

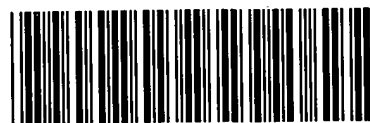
**Fairgate Investments Ltd**

**Directors' report and financial  
statements**

**Registered number 02317867**

**31 December 2014**

WEDNESDAY



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## **Directors' report**

The directors present their directors' report and financial statements of Fairgate Investments Limited ("The Company") for the year ended 31 December 2014.

### **Principal activity**

The principal activity of the company throughout the year continued to be that of a property trading and property investment company.

### **Business Review**

The result for the year is shown in the profit and loss account on page 5.

### **Dividends**

The directors do not propose the payment of a dividend (2013: £nil).

### **Directors**

The directors who held office during the year were as follows:

Sir (Chief) L O Akindele  
Rosaline Atema Akindele

### **Political and charitable donations**

During the year the Company made no political or charitable donations (2013: £nil).

### **Disclosure of information to auditor**

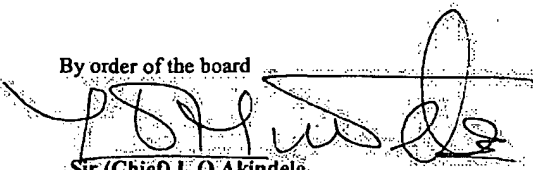
The directors who held office at the date of approval of this directors' report confirm that,

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Sir (Chief) L O Akindele  
Director

22-24 Ely Place  
London  
EC1N 6TE

29 September 2015

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Fairgate Investments Limited**

We have audited the financial statements of Fairgate Investments Limited for the year ended 31 December 2014, set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 auditor**

As explained more fully in the Statement of directors' responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 period for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Fairgate Investments Limited**  
(continued)

**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 take advantage of the small companies' exemption for the requirement to prepare a strategic report.

**Ashley Rees (Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL  
United Kingdom

30 September 2015

**Profit and loss Account**  
 for the year ended 31 December 2014

	Note	2014 £	2013 £
<b>Turnover</b>	2	1,398,799	1,414,986
Administration expenses		(535,416)	(352,069)
		<u>863,383</u>	<u>1,062,917</u>
<b>Operating profit</b>	3	863,383	1,062,917
Interest receivable and similar income	4	306	306
Interest payable and similar charges	5	(629,878)	(634,021)
		<u>233,505</u>	<u>429,202</u>
<b>Profit on ordinary activities before tax</b>		233,505	429,202
Tax on profit on ordinary activities	6	(63,122)	(30,857)
		<u>170,383</u>	<u>398,345</u>
<b>Profit for the financial year</b>		170,383	398,345

The results stated above are all derived from continuing operations.

A note of historical cost gains and losses has not been included as part of these financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

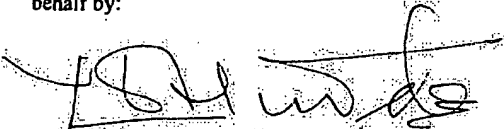
The notes on pages 8 to 15 form part of these financial statements.

**Balance sheet**  
**as at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	8	193,600	202,400
Investments	7	31,530,000	26,120,000
<b>Current assets</b>			
Debtors	9	891,065	1,150,704
Cash at bank and in hand		265,516	313,720
		<u>1,156,581</u>	<u>1,464,424</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(15,350,102)</b>	<b>(15,541,003)</b>
<b>Net current (liabilities)/assets</b>		<b>(14,193,521)</b>	<b>(14,076,579)</b>
<b>Total assets less current liabilities</b>		<b>17,530,079</b>	<b>12,245,821</b>
<b>Creditors: amounts falling due after more than one year</b>	11	<b>(9,550,000)</b>	<b>(9,880,000)</b>
<b>Provision for Liabilities</b>		<b>(19,405)</b>	<b>(16,925)</b>
<b>Net funds/(liabilities)</b>		<b>7,960,674</b>	<b>2,348,896</b>
<b>Capital and reserves</b>			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	8,044,826	2,603,431
Profit and loss account	14	(184,152)	(354,535)
<b>Shareholders' funds/(deficit)</b>	15	<b>7,960,674</b>	<b>2,348,896</b>

The notes on pages 8 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 29 September 2015 and were signed on its behalf by:

  
Sir (Chief) L O Akindele  
Director



**Statement of total recognised gains and losses**  
*for the year ended 31 December 2014*

	2014	2013
	£	£
<b>Profit for the financial year</b>	<b>170,383</b>	<b>398,345</b>
Unrealised surplus on revaluation of properties	5,410,000	2,605,147
<b>Total recognised gains/(losses) for the financial year</b>	<b>5,580,383</b>	<b>3,003,492</b>
Prior year adjustment (note 1)	-	329,114
<b>Total recognised gains since last annual report</b>	<b>5,580,383</b>	<b>3,332,606</b>

The notes on pages 8 to 15 form part of these financial statements.



**Notes (continued)**

**Prior Year Restatement**

In years prior to 2013, no revenue or corresponding debtor was recognised in the financial statements during the rent free period of a lease. The accounting treatment applied followed the cash receipts. Revenue should be recognised evenly over the rent free period until the first rent review. As a result, a prior year restatement was made in 2013 to increase 2012 revenue and accrued revenue by £460,830, with the same adjustment being reflected in the closing profit and loss reserve account.

In 2012, freehold improvements were capitalised to investments in excess of the market value by £131,715. However, the £131,715 loss on revaluation was not recognised in the revaluation reserves in 2012. Therefore, a prior year restatement was made in 2012 to decrease the carrying amount of investments and the revaluation reserves by £131,715 in 2012.

**2 Analysis of turnover**

Turnover is attributable to the Company's continuing principal activities and arose in the United Kingdom.

**3 Operating Profit**

Operating profit is stated after charging:	2014	2013
	£	£
Depreciation and other amounts written off tangible assets	8,800	8,800
Auditor's remuneration	8,628	8,628
	<u>          </u>	<u>          </u>

**4 Interest receivable and similar income**

	2014	2013
	£	£
Bank interest	306	306
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

**5 Interest payable and similar charges**

	2014	2013
	£	£
Bank interest	629,878	634,021
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Taxation

	2014 £	2013 £
<i>UK corporation tax:</i>		
Current tax on income for the period	60,642	13,932
	<u>60,642</u>	<u>13,932</u>
Total current tax	60,642	13,932
	<u>60,642</u>	<u>13,932</u>
<i>Deferred tax (note 12)</i>		
Deferred tax charge for the year	2,480	16,925
	<u>2,480</u>	<u>16,925</u>
Tax on profit on ordinary activities	63,122	30,857
	<u>63,122</u>	<u>30,857</u>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the period is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25 %). The differences are explained below:

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	233,505	429,202
	<u>233,505</u>	<u>429,202</u>
Current tax at 21.50% (2013: 23.25%)	50,188	99,774
	<u>50,188</u>	<u>99,774</u>
<i>Effects of:</i>		
Adjustments to brought forward values	16,722	605,608
Expenses not deductible for tax purposes	8,562	9,002
Capital allowances for period in excess of depreciation	(2,665)	(3,964)
Utilisation of tax losses	(12,165)	(696,488)
	<u>(12,165)</u>	<u>(696,488)</u>
Total current tax charge	60,642	13,932
	<u>60,642</u>	<u>13,932</u>

**Notes (continued)**

**7 Fixed assets investments**

	<b>Investment properties £</b>
<b>Cost</b>	
As at 1 January 2014	26,120,000
Revaluation	5,410,000
	<hr/>
As at 31 December 2014:	31,530,000
	<hr/>
<b>Net Book Value</b>	
At 1 January 2014	26,120,000
	<hr/>
<b>31 December 2014</b>	<b>31,530,000</b>
	<hr/>

The investment property portfolio was revalued at 31 December 2014 by Jones Lang La Salle, Chartered Surveyors, on an open market existing use basis. Jones Lang La Salle is a member of the Royal Institution of Chartered Surveyors.

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

**Notes (continued)**

**8 Tangible fixed assets**

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 January 2014 and 31 December 2014	220,000	220,000
<b>Depreciation</b>		
At 1 January 2013	17,600	17,600
Charge for the year	8,800	8,800
At 31 December 2014	26,400	26,400
<b>Net book value</b>		
At 31 December 2014	193,600	193,600
At 31 December 2013	202,400	202,400

**9 Debtors**

	2014 £	2013 £
Trade debtors	74,161	194,104
Amounts owed by group undertakings	482,356	482,356
Prepayments and accrued income	334,548	474,244
	<b>891,065</b>	<b>1,150,704</b>

**10 Creditors: amounts falling due within one year**

	2014 £	2013 £
Bank loan	320,000	320,000
Amounts owed to group undertakings	13,574,393	13,738,407
Amounts owed to connected companies	520,000	471,369
Other creditors	340,387	374,836
Accruals and deferred income	534,680	622,459
Corporation tax	60,642	13,932
	<b>15,350,102</b>	<b>15,541,003</b>

Bank loans are secured on the investment properties.

**Notes (continued)**

**11 Creditors: amounts falling due after more than one year**

	2014 £	2013 £
Bank loan	9,550,000	9,880,000

Borrowings are repayable as follows:

	2014 £	2013 £
Within a year	320,000	320,000
After one year and within two years	320,000	360,000
After two years and within five years	9,230,000	9,520,000
	<u>9,870,000</u>	<u>10,200,000</u>

The loan bears interest at LIBOR + 3.75% and is secured on investment properties.

**12 Provision for liabilities**

Deferred tax has been recognised in the financial statements at 20%.

The movement in the deferred tax liability during the year was:

	2014 £	2013 £
At 1 January 2014	16,925	-
Profit and loss account charge	2,480	16,925
	<u>19,405</u>	<u>16,925</u>

The provision for deferred tax consists of the tax effect of timing differences in respect of:

	2014 £	2013 £
Accelerated capital allowances	19,405	16,925

**13 Called up share capital**

	2014 £	2013 £
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	100,000	100,000

## Notes (continued)

### 14 Reserves

	Revaluation Reserve	Profit and loss account	Total
	£	£	£
At beginning of the year	2,603,431	(354,535)	2,248,896
Profit for the year		170,383	170,383
Revaluation of investment property	5,410,000		5,410,000
Other movements	31,395		31,395
At end of year	8,044,826	(184,152)	7,860,674

### 15 Reconciliation of movement in shareholders' deficit

	2014 £	2013 £
Opening shareholders' surplus/ (deficit)	2,348,896	(654,596)
Revaluation of investment property	5,410,000	2,605,147
Profit for the year	170,383	398,345
Other movements	31,395	
Closing shareholders' funds	7,960,674	2,348,896

### 16 Contingent Liabilities

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

### 17 Related party disclosures

The Company was charged a management charge of £79,640 (2013: £82,372) by its parent company, Fairgate Group Ltd in respect of services provided for the year.

As at the year end, the company owed £5,914,522 (2013: £5,973,537) to its parent company, Fairgate Group Ltd.

During the year, Fairgate Group Ltd, 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 Ltd was £180,687.

During the year, Fairgate Group Ltd, the parent company, was charged interest on loans advanced from Transcontinental Commodities Ltd, a company incorporated in the Cayman Islands. Transcontinental Commodities Ltd is a related party of Fairgate Group Ltd and its subsidiaries as the directors of Fairgate Group Limited exert significant influence over the operations of Transcontinental Commodities Ltd. The total interest charged to Fairgate Group Ltd has been apportioned to the subsidiaries of Fairgate Group Ltd. The amount apportioned to Fairgate Investments Ltd was £39,841 (2013: £38,725).



## Notes (continued)

### 17 Related party disclosures (continued)

Amounts owed (to)/from fellow subsidiaries of Fairgate Group Ltd are as follows:

	2014 £	2013 £
Fairgate Developments Ltd	(2,423,501)	(2,502,001)
Fairgate Securities Ltd	(2,901,879)	(2,901,879)
Fairgate International Ltd	194,056	194,056
Fairgate Property Trading Ltd	288,300	288,300
Fairgate Enterprises Ltd	(100,187)	(100,187)
Fairgate Estates Ltd	(2,234,304)	(2,246,304)

### 18 Ultimate parent undertaking

The company is a subsidiary of Fairgate Group Ltd, incorporated in England and Wales. The immediate parent company is Continental Holdings S.A, incorporated in Luxembourg. The ultimate controlling party is Lurego Trust which is 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 of this group are not available to the public.