

**Registration number 02317867**

**Fairgate Investments Ltd**  
**Directors' report and financial statements**  
**for the year ended 31 December 2011**

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## **Fairgate Investments Ltd**

### **Company information**

<b>Directors</b>	Sir (Chief) L O Akindele Rosaline Atema Akindele
<b>Secretary</b>	Ratna Kanagaratnam
<b>Company number</b>	02317867
<b>Registered office</b>	22-24 Ely Place London EC1N 6TE
<b>Auditors</b>	SIDIKIES 1 Sun Street London EC2A 2EP
<b>Business address</b>	22-24 Ely Place London EC1N 6TE
<b>Bankers</b>	National Westminster Bank Plc PO Box 34 15 Bishopsgate London EC2P 2AP  HSBC Private Bank (UK) Limited 78 St James's Street London SW1A 1JB

## **Fairgate Investments Ltd**

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## **Fairgate Investments Ltd**

### **Directors' report for the year ended 31 December 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

#### **Principal activity**

The principal activity of the company throughout the year continued to be that of property investment, property developers and dealers in properties

#### **Directors**

The directors who served during the year are as stated below

Sir (Chief) L O Akindele

Rosaline Atema Akindele

Ibidun M Adetunji (deceased 05/05/12)

#### **Statement of directors' responsibilities**

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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and 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 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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **Auditors**

SIDIKIES are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006

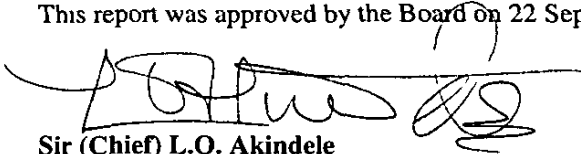
This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

**Fairgate Investments Ltd**

**Directors' report**  
**for the year ended 31 December 2011**

continued

This report was approved by the Board on 22 September 2012 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'L.O. Akindele', written over a horizontal line.

**Sir (Chief) L.O. Akindele**  
**Director**

**Independent auditor's report to the shareholders of  
Fairgate Investments Ltd**

We have audited the financial statements of Fairgate Investments Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditors' 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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

**Independent auditor's report to the shareholders of  
Fairgate Investments Ltd**

continued



**Amir Siddiqi FCCA ACA (senior statutory auditor)  
For and on behalf of SIDIKIES  
Chartered Accountants and  
Statutory Auditor  
22 September 2012**

**1 Sun Street  
London  
EC2A 2EP**

**Fairgate Investments Ltd**

**Profit and loss account  
for the year ended 31 December 2011**

		<b>2011</b>	<b>2010</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<u>259,748</u>	<u>375,535</u>
Administrative expenses		(530,157)	(310,196)
<b>Operating (loss)/profit</b>	<b>3</b>	(270,409)	65,339
Interest payable and similar charges		<u>(309,635)</u>	<u>(261,279)</u>
<b>Loss on ordinary activities before taxation</b>		(580,044)	(195,940)
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss for the year</b>	<b>9</b>	(580,044)	(195,940)
Accumulated (loss)/profit brought forward		(31,326)	164,614
<b>Accumulated loss carried forward</b>		<u>(611,370)</u>	<u>(31,326)</u>
<b>Statement of total recognised gains and losses</b>			
<b>Loss on ordinary activities after taxation</b>		(580,044)	(195,940)
Unrealised movement on revaluation of property		150,000	-
<b>Total recognised losses since last annual report</b>		<u>(430,044)</u>	<u>(195,940)</u>

**The notes on pages 8 to 11 form an integral part of these financial statements.**



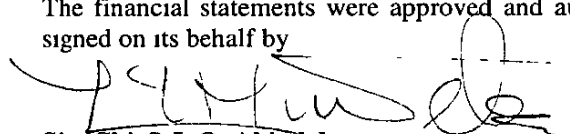
**Fairgate Investments Ltd**

**Balance sheet  
as at 31 December 2011**

		2011	2010
	Notes	£	£
<b>Fixed assets</b>			
Investments	5	4,750,000	4,600,000
<b>Current assets</b>			
Stocks		12,089,949	7,300,038
Debtors	6	1,594,030	1,043,063
Cash at bank and in hand		154,109	20,525
		13,838,088	8,363,626
<b>Creditors: amounts falling due within one year</b>	7	(18,949,458)	(12,894,952)
<b>Net current liabilities</b>		(5,111,370)	(4,531,326)
<b>Total assets less current liabilities</b>		(361,370)	68,674
<b>Net (liabilities)/assets</b>		(361,370)	68,674
<b>Capital and reserves</b>			
Called up share capital	8	100,000	100,000
Revaluation reserve	9	150,000	-
Profit and loss account	9	(611,370)	(31,326)
<b>Shareholders' funds</b>		(361,370)	68,674

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies

The financial statements were approved and authorised for issue by the Board on 22 September 2012 and signed on its behalf by

  
Sir (Chief) L.O. Akindele  
Director

Registration number 02317867

The notes on pages 8 to 11 form an integral part of these financial statements.

**Fairgate Investments Ltd**

**Cash flow statement  
for the year ended 31 December 2011**

	<b>2011</b>		<b>2010</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Operating (loss)/profit</b>	(270,409)		65,339	
Reconciliation to cash generated from operations				
(Increase) in stocks	(4,789,911)		(871,244)	
Decrease in trade debtors	49,090		(42,484)	
(Increase) in other debtors	(600,057)		2,951,285	
Increase in trade creditors	383,002		70,888	
Increase in other creditors	5,671,521		(1,944,256)	
		443,236		229,528
<b>Application of cash</b>				
Interest paid	(309,635)		(261,279)	
		(309,635)		(261,279)
<b>Net increase in cash in the year</b>		133,601		(31,751)
Cash at bank and in hand less overdrafts at beginning of year		20,509		52,260
<b>Cash at bank and in hand less overdrafts at end of year</b>		154,110		20,509
Consisting of				
Cash at bank and in hand		154,109		20,525
Overdrafts		-		(16)
		154,109		20,509

## **Fairgate Investments Ltd**

### **Notes to the financial statements for the year ended 31 December 2011**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets as modified by the revaluation of certain fixed assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made and rent receivable during the year

##### **1.3. Investments**

Fixed asset investments are stated at their open market value.

##### **1.4. Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value

##### **1.5. 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **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**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging		
Auditors' remuneration	5,250	2,100

##### **3.1. Directors' remuneration**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
No remuneration was paid to the directors in the year	-	-

**Fairgate Investments Ltd**

**Notes to the financial statements  
for the year ended 31 December 2011**

continued

**4. Tax on loss on ordinary activities**

Analysis of charge in period	2011 £	2010 £
<b>Current tax</b>		
UK corporation tax	-	-
There was no tax charge for the year due to the availability of trading losses		

**5. Fixed asset investments**

	Total £
<b>Market value</b>	
At 1 January 2011	
At 31 December 2011	4,600,000
<b>Provisions for diminution in value:</b>	
Movement	(150,000)
At 31 December 2011	(150,000)
<b>Net book values</b>	
At 31 December 2011	4,750,000
At 31 December 2010	4,600,000

The investment properties were revalued during the year by Jones Lang LaSalle, a financial and professional services firm specialising in real estate services. Investment properties are disclosed at those valuations at the end of the year.

**6. Debtors**

	2011 £	2010 £
Trade debtors	34,070	83,160
Amounts owed by group undertakings	592,832	807,729
Other debtors	967,128	83,310
Prepayments and accrued income	-	68,864
	1,594,030	1,043,063

**Fairgate Investments Ltd**

**Notes to the financial statements  
for the year ended 31 December 2011**

continued

7. Creditors: amounts falling due within one year	2011 £	2010 £
Bank overdraft	-	16
Trade creditors	453,890	70,888
Amounts owed to group undertakings	18,293,030	12,669,257
Other creditors	121,044	41,750
Accruals and deferred income	81,494	113,041
	<u>18,949,458</u>	<u>12,894,952</u>

The bank loans are secured on the investment properties and on the stock of freehold properties

8. Share capital	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Equity Shares</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

9. Reserves	Revaluation reserve £	Profit and loss account £	Total £
<b>At 1 January 2011</b>	-	(31,326)	(31,326)
Revaluation of property	150,000		150,000
Loss for the year		(580,044)	(580,044)
<b>At 31 December 2011</b>	<u>150,000</u>	<u>(611,370)</u>	<u>(461,370)</u>

**10. Contingent liabilities**

The parent company, Fairgate Group Ltd, has taken out bank loans for its own use and the use of its subsidiaries, Fairgate International Ltd, Fairgate Securities Ltd, Fairgate Investments Ltd, Fairgate Estates Ltd, and Fairgate Developments Ltd. These loans are secured on the investment properties and on the stock of properties of these companies and are guaranteed by them.

## **Fairgate Investments Ltd**

### **Notes to the financial statements for the year ended 31 December 2011**

continued

#### **11. Related party transactions**

A fellow subsidiary Sealand (General Exporters) Ltd incurs all the day to day running expenses which are then recharged to Fairgate companies at the end of the year based on resources consumed by each company. A total of £31,296 (2010 : £33,957) was charged to the company for the year. The Company was charged a management charge of £37,134 (2010 : £21,651) by its parent company, Fairgate Group Ltd in respect of services provided for the year.

During the year, Fairgate Group Ltd, paid interest on loans secured on properties held by its subsidiaries. This interest has been apportioned to the subsidiaries. The total amount apportioned to Fairgate Investments Ltd was £309,635 ( 2010 - £261,279).

#### **12. Ultimate parent undertaking**

The company is a subsidiary undertaking of Fairgate Group Ltd. The ultimate controlling party is Lurego Foundation, a family trust based in Liechtenstein.

#### **13. Going concern**

The deficiency in net assets has been caused mainly due to the amounts owed to the group undertakings of £18.3m. The directors consider that they have taken in to account all the information that could reasonably be expected to be available. On this basis, in their opinion, it is appropriate to prepare the financial statements on the going concern basis.