

**LABYRINTH ESTATES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**Company No: 3833200**

WEDNESDAY



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# **LABYRINTH ESTATES LIMITED**

## **DIRECTOR AND OFFICERS**

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### **DIRECTOR**

W K Procter

### **SECRETARIES**

I Rapley  
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

# **LABYRINTH ESTATES LIMITED**

## **DIRECTOR'S REPORT**

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

### **Principal activities**

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

### **Review of the business and future developments**

The director is satisfied with the results in the year and with the financial position of the company at the year end

### **Results and Dividends**

The profit for the period was £11,632 (2005 £2,792 loss) The director does not recommend the payment of a dividend

### **Investment properties**

The investment properties have been valued on an actuarial basis at £986,667 (2005 £400,000) The increase in value in the year amounted to £586,667 (2005 £400,000)

### **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

# **LABYRINTH ESTATES LIMITED**

## **DIRECTOR'S REPORT**

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### **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

28 April 2008

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LABYRINTH ESTATES LIMITED**

We have audited the financial statements on pages 5 to 11

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 December 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 1UW

30 April 2008

**LABYRINTH ESTATES LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	Year ended 31 December 2006 £	Period ended 31 December 2005 £
<b>Turnover</b>	1	27,987	1,488
Administration costs		(16,969)	(4,000)
<b>Operating profit/(loss)</b>		11,018	(2,512)
Interest receivable		866	-
Interest payable and similar charges	2	(252)	(280)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	11,632	(2,792)
Tax on profit/(loss) on ordinary activities	5	-	-
<b>Retained profit/(loss) for the financial year</b>	12	£ 11,632	£ (2,792)

The operating profit/(loss) for the year arises from continuing operations

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

		Year ended 31 December 2006 £	Period ended 31 December 2005 £
Profit/(loss) for the financial year		11,632	(2,792)
Unrealised surplus on valuation of investment properties	6	586,667	400,000
<b>Total recognised gains and losses</b>		£ 598,299	£ 397,208

# LABYRINTH ESTATES LIMITED

## BALANCE SHEET

AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Investment properties	6	986,667	400,000
<b>Current assets</b>			
Debtors due within one year	7	12,178	1,488
<b>Creditors: amounts falling due within one year</b>	8	(3,336)	-
<b>Net current assets</b>		8,842	1,488
<b>Total assets less current liabilities</b>		995,509	401,488
<b>Creditors: amounts falling due after more than one year</b>	9	-	(4,278)
<b>Net assets</b>		£ 995,509	£ 397,210
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Revaluation reserve	12	986,667	400,000
Profit and loss account	12	8,840	(2,792)
<b>Shareholders' funds</b>	12	£ 995,509	£ 397,210

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 28 April 2008 and are signed on its behalf by

  
**W K Procter**  
 Director

# **LABYRINTH ESTATES LIMITED**

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

### **ACCOUNTING POLICIES**

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#### **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 No 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 periods to run

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

This treatment, as regards certain of 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

#### **Turnover**

Turnover comprises rent receivable, administration fees and insurance commission from investment properties

#### **Deferred taxation**

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 10

#### **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 sections 246 to 249 of the Companies Act 1985



# LABYRINTH ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

<b>1 Turnover</b>	<b>Year ended 31 December 2006 £</b>	<b>Period ended 31 December 2005 £</b>
Rent receivable	23,620	1,488
Administration fees	3,750	-
Insurance commission	617	-
	<u>£ 27,987</u>	<u>£ 1,488</u>
<b>2 Interest payable and similar charges</b>	<b>Year ended 31 December 2006 £</b>	<b>Period ended 31 December 2005 £</b>
Interest on parent company loan	252	-
Finance charges written off on refinancing	7,421	-
Amortisation of finance charges	1,057	280
	<u>£ 8,730</u>	<u>£ 280</u>
<b>3 Loss on ordinary activities before taxation</b>	<b>Year ended 31 December 2006 £</b>	<b>Period ended 31 December 2005 £</b>
The loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration	4,000	4,000

Auditors' remuneration is due to Baker Tilly UK Audit LLP for 2006 (2005 due to Baker Tilly, Chartered Accountants)

#### **4 Employees and director**

There were no employees during the year other than the directors who received no remuneration for their services

# LABYRINTH ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

5 Taxation	Year ended 31 December 2006 £	Period ended 31 December 2005 £
Current tax		
UK corporation tax on losses of the year	-	-
Total current tax	-	-
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	11,632	(2,792)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	3,490	(838)
Effects of		
Losses utilised/carry forward	(838)	838
Utilisation of group relief	(2,652)	-
Current tax charge for the year	£ -	£ -

The company has estimated losses of £Nil (2005 £2,792) available to carry forward against future trading profits

No deferred tax asset has been recognised in respect of these losses due to uncertainty of recovery

#### 6 Fixed assets

Investment properties:	Freehold reversionary interests £
Valuation	
As at 1 January 2006	400,000
Revaluation surplus	586,667
As at 31 December 2006	£ 986,667

The freehold investment properties represent a portfolio of ground rents

The investment properties were valued as at 31 December 2006 by the director at £986,667 (2005 £400,000)

The historical cost of the property was £Nil (2005 £Nil)

# LABYRINTH ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

<b>7 Debtors</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts due within one year		
Trade debtors	8,354	-
Amounts owed by parent undertaking	3,824	-
Prepayments and accrued income	-	1,488
	<u>£ 12,178</u>	<u>£ 1,488</u>

<b>8 Creditors - amounts falling due within one year:</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	£ 3,336	£ -

<b>9 Creditors - amounts falling due in more than one year:</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amount due to parent undertaking	£ -	£ 4,278

#### 10 Deferred taxation

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 £986,667 (2005 £400,000). It is estimated that if the property were to be sold at that valuation the tax liability would amount approximately to £279,829 (2005 £120,000).

<b>11 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Authorised		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
Allotted, issued and fully paid		
2 ordinary shares of £1 each	£ 2	£ 2

# LABYRINTH ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 12 Reserves and reconciliation of movements in shareholders' funds

	Revaluation reserve £	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholder's funds	400,000	2	(2,792)	397,210
Profit for the year	-	-	11,632	11,632
Revaluation surplus	586,667	-	-	586,667
<b>Closing shareholders' funds</b>	<b>986,667</b>	<b>2</b>	<b>8,840</b>	<b>£ 995,509</b>

#### 13 Contingent liability

The company has given an unlimited guarantee supported by a debenture and a charge over the company's investment properties in respect of some of the indebtedness of its parent company Fairhold Holdings (2006) Appts Limited, and fellow group undertakings Fairhold Holdings (2006) RPI Limited and Fairhold Holdings (2006) Houses Limited. The company has also given unlimited guarantees in respect of some of the indebtedness of the related parties Fairhold Holdings (2005) Limited and Fairhold Homes Investment (No 9) AL Limited. These parties are related by virtue of common directors. At 31 December 2006 the total amount outstanding subject to those guarantees was £68,198,534.

#### 14 United Kingdom holding company

The company is a wholly owned subsidiary undertaking of Fairhold Holdings (2006) Appts 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.

#### 15 Ultimate holding company

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

#### 16 Ultimate controlling party

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

#### 17 Related party transactions

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.

During the year the company incurred a management charge of £10,519 (2005: £Nil) from Estates & Management Limited, a related party by virtue of common directors. Interest of £866 was paid by Estates & Management Limited on amounts owed to the company during the year. At the year end the amount due from Estates & Management Limited was £Nil (2005: £Nil).