

Company Registration No. 05233507 (England and Wales)

**LLOYDS CHAMBERS PROPERTY LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MAY 2008**

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# **LLOYDS CHAMBERS PROPERTY LIMITED**

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# LLOYDS CHAMBERS PROPERTY LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 MAY 2008

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The director presents her report and financial statements for the year ended 31 May 2008.

#### 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.

There were no changes to the company's investment portfolio during the year or since the year end. The investment property held at 31 May 2008 was valued as at that date at £103,650,000 by the directors.

No rent review was undertaken during the year. The lease agreement sets out the dates of the rent reviews as every five years. The next rent review was due to occur on 24 June 2008, but has not been carried out due to the underlying market conditions. The next rent review is due on 24 June 2013. There have been no changes to the tenancy during the year.

The key financial highlights are as follows:

	2008 £	2007 £	2006 £
Rent receivable	7,100,000	7,100,000	7,100,000
Value of investment properties	103,650,000	110,000,000	110,000,000
Net assets	8,939,496	14,731,491	13,850,743

#### Principal risks and uncertainties

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

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

The company's principal financial instrument consists of inter group company loans. The main purpose of these loans is to raise funds in order to finance the acquisition of investment property. The principal group undertaking loan is financed by a third party loan to that group undertaking.

The company's approach to mitigation of risks is as follows:

Interest rate risk - the interest rate on the third party loans is fixed.

Tenant credit risk - the risk is mitigated by the company only taking on appropriate tenants with good credit histories.

Cashflow risks - the company minimises its cashflow risk of non performance on its loan agreements by minimising its tenant credit risk and employing The Robson Partnership LLP as its managing agents utilising their specialist skills to ensure that the collection of rent takes place on time.

Market value risk - the company's investment property values are determined by economic forces outside of the company's control. A reduction the market value of the investment property could give rise to a risk default as the third party loan funding includes loan to value covenants.

In the opinion of the directors the result for the year and the financial position of the company as at 31 May 2008 were satisfactory.

#### Results and dividends

The results for the year are set out on page 4.

# LLOYDS CHAMBERS PROPERTY LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2008**

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### Directors

The following directors have held office since 1 June 2007:

P Rocca

(Deceased 18 January 2009)

A Rocca

### Auditors

Harris & Trotter LLP resigned as auditors of the company. Brindley Goldstein Limited were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### Director's responsibilities

The director is responsible for preparing 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 1985. She 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.

### Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that she ought to have taken as director in order to make herself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Rocca

**Director**

21 April 2009

# LLOYDS CHAMBERS PROPERTY LIMITED

## INDEPENDENT AUDITORS' REPORT TO LLOYDS CHAMBERS PROPERTY LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of Lloyds Chambers Property Limited for the year ended 31 May 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditors' report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed.

### Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

### Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Brindley Goldstein Limited

24 April 2009

Chartered Accountants  
Registered Auditor

103 High Street  
Waltham Cross  
Hertfordshire  
EN8 7AN

# LLOYDS CHAMBERS PROPERTY LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2008

	Notes	2008 £	2007 £
<b>Gross profit</b>		7,117,229	7,100,000
Administrative expenses		(38,372)	(21,894)
<b>Operating profit</b>	<b>2</b>	7,078,857	7,078,106
Other interest receivable and similar income		20,281	17,021
Interest payable and similar charges	<b>4</b>	(6,541,133)	(6,214,379)
<b>Profit on ordinary activities before taxation</b>		558,005	880,748
Tax on profit on ordinary activities	<b>5</b>	-	-
<b>Profit for the year</b>	<b>11</b>	558,005	880,748

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **LLOYDS CHAMBERS PROPERTY LIMITED**

## **ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2008**

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	<b>Notes</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Profit for the financial year</b>		558,005	880,748
Unrealised deficit on revaluation of properties		(6,350,000)	-
<b>Total recognised gains and losses relating to the year</b>		<u>(5,791,995)</u>	<u>880,748</u>

# LLOYDS CHAMBERS PROPERTY LIMITED

## ABBREVIATED BALANCE SHEET

AS AT 31 MAY 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	6	103,650,000		110,000,000	
<b>Current assets</b>					
Debtors	7	360,890		467,549	
Creditors: amounts falling due within one year	8	(1,996,811)		(1,994,383)	
<b>Net current liabilities</b>		(1,635,921)		(1,526,834)	
<b>Total assets less current liabilities</b>		102,014,079		108,473,166	
<b>Creditors: amounts falling due after more than one year</b>	9	(93,074,583)		(93,741,675)	
		8,939,496		14,731,491	
<b>Capital and reserves</b>					
Called up share capital	10	2		2	
Revaluation reserve	11	8,806,884		15,156,884	
Profit and loss account	11	132,610		(425,395)	
<b>Shareholders' funds</b>	12	8,939,496		14,731,491	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 21 April 2009



A Rocca  
Director

# LLOYDS CHAMBERS PROPERTY LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2008

	£	2008 £	£	2007 £
<b>Net cash inflow from operating activities</b>		7,115,480		6,978,322
<b>Returns on investments and servicing of finance</b>				
Interest received	20,281		17,021	
Interest paid	(6,541,133)		(6,214,378)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(6,520,852)		(6,197,357)
<b>Net cash inflow before management of liquid resources and financing</b>		594,628		780,965
Repayment of group company loans	(594,628)		(780,965)	
<b>Net cash (outflow)/inflow from financing</b>		(594,628)		(780,965)
<b>Increase in cash in the year</b>		-		-

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2008

1	Reconciliation of operating profit to net cash inflow from operating activities		2008	2007
			£	£
	Operating profit		7,078,857	7,078,106
	Decrease in debtors		106,659	106,659
	(Decrease)/Increase in creditors within one year		(70,036)	(206,443)
	Net cash inflow from operating activities		7,115,480	6,978,322

2	Analysis of net debt	1 June 2007	Cash flow	Other non-cash changes	31 May 2008
		£	£	£	£
	Net cash:				
	Bank deposits	-	-	-	-
	Debt:				
	Debts falling due within one year	(854,833)	(72,464)	-	(927,297)
	Debts falling due after one year	(93,741,675)	667,092	-	(93,074,583)
	Net debt	(94,596,508)	594,628	-	(94,001,880)

3	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	Decrease in cash in the year	-	-
	Cash outflow from decrease in debt	594,628	780,965
	Movement in net debt in the year	594,628	780,965
	Opening net debt	(94,596,508)	(95,377,473)
	Closing net debt	(94,001,880)	(94,596,508)

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover principally represents rents receivable from the letting of investment property.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

#### 1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

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

### 2 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Auditors' remuneration (including expenses and benefits in kind)	5,000	6,920

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2008

<b>3</b>	<b>Investment income</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Bank interest	20,281	10,415
	Other interest	-	6,606
		<u>20,281</u>	<u>17,021</u>
<b>4</b>	<b>Interest payable</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	6,073,586	6,107,720
	Other interest	467,547	106,659
		<u>6,541,133</u>	<u>6,214,379</u>
	Other interest comprises loan finance costs.		
<b>5</b>	<b>Taxation</b>	<b>2008</b>	<b>2007</b>
	Domestic current year tax		
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>558,005</u>	<u>880,748</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%)	167,402	264,224
	Effects of:		
	Tax losses utilised	<u>(167,402)</u>	<u>(264,224)</u>
	Current tax charge	-	-

The company has estimated losses of £ 10,980 (2007 - £ 568,985) available for carry forward against future trading profits.

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 MAY 2008

#### 6 Tangible fixed assets

	Investment properties £
<b>Cost or valuation</b>	
At 1 June 2007	110,000,000
Revaluation	(6,350,000)
	<u>103,650,000</u>
At 31 May 2008	<u>103,650,000</u>

The investment property comprises a freehold property. The original cost of the property was £94,843,116 (2007 : £94,843,116).

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 £103,650,000 (2007 : £110,000,000). It is estimated that if this property were to be sold at that valuation, the tax liability would amount to £Nil (2007 : £1,957,698).

The investment property has been valued by the directors at open market value as at 31 May 2008. The property was valued at £110,000,000 by Savills Commercial Limited, Chartered Surveyors in March 2006.

#### 7 Debtors

	2008 £	2007 £
Other debtors	2	2
Prepayments and accrued income	360,888	467,547
	<u>360,890</u>	<u>467,549</u>

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

	2008 £	2007 £
Prepayments	<u>254,228</u>	<u>360,888</u>

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2008

<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Amounts owed to parent and fellow subsidiary undertakings	927,297	854,833
	Accruals and deferred income	1,069,514	1,139,550
		<u>1,996,811</u>	<u>1,994,383</u>
<b>9</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Other loans	93,074,583	93,741,675
		<u>93,074,583</u>	<u>93,741,675</u>
	<b>Analysis of loans</b>		
	Wholly repayable within five years	94,001,880	94,596,508
	Included in current liabilities	(927,297)	(854,833)
		<u>93,074,583</u>	<u>93,741,675</u>
	 <b>Loan maturity analysis</b>		
	In more than one year but not more than two years	987,500	927,297
	In more than two years but not more than five years	92,087,083	92,814,378
		<u>92,087,083</u>	<u>92,814,378</u>

The other loan comprises of a group undertaking loan that is provided by an intermediate parent company, Brecon Properties UK Limited, and is financed by a third party bank loan to that group undertaking. The third party bank loan is secured by a fixed and floating charge over the assets of Lloyds Chambers Property Limited, including a specific charge over the company's investment property. Further security is provided by cross guarantees and charges over the assets of other group undertakings. The third party bank loan is repayable in October 2011. The effective rate of interest on the group loan is 7%.

<b>10</b>	<b>Share capital</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	100 Ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
	 <b>Allotted and called up</b>		
	2 Ordinary shares of £1 each	2	2
		<u>2</u>	<u>2</u>

# LLOYDS CHAMBERS PROPERTY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2008

### 11 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2007	15,156,884	(425,395)
Profit for the year	-	558,005
Revaluation during the year	(6,350,000)	-
Balance at 31 May 2008	<u>8,806,884</u>	<u>132,610</u>

### 12 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	558,005	880,748
Other recognised gains and losses	(6,350,000)	-
Net (depletion in)/addition to shareholders' funds	(5,791,995)	880,748
Opening shareholders' funds	<u>14,731,491</u>	<u>13,850,743</u>
Closing shareholders' funds	<u>8,939,496</u>	<u>14,731,491</u>

### 13 Employees

#### Number of employees

There were no employees during the year apart from the directors.

### 14 Ultimate parent company

The ultimate parent company is Brecon Properties Limited, a company registered in the Isle of Man.