

**FAIRGATE INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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28/09/2017

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**FAIRGATE INVESTMENTS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Sir (Chief) L O Akindele R A Akindele
<b>Registered number</b>	02317867
<b>Registered office</b>	22-24 Ely Place London EC1N 6TE
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Euro House 1394 High Road London N20 9YZ

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**FAIRGATE INVESTMENTS LIMITED**

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**FAIRGATE INVESTMENTS LIMITED**  
**REGISTERED NUMBER: 02317867**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	4	176,000	184,800
Investment property	5	31,900,000	31,900,000
		<u>32,076,000</u>	<u>32,084,800</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	1,175,604	1,093,827
Cash at bank and in hand	7	247,967	251,930
		<u>1,423,571</u>	<u>1,345,757</u>
Creditors: amounts falling due within one year	8	(24,121,161)	(15,049,461)
<b>Net current liabilities</b>		<u>(22,697,590)</u>	<u>(13,703,704)</u>
<b>Total assets less current liabilities</b>		<u>9,378,410</u>	<u>18,381,096</u>
Creditors: amounts falling due after more than one year	9	-	(9,510,000)
<b>Provisions for liabilities</b>			
Deferred tax	12	(1,531,321)	(1,595,296)
		<u>(1,531,321)</u>	<u>(1,595,296)</u>
<b>Net assets</b>		<u><u>7,847,089</u></u>	<u><u>7,275,800</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	100,000	100,000
Profit and loss account		7,747,089	7,175,800
		<u><u>7,847,089</u></u>	<u><u>7,275,800</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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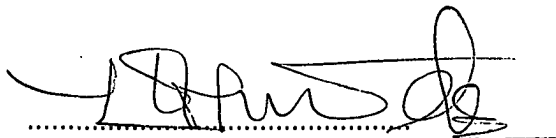
**FAIRGATE INVESTMENTS LIMITED**  
**REGISTERED NUMBER: 02317867**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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

Date: **23/09/2017**

The notes on pages 3 to 11 form part of these financial statements.

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## **FAIRGATE INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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

##### **1.1 Basis of preparation of financial statements**

Fairgate Investments Limited is a UK private company limited by shares, incorporated in England and Wales. The address of the registered office is stated on the company information.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

There were no judgments made by the directors in the application of the accounting policies which have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year. The financial statements are presented in £ sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

##### **1.2 Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will be able to continue trading for the foreseeable future. The company has net current liabilities of £22,697,590 at the balance sheet date. The company is funded by group loans of £13,353,297 included in current liabilities and bank loans of £9,150,000. The ultimate parent company has stated that it intends, without creating a contractual obligation, to provide such support as may be necessary. The directors are therefore satisfied that the going concern basis is appropriate for the preparation of these financial statements.

##### **1.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Rental income invoiced in advance is included in deferred income in creditors. The following criteria must also be met before revenue is recognised:

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.4 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 25 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**1.5 Investment property**

Investment property is carried at fair value determined annually by external valuers or by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income, net of relevant tax.

**1.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.8 Financial instruments (continued)**

to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 Interest charge**

Interest charged is recognised in the Statement of Comprehensive Income as it falls due.

Interest due on bank loans where group companies are party to the loan agreement is recognised in the Statement of Comprehensive Income of the group company to the extent that the loan amount is attributable to that company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.11 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**1.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2. Auditors' remuneration**

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £7,000 (2015 - 8,628).

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**FAIRGATE INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**3. Employees**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	55,643	81,230
	<u>55,643</u>	<u>81,230</u>

Wages and salaries included above represent the recharge of expenses relating to wages and salaries of company personnel paid through Fairgate Group Limited, the immediate parent company.

The directors of the company are also directors of other companies within the group to which the company belongs. The directors are remunerated by Fairgate Group Limited, the parent company.

The average monthly number of employees, including directors, during the year was 2 (2015 - 2).

**4. Tangible fixed assets**

	Fixtures and fittings £
<b>Cost or valuation</b>	
At 1 January 2016	220,000
At 31 December 2016	<u>220,000</u>
<b>Depreciation</b>	
At 1 January 2016	35,200
Charge for the period on owned assets	8,800
At 31 December 2016	<u>44,000</u>
<b>Net book value</b>	
At 31 December 2016	<u>176,000</u>
At 31 December 2015	<u>184,800</u>

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**FAIRGATE INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 January 2016	<b>31,900,000</b>
<b>At 31 December 2016</b>	<b>31,900,000</b>

The investment property portfolio was revalued at 31 December 2015 by Jones Lang LaSalle, Chartered surveyors, on an open market existing use basis. Jones Lang LaSalle is a member of the Royal Institution of Chartered Surveyors. The investment property was valued by the directors at 31 December 2016.

Bank loans held by the Company's parent company, Fairgate Group Limited are secured on the investment properties held by the Company.

**6. Debtors**

	<b>2016 £</b>	<b>2015 £</b>
Trade debtors	<b>671,064</b>	605,358
Amounts owed by group undertakings	<b>482,356</b>	482,356
Prepayments and accrued income	<b>22,184</b>	6,113
	<b>1,175,604</b>	1,093,827

Trade debtors include £486,272 (2015 - £511,424) due in greater than one year.

**7. Cash and cash equivalents**

	<b>2016 £</b>	<b>2015 £</b>
Cash at bank and in hand	<b>247,967</b>	251,930
	<b>247,967</b>	251,930

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**FAIRGATE INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**8. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans (note 10)	9,150,000	-
Amounts owed to group undertakings	13,353,297	13,507,327
Amounts owed to other related parties	520,000	520,000
Corporation tax	216,563	129,212
Other taxation and social security	72,306	70,249
Other creditors	233,813	295,393
Accruals and deferred income	575,182	527,280
	<u>24,121,161</u>	<u>15,049,461</u>

The bank loan included above is due to The Co-operative Bank PLC and bears interest at LIBOR + 3.75% and is secured on investment properties.

**9. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Bank loans (note 10)	-	9,510,000
	<u>-</u>	<u>9,510,000</u>

**10. Loans**

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Bank loans	9,150,000	-
	<u>9,150,000</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	9,510,000
	<u>-</u>	<u>9,510,000</u>
	<u>9,150,000</u>	<u>9,510,000</u>

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**FAIRGATE INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**11. Other financial commitments**

The company is party to the group's loan agreement with Barclays Bank Plc. Bank loans of £45,395,000 (2015 - £30,875,000) reflected in the financial statements of the parent company is due, secured and guaranteed by way of fixed and floating charges over the assets held by subsidiary companies. The bank loan is included in the financial statements of the parent company, Fairgate Group Limited, the principal borrower.

The terms of the agreement express the amount of the loan allocated to each subsidiary company. As set out in note 1.10, interest is recognised as a charge to the Statement of Comprehensive Income in each of the subsidiary companies in accordance with this allocation. As a result, interest of £262,120 (2015: £169,239) was recognised by the company.

**12. Deferred taxation liability**

	2016 £	2015 £
At beginning of year	1,595,296	1,683,472
Charged to profit or loss	(63,975)	(88,176)
<b>At end of year</b>	<b>1,531,321</b>	<b>1,595,296</b>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	100,800	80,627
Capital gains	1,430,521	1,514,669
	<b>1,531,321</b>	<b>1,595,296</b>

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## FAIRGATE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 13. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

#### 14. Related party transactions

The Company was charged a management charge of £179,841 (2015: £294,637) by its parent company, Fairgate Group Limited, in respect of services provided for the year. As at the year end, the company owed £5,683,926 (2015: £5,860,457) to Fairgate Group Limited.

During the year, Fairgate Group Limited, the parent company, paid interest on bank loans secured on properties held by its subsidiaries. This interest has been apportioned to the subsidiaries. The amount apportioned to Fairgate Investments Limited was £262,120 (2015: £169,239)

During the year, Fairgate Group Limited, the parent company, was charged interest on loans advanced from Transcontinental Commodities Limited, a company incorporated in the Cayman Islands. Transcontinental Commodities Limited is a related party of Fairgate Group Limited and its subsidiaries as the director of Fairgate Group Limited exert significant over operations of Transcontinental Commodities Limited. The total interest charged to Fairgate Group Limited has been apportioned to the subsidiaries of Fairgate Group Limited. The amount apportioned to Fairgate Investments Limited was £59,391 (2015: £41,234).

Amounts owed to / from fellow subsidiaries of Fairgate Group Limited are included in notes 6 and 8 of the accounts. The loans are unsecured, interest free and repayable on demand.

#### 15. Ultimate parent undertaking

The company is a subsidiary of Fairgate Group Limited, incorporated in England and Wales. The immediate parent company of Fairgate Group Limited is Continental Holdings S.A., incorporated in Luxembourg. The ultimate controlling party is Lurego Trust, registered in Guernsey.

The largest and smallest group in which the results of the company are consolidated is that headed by Continental Holdings S.A. The consolidated accounts for this group are not available to the public.

#### 16. Auditors' information

The Independent Auditors' Report on these financial statements was unqualified. The name of the Senior Statutory Auditor who signed the audit report was Brendan M Sharkey FCA who signed for and on behalf of MHA MacIntyre Hudson.