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LXB Properties (Thetford) Limited

Report and Financial Statements

Year Ended

31 December 2006

BDO
BDO Stoy Hayward
Chartered Accountants

TUESDAY



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30/10/2007
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LXB Properties (Thetford) Limited

Annual report and financial statements for the year ended 31 December 2006

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Directors

T P Walton
N B T Alford

Secretary and registered office

J Tregoning, 2nd Floor, Grafton House, 2-3 Golden Square, London, W1F 9HR

Company number

4825182

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom Surrey, KT17 1HS

LXB Properties (Thetford) Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a final dividend

Principal activities, review of business and future developments

The principal activity of the company is that of property investment in the United Kingdom

The directors are satisfied with the performance of the company during the year under review

Events since the balance sheet date are detailed in note 16 to the financial statements

Directors

The directors of the company during the year were

T P Walton
N B T Alford

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

LXB Properties (Thetford) Limited

Report of the directors for the year ended 31 December 2006 (Continued)

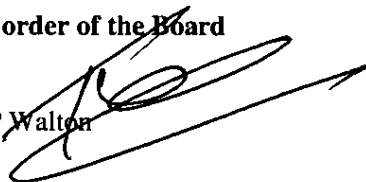
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have indicated their willingness to continue in office

By order of the Board

T P Walton



Director

Date 30/10/07

LXB Properties (Thetford) Limited

Independent auditor's report

To the shareholders of LXB Properties (Thetford) Limited

We have audited the financial statements of LXB Properties (Thetford) Limited for the year ended 31 December 2006 on pages 5 to 14. These financial statements have been prepared under the accounting policies set out on pages 8 to 9

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

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

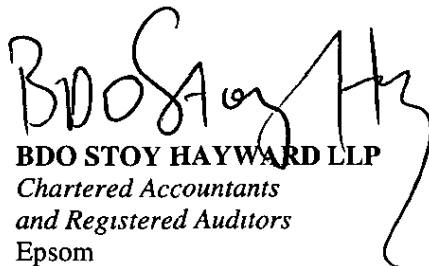
LXB Properties (Thetford) Limited

Independent auditor's report (*Continued*)

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 as at 31 December 2006 and of its profit for the year then ended,
- the financial statements 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


BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
Epsom*

Date 30 October 2007

LXB Properties (Thetford) Limited**Profit and loss account for the year ended 31 December 2006**

	Note	2006 £	2005 £
Turnover	1	84,517	92,184
Direct property costs		159	4,779
		<u> </u>	<u> </u>
Gross profit and operating profit		84,358	87,405
Surplus on disposal of investment properties	5	227,383	-
		<u> </u>	<u> </u>
Profit on ordinary activities before interest and other income		311,741	87,405
Net cost of financing	6	(111,676)	(120,131)
		<u> </u>	<u> </u>
Profit/(loss) on ordinary activities before taxation		200,065	(32,726)
Taxation on profit/(loss) on ordinary activities	7	(68,685)	-
		<u> </u>	<u> </u>
Profit/(loss) on ordinary activities after taxation	12	131,380	(32,726)
		<u> </u>	<u> </u>

All amounts relate to continuing activities

The notes on pages 8 to 14 form part of these financial statements

LXB Properties (Thetford) Limited**Statement of total recognised gains and losses and note of historical cost profits and losses for the year ended 31 December 2006**

	Note	2006 £	2005 £
Statement of total recognised gains and losses			
Profit/(loss) for the financial year		131,380	(32,726)
Unrealised surplus on revaluation of investment properties	13	-	23,850
		<u> </u>	<u> </u>
Total recognised gains and losses for the financial year		131,380	(8,876)
		<u> </u>	<u> </u>
		2006 £	2005 £
Note of historical cost profits and losses			
Reported profit/(loss) on ordinary activities before taxation		200,065	(32,726)
Realisation of property revaluation gains of previous years	12	(69,878)	-
		<u> </u>	<u> </u>
Historical cost profit/(loss) on ordinary activities before taxation		130,187	(32,726)
		<u> </u>	<u> </u>
Retained historical cost profit/(loss) for the year after taxation and dividends		61,502	(32,726)
		<u> </u>	<u> </u>

The notes on pages 8 to 14 form part of these financial statements

LXB Properties (Thetford) Limited

Balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		192,428		1,900,000
Current assets					
Debtors	9	2,001,684		-	
Creditors: amounts falling due within one year	10	2,048,524		1,885,792	
Net current liabilities			(46,840)		(1,885,792)
Total assets less current liabilities			145,588		14,208
Capital and reserves					
Called up share capital	11		2		2
Share premium account	12		47,361		47,361
Revaluation reserve	12		-		69,878
Profit and loss account	12		98,225		(103,033)
Shareholder's funds	13		145,588		14,208

The financial statements were approved by the board of directors and authorised for issue on 30/10/07


T P Walton
Director

The notes on pages 8 to 14 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The financial statements are in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements (Revised 1996)", not to prepare a cash flow statement on the grounds that the company qualifies as a small company under s247 of the Companies Act 1985.

Turnover

Turnover arises from activities in the United Kingdom and comprises rents receivable from investment properties.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19, "Accounting for investment properties", completed freehold investment properties are revalued annually to open market value. Investment properties under development are stated at cost, less any provision for diminution in value.

No depreciation is provided on investment properties. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Additions to investment properties include only costs of a capital nature.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

LXB Properties (Thetford) Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*continued*)

Deferred taxation

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

2 Auditors' remuneration

The auditors' remuneration will be borne by the ultimate parent undertaking. Fees for the audit of the company were £1,000.

The consolidated accounts of LXB Smalco Limited disclose details of non-audit fees paid to the company's auditors.

3 Employees

The company employed no staff in the year (2005 - nil).

4 Directors' remuneration

No director received any emoluments during the current year (2005 - £NIL).

LXB Properties (Thetford) Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)**

5 Surplus on disposal of investment properties

	2006 £	2005 £
Gross proceeds on sale	2,000,000	-
Historical cost of properties sold	(1,677,372)	-
	<hr/>	<hr/>
Historical cost profit	322,628	-
Valuation surplus of prior years realised	(69,878)	-
	<hr/>	<hr/>
Surplus above carrying value	252,750	-
Selling expenses	(25,367)	-
	<hr/>	<hr/>
Profit on sale of investment properties	227,383	-
	<hr/>	<hr/>

6 Net cost of financing

	2006 £	2005 £
Interest payable on loans from fellow group undertakings	111,676	120,131
	<hr/>	<hr/>

LXB Properties (Thetford) Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

7 Taxation on profit/(loss) on ordinary activities

	2006 £	2005 £
<i>UK Corporation tax</i>		
UK corporation tax	68,685	-
	<u>68,685</u>	<u>-</u>

The tax assessed for the year varies from the standard rate of corporation tax in the UK. A reconciliation is provided below:

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	200,065	(32,726)
	<u>200,065</u>	<u>(32,726)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	60,020	(9,818)
Effect of:		
Accounting surplus on sale of investment properties	(68,215)	-
Chargeable gain on disposal of investment properties	43,377	-
Group relief surrendered	33,503	9,818
	<u>68,685</u>	<u>-</u>
Current tax charge for period	68,685	-
	<u>68,685</u>	<u>-</u>

8 Investment properties

	Freehold properties and options to purchase properties at cost £
<i>Cost or valuation</i>	
At 1 January 2006	1,900,000
Additions	39,678
Disposals	(1,747,250)
	<u>192,428</u>
At 31 December 2006	192,428
	<u>192,428</u>
At 31 December 2005	1,900,000
	<u>1,900,000</u>

LXB Properties (Thetford) Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

8 Tangible fixed assets (continued)

The historical cost of the properties is £192,428 (2004 - £1,830,122)

On 18 December 2006, the company unconditionally exchanged on the sale of its investment property
On 9 January 2007, the company sold its investment property in Thetford to a third party for a total consideration of £2m

9 Debtors

	2006 £	2005 £
Trade debtors	21,187	-
Other debtors	1,980,497	-
	<u>2,001,684</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	1,954,472	1,866,519
Corporation tax	68,685	-
Other creditors	25,367	-
Accruals and deferred income	-	19,273
	<u>2,048,524</u>	<u>1,885,792</u>

11 Share capital

	2006 £	Authorised 2005 £	Allotted, called up and fully paid 2006 £	2005 £
Ordinary shares shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

LXB Properties (Thetford) Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****12 Reserves**

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2006	47,361	69,878	(103,033)
Profit for the year	-	-	131,380
Transfers	-	(69,878)	69,878
	<hr/>	<hr/>	<hr/>
At 31 December 2006	47,361	-	98,225
	<hr/>	<hr/>	<hr/>

13 Reconciliation of movements in shareholder's funds

	2006 £	2005 £
Profit/(loss) for the year	131,380	(32,726)
Other net recognised gains and losses relating to the year		
- Unrecognised surplus on revaluation of properties	-	23,850
Issue of shares	-	1
Premium on shares issued during the year	-	47,361
	<hr/>	<hr/>
Net additions to shareholder's funds	131,380	38,486
Opening shareholder's funds	14,208	(24,278)
	<hr/>	<hr/>
Closing shareholder's funds	145,588	14,208
	<hr/>	<hr/>

14 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of all of its related party transactions with other group companies in the year

In the opinion of the directors there are no other related party transactions to be disclosed

15 Ultimate parent company

The company's ultimate and immediate parent company was LXB Smalco Limited, which is incorporated in England and is the parent undertaking of the largest group of which the company is a member. Copies of the consolidated financial statements of LXB Smalco Limited are available from Companies House

LXB Properties (Thetford) Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

16 Post balance sheet events

On 18 December 2006, the company unconditionally exchanged on the sale of its investment property

On 9 January 2007, the company sold its investment property in Thetford to a third party for a total consideration of £2m

On 12 March 2007 the company paid a dividend of £40,436 per ordinary share to its shareholder