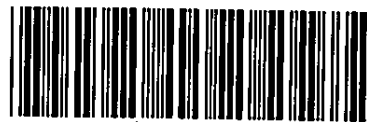


Company Registration No 05233507 (England and Wales)

LLOYDS CHAMBERS PROPERTY LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2011

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LLOYDS CHAMBERS PROPERTY LIMITED

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LLOYDS CHAMBERS PROPERTY LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MAY 2011

The director presents her report and financial statements for the year ended 31 May 2011

Principal activities and review of the business

The principal activity of the company continued to be that of the letting of its investment property

The investment property owned by the company is included in the financial statements at a director's valuation of £84,000,000 as at 31 May 2011. The estimated open market value of the investment property has fallen by £11,860,000 from its valuation as at 31 May 2010. This fall in value is due to the prevailing economic conditions in the commercial property sector. There were no additions or disposals of investment properties during the year.

The investment property is let at a rent of £7,100,000 per annum under a lease agreement that expires on 24 June 2018. Rent reviews are scheduled every five years, with the next rent review falling due on 24 June 2013.

The key financial highlights are as follows

| | 2011 £ | 2010 £ | 2009 £ |
|------------------------------|--------------|------------|-------------|
| Rent receivable | 7,100,000 | 7,100,000 | 7,100,000 |
| Value of investment property | 84,000,000 | 95,860,000 | 103,650,000 |
| Net assets | (10,744,606) | 1,134,546 | 8,905,269 |

The company's principal financial instrument is a loan from Brecon Properties UK Limited, an intermediate parent company. The purpose of this loan continued to be that of funding the investment in the company's investment property. The loan from Brecon Properties UK Limited is itself financed by a commercial bank loan that fell due for repayment in full in October 2011. The third party bank loan is secured over the assets of the company, including a mortgage over the investment property.

Despite undertaking substantial negotiations, the parent company was unable to extend or refinance the bank loan, and defaulted on the bank loan in October 2011.

The director uses the following key financial indicators to measure performance

| | 2011 | 2010 |
|---|----------|-------|
| (Decrease) / increase in net assets | (1,047)% | (87)% |
| Ratio of all underlying third party loans to property value | 121% | 106% |
| Ratio of underlying third party bank loan to property value | 106% | 94% |
| Interest cover on third party bank loan over rental income | 125% | 122 % |

The results for the year and the financial position at the year end were considered disappointing by the director.

Results and dividends

The results for the year are set out on page 6.

The director does not recommend payment of an ordinary dividend.

Market value of land and buildings

In the opinion of the director the market value of land and buildings does not exceed the current net book value.

LLOYDS CHAMBERS PROPERTY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

Post balance sheet events

Following a default on its bank loan by the company's intermediate parent company, Brecon Properties UK Limited, a Notice of Default was issued to the company under the terms of the bank loan agreement in October 2011. The lenders have advised that the bank loan facility will not be renewed.

As the company had provided security and guarantees in respect of this bank loan, the agents of the lender have exercised their rights over, and taken control of, the lease agreement with the tenant of the investment property.

The lender's agents have entered into a verbal agreement with the company to expedite a consensual sale of the investment property.

The above events have adversely affected the company's ability to continue as a going concern.

Director

The following director has held office since 1 June 2010:

A Rocca

Financial instruments

Treasury operations and financial instruments

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

The company is exposed to loan finance liquidity risks, cashflow liquidity risks, interest rate risks, tenant credit risks, and property market value risks.

The company's approach to mitigation of risks is as follows:

Liquidity risk - loan finance and cashflow

The risk with regard to the company's long term borrowing requirements is explained on page 1. The company manages its cashflow requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk - rent from tenant

The risk is mitigated by the company only taking on a reputable tenant (after completing the necessary due diligence) under an appropriate lease agreement. The company employs reputable managing agents to ensure that the collection of rent takes place promptly on the quarter days.

Market value risk - investment property

The value of the company's investment property is determined by economic forces outside the company's control. A reduction in the market value of the investment property could give rise to a risk of default on the final maturity of the underlying third party bank loan, and it could preclude the company from extending or refinancing the group loan.

LLOYDS CHAMBERS PROPERTY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

Auditors

In accordance with the company's articles, a resolution proposing that Harris & Trotter LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of director's responsibilities

The director is responsible for preparing the Director's 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). Under company law the director must not approve the financial statements unless she is 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 director is required to

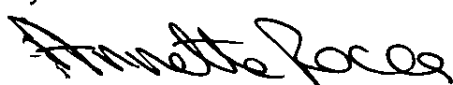
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that she ought to have taken as director in order to make herself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



A Rocca

Director

15 February 2012

LLOYDS CHAMBERS PROPERTY LIMITED

INDEPENDENT AUDITORS' REPORT TO LLOYDS CHAMBERS PROPERTY LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 6 to 18, together with the financial statements of Lloyds Chambers Property Limited for the year ended 31 May 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On 15 February 2012 we reported, as auditors of Lloyds Chambers Property Limited, to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 May 2011, and our report included the following paragraph:

LLOYDS CHAMBERS PROPERTY LIMITED

INDEPENDENT AUDITORS' REPORT TO LLOYDS CHAMBERS PROPERTY LIMITED (CONTINUED)

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Going concern

"In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements concerning the company's ability to continue as a going concern. In carrying out our procedures it has come to our attention that

- the balance sheet total of creditors includes an intercompany loan from an intermediate parent company of £93,916,687. This group loan is itself largely financed by a commercial bank loan that fell due for final repayment in October 2011, and on which the parent company has defaulted. The capital outstanding on the bank loan as at 31 May 2011 was £89,236,780. The company has provided security and guarantees in respect of this bank loan,
 - the group's underlying bank loan facility to the parent company will not be renewed. The company continues to operate on the basis of a verbal agreement with the bank's agents only for the purpose of expediting a sale of its investment property,
 - on the basis of the above, the company appears unable to continue as a going concern,
 - accordingly, the amounts shown in the balance sheet as at 31 May 2011 are included at their net realisable or recoverable amounts,
 - the ultimate outcome of the above arrangement remains inherently uncertain. The financial statements may not contain provision for all liabilities that could arise when the ultimate outcome is finally determined.
- Details of the circumstances relating to the above matters are described more fully in note 1 of the financial statements.

In view of the significance of the above matters and uncertainties, we consider that they should be drawn to your attention, but our opinion is not qualified in this respect."

Neville Newman (Senior Statutory Auditor)
for and on behalf of Harris & Trotter LLP

15 February 2012

Chartered Accountants
Statutory Auditor

65 New Cavendish Street
London W1G 7LS
Great Britain

LLOYDS CHAMBERS PROPERTY LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2011

| | Notes | 2011 £ | 2010 £ |
|---|-----------|------------------|------------------|
| Turnover | | 7,100,000 | 7,100,000 |
| Administrative expenses | | (297,508) | (307,497) |
| Operating profit | 2 | 6,802,492 | 6,792,503 |
| Other interest receivable and similar income | | 916 | 982 |
| Interest payable and similar charges | 4 | (6,822,559) | (6,774,208) |
| (Loss)/profit on ordinary activities before taxation | | (19,151) | 19,277 |
| Tax on (loss)/profit on ordinary activities | 5 | - | - |
| (Loss)/profit for the year | 11 | (19,151) | 19,277 |

The profit and loss account has been prepared on the basis that all operations are continuing operations

LLOYDS CHAMBERS PROPERTY LIMITED

ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2011

| | Notes | 2011 £ | 2010 £ |
|--|-------|----------------------------|---------------------------|
| (Loss)/profit for the financial year | | (19,151) | 19,277 |
| Unrealised deficit on revaluation of properties | | <u>(11,860,000)</u> | <u>(7,790,000)</u> |
| Total recognised gains and losses relating to the year | | <u><u>(11,879,151)</u></u> | <u><u>(7,770,723)</u></u> |

LLOYDS CHAMBERS PROPERTY LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 MAY 2011

| | Notes | 2011 £ | £ | 2010 £ | £ |
|--|-------|--------------|---|--------------|---|
| Fixed assets | | | | | |
| Tangible assets | 6 | 84,000,000 | | 95,860,000 | |
| Current assets | | | | | |
| Debtors | 7 | - | | 147,571 | |
| Creditors amounts falling due within one year | 8 | (94,744,606) | | (2,091,571) | |
| Net current liabilities | | (94,744,606) | | (1,944,000) | |
| Total assets less current liabilities | | (10,744,606) | | 93,916,000 | |
| Creditors: amounts falling due after more than one year | 9 | - | | (92,781,454) | |
| | | (10,744,606) | | 1,134,546 | |
| Capital and reserves | | | | | |
| Called up share capital | 10 | 2 | | 2 | |
| Revaluation reserve | 11 | - | | 1,016,884 | |
| Profit and loss account | 11 | (10,744,608) | | 117,660 | |
| Shareholders' funds | 12 | (10,744,606) | | 1,134,546 | |

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 15 February 2012

A Rocca
Director



Company Registration No 05233507

LLOYDS CHAMBERS PROPERTY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2011

| | 2011 | 2010 |
|--|-------------|-------------|
| £ | £ | £ |
| Net cash inflow from operating activities | 6,738,024 | 6,816,543 |
| Returns on investments and servicing of finance | | |
| Interest received | 916 | 982 |
| Interest paid | (6,822,559) | (6,774,208) |
| Net cash outflow for returns on investments and servicing of finance | (6,821,643) | (6,773,226) |
| Net cash (outflow)/inflow before management of liquid resources and financing | (83,621) | 43,317 |
| Financing | | |
| Repayment of other long term loans | 83,621 | (43,317) |
| Net cash inflow/(outflow) from financing | 83,621 | (43,317) |
| (Decrease)/increase in cash in the year | - | - |

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2011

| | | | |
|----------|--|---------------------|---|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2011 | 2010 |
| | | £ | £ |
| | Operating profit | 6,802,492 | 6,792,503 |
| | Decrease in debtors | 147,571 | 106,659 |
| | Increase/(decrease) in creditors within one year | (212,039) | (82,619) |
| | Net cash inflow from operating activities | 6,738,024 | 6,816,543 |
| 2 | Analysis of net debt | 1 June 2010 | Cash flow Other non-cash changes 31 May 2011 |
| | | £ | £ £ £ |
| | Debt | | |
| | Debts falling due within one year | (1,051,612) | - (92,865,075) (93,916,687) |
| | Debts falling due after one year | (92,781,454) | (83,621) 92,865,075 - |
| | Net debt | (93,833,066) | (83,621) - (93,916,687) |
| 3 | Reconciliation of net cash flow to movement in net debt | 2011 | 2010 |
| | | £ | £ |
| | (Decrease)/increase in cash in the year | - | - |
| | Cash outflow/(inflow) from decrease/(increase) in debt | (83,621) | 43,317 |
| | Movement in net debt in the year | (83,621) | 43,317 |
| | Opening net debt | (93,833,066) | (93,876,383) |
| | Closing net debt | (93,916,687) | (93,833,066) |

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

On the basis of the matters described below, it no longer appears appropriate to prepare the financial statements on a going concern basis. Accordingly, the amounts shown in the balance sheet have been stated at their recoverable or realisable amounts. Comparatives have not been restated, as in the Director's opinion, this does not impair the presentation of a true and fair view.

The ability of the company to continue as a going concern is reliant upon the continued availability of external loan financing. The company's investment activity is supported by a group loan provided by an intermediate parent company, Brecon Properties UK Limited. This group loan is itself financed by a commercial bank loan that falls due for repayment in full in October 2011. Brecon Properties UK Limited defaulted on its bank loan in October 2011. A Notice of Default was issued to the company, under the terms of the bank loan agreement, for which the company has provided security and guarantees.

The agents for the lenders have exercised their rights over the rental income from the investment property, which as at the signing date of these financial statements, is no longer under the control of the company. Also, the lender's agents have advised that the underlying bank loan facility will not be renewed. On the basis of the above, the company appears to be unable to continue as a going concern.

The lender's agents have entered into a verbal agreement with the company, in order to expedite a consensual sale of the investment property. The ultimate outcome of this arrangement remains inherently uncertain. Accordingly, the financial statements may not contain provisions for all liabilities that could arise when the ultimate outcome is determined.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable from the letting of investment property.

1.4 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

1 Accounting policies

(continued)

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

No Provision has been made for deferred tax on the unrealised gains arising from the revaluation of the investment property as this gain is unlikely to crystallise

2 Operating profit

2011

2010

£

£

Operating profit is stated after charging

Auditors' remuneration (including expenses and benefits in kind)

5,000

5,000

3 Investment income

2011

2010

£

£

Bank interest

916

982

916

982

4 Interest payable

2011

2010

£

£

On amounts payable to group companies

6,822,559

6,774,208

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

| 5 | Taxation | 2011 | 2010 |
|---|--|----------|---------|
| | Total current tax | - | - |
| | | | |
| | Factors affecting the tax charge for the year | | |
| | (Loss)/profit on ordinary activities before taxation | (19,151) | 19,277 |
| | | | |
| | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20 83% (2010 - 21 00%) | (3,989) | 4,048 |
| | | | |
| | Effects of | | |
| | Tax losses utilised | - | (4,048) |
| | Other tax adjustments | 3,989 | - |
| | | 3,989 | (4,048) |
| | | | |
| | Current tax charge for the year | - | - |

The company has estimated losses of £ 45,081 (2010 - £ 25,930) available for carry forward against future trading profits

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

6 Tangible fixed assets

| | Investment properties £ |
|-----------------------|-------------------------------|
| Cost | |
| At 1 June 2010 | 95,860,000 |
| Revaluation | (11,860,000) |
| | <u>84,000,000</u> |
| At 31 May 2011 | 84,000,000 |
| Net book value | |
| At 31 May 2011 | <u>84,000,000</u> |
| At 31 May 2010 | <u>95,860,000</u> |

The investment property is included in these financial statements at a Director's valuation of its realisable open market value as at 31 May 2011. This value is based on a valuation placed on investment property in November 2011 by prospective buyers of the ultimate parent company. In the director's opinion, this valuation provides the best estimate of the investment property's realisable value, and it is prudent to revalue the investment property to this amount as at the year end. No depreciation is provided in respect of this property.

On a historical cost basis the investment property would have been included at an original cost of £ 94,843,116 (2010 £ 94,843,116)

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 £ 84,000,000 (2010 £ 95,860,000). It is estimated that if this property were to be sold at that valuation, the tax liability on the sale would amount to £ Nil (2010 £ Nil).

The investment property is a freehold property.

| 7 Debtors | 2011 £ | 2010 £ |
|--------------------------------|-----------|----------------|
| Other debtors | - | 2 |
| Prepayments and accrued income | - | 147,569 |
| | <u>-</u> | <u>147,571</u> |

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

| 8 | Creditors: amounts falling due within one year | 2011 | 2010 |
|----------|---|-------------------|------------------|
| | | £ | £ |
| | Trade creditors | 6,760 | 5,380 |
| | Amounts owed to parent and fellow subsidiary undertakings | 93,916,687 | 1,051,612 |
| | Director's current accounts | 287,703 | 101,689 |
| | Accruals and deferred income | 533,456 | 932,890 |
| | | <u>94,744,606</u> | <u>2,091,571</u> |
| | | | |
| | Debt due in one year or less | <u>93,916,687</u> | <u>1,051,612</u> |

Bank loan security details are shown under the following note in these financial statements

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

| 9 Creditors amounts falling due after more than one year | 2011 £ | 2010 £ |
|--|--------------|-------------|
| Amounts owed to parent undertakings | - | 92,781,454 |
| Analysis of loans | | |
| Wholly repayable within five years | 93,916,687 | 93,833,066 |
| Included in current liabilities | (93,916,687) | (1,051,612) |
| | - | 92,781,454 |
| Loan maturity analysis | | |
| In more than one year but not more than two years | - | 92,781,454 |

Amounts owed to group undertakings represent an intercompany loan from an intermediate parent company, Brecon Properties UK Limited. This group loan is itself largely financed by a commercial bank loan to that parent company. The capital balance outstanding at the year end on the underlying bank loan is £89,236,780 (2010 £90,288,392). The underlying commercial bank loan, and hence the majority of the group loan, falls due for repayment in full on 18 October 2011. Accordingly, the group loan has been reclassified as wholly falling due within one year.

The commercial bank loan to Brecon Properties UK Limited is secured by a fixed and floating charge over the assets of Lloyds Chambers Property Limited, including a specific charge over the company's investment property. Further security is provided by cross guarantees and charges over the assets of other group undertakings.

Brecon Properties UK Limited defaulted on the bank loan in October 2011, and a Notice of Default was issued to the company. The agents for the lenders have exercised their rights over the rental income from the investment property, which as at the signing date of these financial statements, is no longer under the control of the company. Also, the lender's agents have advised that the underlying bank loan facility will not be renewed. On the basis of the above, the company appears to be unable to continue as a going concern.

The effective rate of interest on the group loan is 7.27% (2010 7.22%).

| 10 Share capital | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Authorised | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | 2 | 2 |

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

11 Statement of movements on reserves

| | Revaluation reserve | Profit and loss account |
|--|------------------------|-------------------------------|
| | £ | £ |
| Balance at 1 June 2010 | 1,016,884 | 117,659 |
| Loss for the year | - | (19,151) |
| Transfer from revaluation reserve to profit and loss account | 10,843,116 | (10,843,116) |
| Revaluation during the year | (11,860,000) | - |
| Balance at 31 May 2011 | - | (10,744,608) |

The amounts included in the revaluation reserve are wholly in respect of the investment property

Following the default on the underlying bank loan in October 2011, it is probable that the company's investment property will be sold in the near future, and at a value close to its current valuation. Therefore, the deficit amount shown on the investment revaluation reserve is more appropriately considered as a permanent diminution in the value of the investment property. In accordance with generally accepted accounting practice, SSAP 19 and Companies Act 2006, the deficit amount on the revaluation reserve has been transferred to the profit and loss account.

12 Reconciliation of movements in shareholders' funds

| | 2011 £ | 2010 £ |
|--------------------------------------|--------------|-------------|
| (Loss)/Profit for the financial year | (19,151) | 19,277 |
| Other recognised gains and losses | (11,860,000) | (7,790,000) |
| Net depletion in shareholders' funds | (11,879,151) | (7,770,723) |
| Opening shareholders' funds | 1,134,546 | 8,905,269 |
| Closing shareholders' funds | (10,744,606) | 1,134,546 |

13 Director's remuneration

| | 2011 £ | 2010 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 170,009 | 150,022 |

LLOYDS CHAMBERS PROPERTY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

| | 2011 Number | 2010 Number |
|-----------|----------------|----------------|
| Directors | <u>1</u> | <u>1</u> |

Employment costs

| | 2011 £ | 2010 £ |
|--------------------|----------------|----------------|
| Wages and salaries | <u>170,009</u> | <u>150,022</u> |

15 Ultimate parent company

The ultimate parent company is Brecon Properties Limited, a company registered in the Isle of Man

16 Post balance sheet events

The company's intermediate parent company, Brecon Properties UK Limited, defaulted on its bank loan in October 2011. A Notice of Default was issued to the company, under the terms of the bank loan agreement, for which the company has provided security and guarantees.

The agents for the lenders have exercised their rights over the rental income from the investment property, which as at the signing date of these financial statements, is no longer under the control of the company. Also, the lender's agents have advised that the underlying bank loan facility will not be renewed. On the basis of the above, the company appears to be unable to continue as a going concern.

The lender's agents have entered into a verbal agreement with the company, in order to expedite a consensual sale of the investment property. The ultimate outcome of this arrangement remains inherently uncertain.

17 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.