

# Lanemore Limited

## FINANCIAL STATEMENTS

for the year ended

31 May 2010

Company Registration No 03941320

FRIDAY



A50 11/02/2011 76  
COMPANIES HOUSE

# Lanemore Limited

## COMPANY INFORMATION

---

DIRECTORS	R Tchenguiz V A Tchenguiz
SECRETARY	M H P Ingham
COMPANY NUMBER	03941320 (England & Wales)
REGISTERED OFFICE	4th Floor Leconfield House Curzon Street London W1J 5JA
AUDITORS	Baker Tilly UK Audit LLP The Clock House 140 London Road Guildford Surrey GU1 1UW
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

---

# Lanemore Limited

## DIRECTORS' REPORT

For the year ended 31 May 2010

---

The directors present their report and the financial statements of Lanemore Limited for the year ended 31 May 2010

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company which has remained unchanged during the year was property investment by holding lease interests in land and buildings

No new finance leases have been initiated during the year and the finance lease debtor at 31 May 2010 amounted to £11 007 371. The original cost of the finance lease was £10 072 285 as set out in note 7

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2010 were satisfactory, given the support of Rotch Property Group Limited

### KEY PERFORMANCE INDICATORS

The directors use the following key indicators to measure performance

	2010	2009
Interest turnover cover	123%	122%

### RISKS AND UNCERTAINTIES

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

The company is exposed to interest rate risk, lessee credit risk, cash flow risk, market value risk and third party risk

#### Interest rate risk

The risk has been mitigated by the company only being party to fixed interest rate loans

#### Lessee credit risk

The risk has been mitigated by the company only taking on appropriate lessees with credit checks undertaken by Prime Estates Property Management Limited, a fellow group company

#### Cash flow risk

The company minimises its cash flow risk of non performance on its loan agreements by minimising its lessee credit risk and by utilising financial instruments to regularise the future rent levels

#### Market value risk

The company is not exposed to a loan default resulting from a fall in property values as the loan agreement does not include a loan to value covenant

#### Third party risk

The company is exposed to third party risk as the company's assets and undertakings are charged in respect of loan finance provided to fellow group companies under cross-guarantee and cross-collateralisation arrangements (see note 9). The risk has been mitigated by the loan finance not including any loan to value covenants

# Lanemore Limited

## DIRECTORS' REPORT (CONTINUED)

For the year ended 31 May 2010

---

### DIVIDENDS

The directors do not recommend payment of a dividend

### DIRECTORS

The following directors have held office since 1 June 2009

R Tchenguiz

V A Tchenguiz

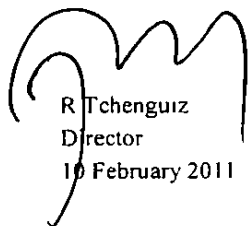
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

The auditor Baker Tilly UK Audit LLP Chartered Accountants has indicated its willingness to continue in office

On behalf of the board



R Tchenguiz  
Director  
10 February 2011

# Lanemore Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- d 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.

# Lanemore Limited

## INDEPENDENT AUDITOR'S REPORT

### To The Members Of Lanemore Limited

---

We have audited the financial statements on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 the directors and auditors**

As more fully explained in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit**

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

#### **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 May 2010 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006.

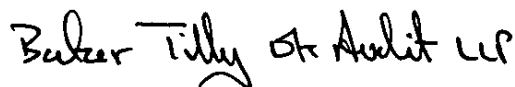
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial 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.



David Worrow FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP Statutory Auditor

Chartered Accountants

The Clock House

140 London Road

Guildford

Surrey

GU1 1UW

10 February 2011

**Lanemore Limited**  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 May 2010

	Notes	2010 £	2009 £
TURNOVER	1	824 423	821 374
Other operating expenses	2	(7 500)	(7,500)
OPERATING PROFIT		816 923	813 874
Interest payable and similar charges	3	(691 928)	(677 293)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	124 995	136,581
Taxation	6	(75 903)	(73,818)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	49,092	62,763

All amounts derive from continuing activities

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

# Lanemore Limited

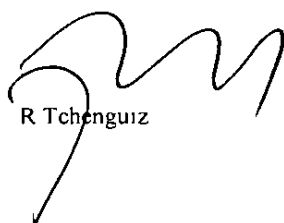
## BALANCE SHEET

As at 31 May 2010

Company registration No 03941320

	Notes	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	7	704,692	654 382
Debtors amounts falling due after more than one year	7	11 074 050	11,011 970
		<u>11,778 742</u>	<u>11 666 352</u>
<b>CREDITORS Amounts falling due within one year</b>	8	<u>(179 202)</u>	<u>(162 682)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11 599 540	11 503 670
<b>CREDITORS Amounts falling due after more than one year</b>	9	(11 704 489)	(11 733 614)
<b>PROVISIONS FOR LIABILITIES</b>	10	<u>(697 287)</u>	<u>(621,384)</u>
<b>NET LIABILITIES</b>		<u><u>(802,236)</u></u>	<u><u>(851,328)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Profit and loss account	12	<u>(802,237)</u>	<u>(851,329)</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u><u>(802,236)</u></u>	<u><u>(851,328)</u></u>

The financial statements on pages 5 to 13 were approved by the board of directors and authorised for issue on 10 February 2011 and are signed on its behalf by



R Tchenguiz

Director



# Lanemore Limited

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards

The financial statements have been prepared under the historical cost convention

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements

### GOING CONCERN

The company is party to a cross-collateralised funding structure effected via a £100 million loan to a fellow group company Greenflat Limited. The structure has been set up to be principally self-funding.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 15), a related company and have determined that the company has or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

### FINANCE LEASES

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

### CASH FLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

### HEDGING FINANCIAL INSTRUMENTS

Receipts and payments arising from financial instruments entered into in order to fix the interest payable on loans are treated as additions to or reductions from interest payable.

Receipts and payments arising from financial instruments entered into in order to fix the rental income used to determine the finance lease finance charges are treated as additions to or reductions from that rental income.

The fair value of the financial instruments is not recognised in these accounts.

### INVESTMENT DEPOSITS

Investment deposits arise where funding has been provided by way of complex financial instruments and are initially stated as cost. Where the funding is part of a hedging structure utilised to regularise income from rent the investment deposit is amortised at its internal rate of return and the reduction of the investment deposit is treated as an addition to rental income.

Where the funding otherwise has the attributes of loan relationships the carrying value is increased by advances received and by finance charges arising is reduced by payments made. Finance charges are calculated so as to produce a constant charge on the carrying amount.

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2010

---

### 1 TURNOVER

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return over the duration of the lease

2	OTHER OPERATING EXPENSES	2010 £	2009 £
---	--------------------------	-----------	-----------

Administrative expenses	7,500	7,500
-------------------------	-------	-------

3	INTEREST PAYABLE AND SIMILAR CHARGES	2010 £	2009 £
---	--------------------------------------	-----------	-----------

Loan interest payable to group undertakings	667 681	671 368
Finance charges on investment deposits	-	(18,322)
Amortisation of finance costs	24,247	24,247
	<u>691,928</u>	<u>677,293</u>

The credit on the finance charges on investment deposits in 2009 resulted from a reversal of an overprovision in prior years

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 £	2009 £
Profit is stated after charging			
Auditor's remuneration	2 500	2,500	

### 5 EMPLOYEES

There were no employees during the year apart from the directors who received no emoluments

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

6	TAXATION	2010 £	2009 £
	UK Corporation tax		
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge current year	75,903	73,818
	Tax on profit on ordinary activities	<u>75,903</u>	<u>73,818</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>124,995</u>	<u>136,581</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>34,999</u>	<u>38,243</u>
	Effects of		
	Non deductible expenses	51,731	51,384
	Group relief	(13,578)	(21,577)
	UK transfer pricing	2,751	5,768
	Adjustment in respect of finance leases	(75,903)	(73,818)
		<u>(34,999)</u>	<u>(38,243)</u>
	Current tax charge	<u>-</u>	<u>-</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

7 DEBTORS	2010 £	2009 £
Amounts owed by group undertakings	680 117	629 932
Finance lease	11 007 371	10 921 044
Other debtors	328	203
Prepayments and accrued income	90,926	115,173
	<u>11 778,742</u>	<u>11,666 352</u>

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

	2010 £	2009 £
Finance lease	11 007 371	10 921 044
Prepayments	66,679	90,926
	<u>11 074,050</u>	<u>11,011,970</u>

The original cost of the finance lease was £10,072,285 (2009 £10,072,285)

8 CREDITORS amounts falling due within one year	2010 £	2009 £
Loan from group undertaking (note 9)	26,301	11,794
Investment deposit from group undertaking (note 9)	2,825	2,825
Trade creditors	8,041	8,041
Accruals and deferred income	142,035	140,022
	<u>179,202</u>	<u>162,682</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

9 CREDITORS amounts falling due after more than one year	2010 £	2009 £
Investment deposit from group undertaking	517,327	520,152
Loan from group undertaking	11,187,162	11,213,462
	<u>11,704,489</u>	<u>11,733,614</u>
Loan maturity analysis		
In more than one year but not more than two years	43,988	26,301
In more than two years but not more than five years	11,143,174	198,302
In more than five years	-	10,988,859
	<u>11,187,162</u>	<u>11,213,462</u>
Investment deposit maturity analysis		
In more than one year but not more than two years	4,341	2,825
In more than two years but not more than five years	17,571	16,055
In more than five years	495,415	501,272
	<u>517,327</u>	<u>520,152</u>

The group undertaking loan and investment deposit are with Greenflat Limited the funding for which is provided by a third party lender. The loan is repayable by instalments by 2014 and bears interest at a fixed rate of 5.99% per annum. The investment deposit is amortised over the period to 2036.

The loan and investment deposit are secured by a fixed and floating charge over the company's finance lease property. The loan and investment deposit are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other group loans and investment deposits. The total value of the group loans and investment deposits subject to the cross-collateralisation arrangement, including the company's loan and investment deposit are £99,879,308 (2009: £99,984,362) and £3,063,218 (2009: £3,093,808) respectively and the fair value of the financial instruments also subject to the cross-collateralisation is £(34,293,874) (2009: £(25,182,299)).

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

### 10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax liability £
Balance at 1 June 2009	621,384
Profit and loss account	75,903
Balance at 31 May 2010	<u>697,287</u>

The deferred tax liability is made up as follows

	2010 £	2009 £
Other timing differences	<u>697,287</u>	<u>621,384</u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to reverse until 2024.

### 11 SHARE CAPITAL

	2010 £	2009 £
Allotted, issued and fully paid		
Equity		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

### 12 RESERVES

	Profit and loss account £
Balance at 1 June 2009	(851,329)
Profit for the year	49,092
Balance at 31 May 2010	<u>(802,237)</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	49,092	62,763
Opening shareholders' funds	<u>(851,328)</u>	<u>(914,091)</u>
Closing shareholders' funds	<u>(802,236)</u>	<u>(851,328)</u>

# Lanemore Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2010

---

### 14 CONTROL

The company's immediate holding company is Birchlake Limited

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Brookrain Limited the company's ultimate United Kingdom holding company, which is registered in England. Copies of these group accounts are available from Companies House Crown Way, Maindy Cardiff CF14 3UZ

The directors regard the ultimate holding company to be Sunnymist Limited a company incorporated in the British Virgin Islands

The ultimate controlling party is the Tchenguiz Family Trust

### 15 RELATED PARTY TRANSACTIONS

The company is related to fellow subsidiaries of Sunnymist Limited with whom in many cases it has directors in common

One such company is Rotch Property Group Limited ("Rotch") Rotch provides management services to the company. At the balance sheet date, and included within amounts owed by group undertakings, £680,116 (2009 £629,931) was due from that company. Management fees payable for the year amounted to £5,000 (2009 £5,000). No interest accrues on this related party balance.

Rotch has agreed to provide limited support to assist the company in meeting its operational costs as they arise should this be necessary.

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions with fellow group undertakings where 100% of the voting rights are controlled within the group.