loans. The total value of the group loans subject to this cross-collateralisation, including the company's loans, is £123,903,566 (2007: £124,040,311).

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

### 12. DEFERRED TAXATION

	<i>Deferred taxation £</i>
Balance at 1 June 2007	224,917
Transfer from profit and loss account	224,041
	<u>448,958</u>
Balance at 31 May 2008	<u>448,958</u>

Deferred taxation provided in the financial statements is as follows:

	2008 £	2007 £
Other timing differences	448,958	408,154
Tax losses available	-	(183,237)
	<u>448,958</u>	<u>224,917</u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to reverse until 2023.

13. SHARE CAPITAL	2008 £	2007 £
Authorised: 200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allocated, issued and fully paid: 200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

### 14. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account £</i>
1 June 2007	(798,416)
Retained loss for the year	(257,163)
	<u>(1,055,579)</u>
31 May 2008	<u>(1,055,579)</u>

# H.A. Leasing Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 May 2008

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2008 £	2007 £
Loss for the financial year	(257,163)	(97,855)
Opening shareholders' funds	(598,416)	(500,561)
Closing shareholders' funds	<u>(855,579)</u>	<u>(598,416)</u>

## 16. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Land and buildings expiring after five years	<u>13,021</u>	<u>12,382</u>

## 17. CONTROL

The company's immediate holding company is Waxford Limited.

The directors regard the United Kingdom ultimate holding company to be Restmead Limited.

The directors regard the ultimate holding company to be Vin-Rotch Properties Limited Inc., a company incorporated in the Republic of Panama.

The ultimate controlling party, is the Tchenguiz Family Trust.

## 18. RELATED PARTY TRANSACTIONS

The company is related to Rotch Property Group Limited and its subsidiaries ("Rotch") with whom it has directors in common and whose ultimate holding company is Vin-Rotch Properties Limited Inc. and ultimate controlling party is the Tchenguiz Family Trust.

During the year Rotch charged the company management fees of £2,350 (2007: £2,350). At the balance sheet date, and included within amounts owed by group undertakings, £1,313,238 (2007: £1,368,974) was due by Rotch. No interest accrues on this related party balance.

Rotch has agreed to provide limited support to assist the company in meeting its operational costs as they arise should this be necessary.

The company's intermediate holding company, Dalefox Limited, provides the company with loan finance. At the balance sheet date £6,981,558 (2007: £6,903,236) was due to Dalefox Limited. During the year interest of £384,104 (2007: £376,783) was payable to Dalefox Limited.

The company leases three properties from Restgrove Limited, its subsidiary undertaking. During the year the company paid rent of £12,382 (2007: £11,767) to Restgrove Limited. These amounts have been taken into account when calculating the net finance lease position at the year end.