

**FAIRHOLD HOMES (NO.6) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2006**

THURSDAY



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COMPANIES HOUSE

**FAIRHOLD HOMES (NO.6) LIMITED**

**DIRECTOR AND OFFICERS**

**DIRECTOR**

W K Procter

**SECRETARY**

A Wolfson

**REGISTERED OFFICE**

Euro House  
131/133 Ballards Lane  
London N3 1GR

**AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey GU1 1UW

## **FAIRHOLD HOMES (NO.6) LIMITED**

### **DIRECTOR'S REPORT**

The director submits his report and the audited financial statements for the year ended 31 October 2006

#### **Principal activity**

The principal activity of the company during the period was property investment

#### **Business review and future developments**

There were no changes in the company's investment property portfolio in the year. The director considers the financial position of the company at the year end to be satisfactory

#### **Results and dividends**

The loss for the year amounted to £927,503 (2005: £469,694 profit). The director does not recommend the payment of a dividend.

#### **Investment properties**

The investment properties have been valued on an actuarial basis at £52,900,000. The increase in value in the year amounted to £4,100,000 (2005: £10,357,722 decrease).

#### **Director**

The director who served during the year was as follows:

W K Procter

#### **Statement of director's responsibilities**

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 these financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the requirements of the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **FAIRHOLD HOMES (NO.6) LIMITED**

### **DIRECTOR'S REPORT**

#### **Statement as to disclosure of information to auditors**

The director who was in office on the date of approval of these financial statements has confirmed, as far as he is aware, that there is no relevant audit information of which the auditors are unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Auditors**

The director, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

This 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



W K Procter  
Director

07-09-2007

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIRHOLD HOMES (NO 6) LIMITED

We have audited the financial statements on pages 5 to 12

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 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 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 October 2006 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*

BAKER TILLY UK AUDIT LLP

Registered Auditor  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey GU1 1LW

07-09-2007

**FAIRHOLD HOMES (NO 6) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

	Notes	2006 £	2005 £
Rent receivable		984,388	985,936
Administrative expenses		(11,978)	(5,000)
Other operating income	1	277,509	322,099
<b>Operating profit</b>		<b>1,249,919</b>	<b>1,303,035</b>
Interest receivable and similar income	2	196,740	-
Interest payable and similar charges	3	(2,419,162)	(833,341)
<b>(Loss)/profit on ordinary activities before taxation</b>	4	<b>(972,503)</b>	<b>469,694</b>
Tax on (loss)/profit on ordinary activities	6	-	(42,046)
<b>Retained (loss)/profit for the financial year</b>	13	<b>£ (972,503)</b>	<b>£ 427,648</b>

The operating profit for the year derives from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

		2006 £	2005 £
(Loss)/profit for the financial year		(972,503)	427,648
Unrealised surplus (deficit) on revaluation of investment properties	7	4,100,000	(10,357,722)
<b>Total recognised gains and losses</b>		<b>£ 3,127,497</b>	<b>£ (9,930,074)</b>

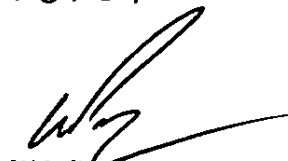
# FAIRHOLD HOMES (NO.6) LIMITED

## BALANCE SHEET

AT 31 OCTOBER 2006

	Notes	2006 £	2005 £
<b>Tangible fixed assets</b>			
Investment properties	7	52,900,000	48,800,000
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors due within one year	8	437,535	55,240
Debtors due after more than one year		27,126,307	-
Cash at bank and in hand		501,678	-
		<hr/>	<hr/>
		28,065,520	55,240
<b>Creditors amounts falling due within one year</b>	9	(512,646)	(369,318)
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		27,552,874	(314,078)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		80,452,874	48,485,922
		<hr/>	<hr/>
<b>Creditors amounts falling due after more than one year</b>	10	(42,137,101)	(13,297,646)
		<hr/>	<hr/>
<b>Net assets</b>		£ 38,315,773	£ 35,188,276
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Reserves	13	38,486,385	34,386,385
Profit and loss account	13	(170,614)	801,889
		<hr/>	<hr/>
<b>Shareholders funds</b>	13	£ 38,315,773	£ 35,188,276
		<hr/>	<hr/>

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 07-09-2007 and are signed on its behalf by



W K Procter  
Director

## **FAIRHOLD HOMES (NO 6) LIMITED**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2006**

#### **ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards

##### **Investment properties**

In accordance with Statement of Standard Accounting Practice 19

- investment properties are revalued annually to open market value on an actuarial basis and the aggregate surplus or deficit is transferred to a revaluation reserve, and
- no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

The directors consider that the actuarial basis of valuation is the most appropriate method of determining open market value for this type of property investment

This treatment as regards the company's investment properties, 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 director considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts 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

##### **Deferred tax**

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future

No provision is made for any liability to tax that would arise in the event of the sale of the investment property at the value at which it is stated in the financial statements. An estimate of this liability is set out in note 11

##### **Cash flow statement**

The company is exempt from the requirement to prepare a cash flow statement as it is entitled to the exemptions for small companies accounts set out in section 246 to 249 of the Companies Act 1985

##### **Rent receivable**

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

##### **Finance costs**

Finance costs are amortised on a straight line basis over the term of the loan to which they relate



**FAIRHOLD HOMES (NO.6) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

**1 Other operating income**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Transfer fees	<b>£ 277,509</b>	<b>£ 322,099</b>

**2 Interest receivable and similar income**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Bank interest	<b>15,147</b>	<b>322,099</b>
Interest receivable from parent company	<b>181,593</b>	<b>-</b>
	<b>£ 196,740</b>	<b>£ 322,099</b>

**3 Interest payable and similar charges**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
Interest on parent company loan	<b>1,104,447</b>	<b>-</b>
Interest on former parent company loan	<b>335,809</b>	<b>833,279</b>
Related party interest	<b>282</b>	<b>-</b>
On late payment of tax	<b>288</b>	<b>62</b>
Amortisation of finance costs	<b>222,903</b>	<b>-</b>
Finance costs recharged by former parent company	<b>755,433</b>	<b>-</b>
	<b>£ 2,419,162</b>	<b>£ 833,341</b>

**4 (Loss)/profit on ordinary activities before taxation**

	<b>2006</b> <b>£</b>	<b>2005</b> <b>£</b>
(Loss)/profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration	<b>£ 2,720</b>	<b>£ 5,000</b>

**5 Employees and directors**

Other than the directors who received no remuneration, no persons were employed during the year

**FAIRHOLD HOMES (NO 6) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

**6 Taxation**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Current tax		
UK corporation tax on profits of the year	-	42,046
Total current tax	<b>£ -</b>	<b>£ 42,046</b>
<b>Factors affecting tax charge for the year.</b>		
(Loss)/profit on ordinary activities before tax	<b>(972,503)</b>	469,694
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30 % (2005 30%)	<b>(291,751)</b>	140,908
<b>Effects of</b>		
Utilisation of group relief	-	(98,862)
Losses available to carry forward	<b>291,641</b>	-
UK transfer pricing adjustment	<b>110</b>	-
Current tax charge for the year	<b>£ -</b>	<b>£ 42,046</b>

The company has estimated losses of £972,137 available to carry forward against future trading profits. No provision has been made for the deferred tax asset arising on these losses due to the uncertainty of their recoverability.

**7 Tangible fixed assets**

	<b>Freehold reversionary interests £</b>
Investment properties	
Valuation	
At 1 November 2005	48,800,000
Revaluation surplus	4,100,000
At 31 October 2006	<b>£ 52,900,000</b>

As at 31 August 2006, Mercer Oliver Wyman Limited, actuarial and financial consultants, valued the properties on an actuarial basis at £52,900,000. The director considers that the value of the investment properties at the balance sheet date is not materially different from that value.

The historical cost of the properties at 31 October 2006 was £14,413,615 (2005 £14,413,615).

**FAIRHOLD HOMES (NO.6) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

**8 Debtors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Amounts due within one year</b>		
Amount due to parent undertaking	-	2
Trade debtors	<b>25,964</b>	55,238
Prepayments and accrued income	<b>411,571</b>	-
	<b>437,535</b>	55,240
<b>Amounts due after one year</b>		
Amounts owed by group undertakings	<b>15,650,133</b>	-
Amounts owed by parent undertaking	<b>7,446,372</b>	-
Amounts owed by Fairhold Securitisation Limited	<b>13,054</b>	-
Prepayments and accrued income	<b>4,016,748</b>	-
	<b>27,126,307</b>	-
	<b>£ 27,563,842</b>	£ 55,240

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts due to group undertakings	<b>28,541</b>	-
Amounts due to related parties	<b>49,667</b>	-
Corporation tax	-	42,046
Accruals and deferred income	<b>434,438</b>	327,272
	<b>£ 512,646</b>	£ 369,318

**10 Creditors - amounts falling due after more than one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts due to parent undertaking	<b>41,892,376</b>	-
Amounts due to former parent undertaking	-	13,297,646
Accruals and deferred income	<b>244,725</b>	-
	<b>£ 42,137,101</b>	£ 13,297,646

Amounts due to parent undertaking represents an intercompany loan entered into with Fairhold Finance Limited on 30 March 2006. Repayment does not fall due until the loan matures in October 2017. The intercompany loan is split into two tranches, on which the rate of interest payable is fixed at 4.147% plus margins of 0.25% and 1.27% which represent the interest rate hedge transacted on the lender's cost of borrowing.

There were no fixed terms of repayment of the former parent company loan. The interest charged accrued on the amount of the loan outstanding from time to time at such rate per annum as the lender reasonably determined after taking into consideration the lenders cost of borrowing.

**FAIRHOLD HOMES (NO.6) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2006**

**11 Deferred taxation**

The potential deferred taxation (asset)/ liability, which has not been provided in the accounts, is as follows

	2006 £	2005 £
Tax on revaluation surplus	42,137,101	13,297,646
Tax losses carried forward	(291,641)	-
Unprovided deferred tax liability	<u>£ 41,845,460</u>	<u>£ 13,297,646</u>

**12 Share capital**

	2006	2005
Authorised 1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, issued and fully paid 2 ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

**13 Reserves and reconciliation of movements in shareholders' funds**

	Revaluation reserve £	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	34,386,385	2	801,889	35,188,276
Retained loss for the year	-	-	(972,503)	(972,503)
Surplus on revaluation	4,100,000	-	-	4,100,000
<b>Closing shareholders' funds</b>	<u><b>38,486,385</b></u>	<u><b>2</b></u>	<u><b>(170,614)</b></u>	<u><b>£ 38,315,773</b></u>

**14 Contingent liability**

The company has given a guarantee in respect of a funding loan agreement entered into between its parent company, Fairhold Finance Limited, and Fairhold Securitisation Limited. This loan has been on lent to the property owning subsidiaries of Fairhold Finance Limited, which includes the company. The company has also given a guarantee, on a joint and several basis with the property owning subsidiary companies of Fairhold Finance Limited, in respect of the intercompany loan agreements so entered into between Fairhold Finance Limited and those companies. The guarantees are supported by a debenture and a charge over the company's investment properties. At 31 October 2006 the total amount outstanding subject to these guarantees, excluding the inter group balances, was £353,000,000.

**15 Immediate and United Kingdom holding company**

During the year control of the company changed when its parent undertaking, Fairhold Homes Investment (No 5) Limited, was acquired by Fairhold Finance Limited. The company then became a wholly owned subsidiary undertaking of Fairhold Finance Limited, which is registered in England and Wales. This parent undertaking is the holding company of both the largest and smallest group for which consolidated accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Mandy, Cardiff, CF4 3UZ.

## **FAIRHOLD HOMES (NO.6) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 OCTOBER 2006**

##### **16 Ultimate holding company**

The director regards the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands

##### **17 Ultimate controlling party**

The ultimate controlling party is the Investec Trust (Guernsey) Limited as trustees of the Tchenguiz Family Trust

##### **18 Related party transactions**

At 31 October 2006, Estates and Management Limited, a related party by virtue of common control had lent the company £49,667 Interest of £282 has been charged on the loan

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose intra-group related party transactions between group undertakings where more than 90% of the voting rights are controlled within the group