

Company Number 5465169

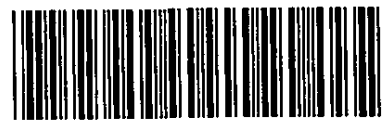
LXB Smallco Limited

Report and Financial Statements

Year ended

31 December 2011

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LXB SMALLCO LIMITED

Annual report and financial statements for the year ended 31 December 2011

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Directors

N B T Alford
J C McMahon
D Salter
T P Walton
B O'Grady

Secretary and registered office

D S Whitby, 2nd Floor, Grafton House, 2-3 Golden Square, London, W1F 9HR

Company number

5465169

Auditors

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

LXB SMALLCO LIMITED

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The results of the group for the year are set out in the profit and loss account on page 5 and show a loss after tax for the year of £239,348 (2010 loss after tax for the year of £224,189)

The directors do not recommend the payment of a final dividend

Principal activities, review of business and future developments

The group's principal activity is that of land and property investment in the United Kingdom

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

On 8 October 2009, the shareholders signed up to a Framework Agreement which included a clause stating 'LXB Smallco Limited shall be wound up in an orderly manner as soon as reasonably practicable following Completion' The completion event, outside of the group, took place on 23 October 2009 and therefore the directors consider it inappropriate to adopt the going concern basis for the preparation of these financial statements

During the year all of the subsidiaries of LXB Smallco Limited with the exception of LXB Smallco Borrower Limited were struck off the register

Details of post balance sheet events are set out in note 14 to the financial statements

Directors

The directors of the company during the year were as follows

N B T Alford
J C McMahon
D Salter (appointed 3 August 2011)
B O'Grady
G Sigurdsson (resigned 3 August 2011)
T P Walton
G Whiteland

On 14 February 2012, G Whiteland resigned as a director of the company

LXB SMALLCO LIMITED

Report of the directors for the year ended 31 December 2011 (Continued)

Statement of 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 period. 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 group and of the profit or loss of the group for that period.

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 group will continue in business.

As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable and political contributions

During the year the group made charitable contributions of £nil. No political contributions were made.

Disclosure of information to 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.

Auditors

BDO LLP have expressed their willingness to continue in office.

In preparing this Directors' Report advantage has been taken of the small companies' exemption.

On behalf of the Board



B O'Grady
Director

Date 17 May 2012

LXB SMALLCO LIMITED

Report of the independent auditors

To the members of LXB Smallco Limited

We have audited the financial statements of LXB Smallco Limited for the year ended 31 December 2011 on pages 5 to 15, which have been prepared under the accounting policies set out on pages 9 and 10. 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). As described in note 1, they have not been prepared on a going concern basis.

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 auditors

As explained more fully in the statement of directors' responsibilities set out 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss 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.

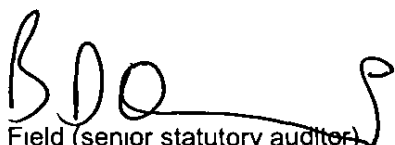
LXB SMALLCO LIMITED

Report of the independent auditors (*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 prepare the financial statements and the directors' report in accordance with the small companies' regime



Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom

Date 21 May 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LXB SMALLCO LIMITED

Consolidated profit and loss account for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Administrative expenses		(5,642)	(650)
Operating loss	2	(5,642)	(650)
Net cost of financing	4	(233,624)	(223,539)
Loss on ordinary activities before taxation		(239,266)	(224,189)
Taxation on loss on ordinary activities	5	(82)	-
Loss on ordinary activities after taxation	12	(239,348)	(224,189)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 9 to 15 form part of these financial statements

LXB SMALLCO LIMITED

Reconciliation of movements in shareholders' deficit for the year ended 31 December 2011

Reconciliation of movements in shareholders' deficit

	Note	Year ended 31 December 2011		Year ended 31 December 2010	
		Group £	Company £	Group £	Company £
Loss for the year	12	(239,348)	(12,591)	(224,189)	(233,720)
Net movements in shareholders' deficit		(239,348)	(12,591)	(224,189)	(233,720)
Opening shareholders' deficit		(5,092,248)	(5,434,093)	(4,868,059)	(5,200,373)
Closing shareholders' deficit		(5,331,596)	(5,446,684)	(5,092,248)	(5,434,093)

The notes on pages 9 to 15 form part of these financial statements

LXB SMALLCO LIMITED**Consolidated balance sheet at 31 December 2011**

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Fixed asset investments	7		-		-
			<u>-</u>		<u>-</u>
			-		-
Current assets					
Debtors	8	505		350	
Cash at bank		130,704		137,811	
		<u>131,209</u>		<u>138,161</u>	
Creditors: amounts falling due within one year	9	(4,463,805)		(750,769)	
		<u></u>		<u></u>	
Net current liabilities			(4,332,596)		(612,608)
			<u></u>		<u></u>
Total assets less current liabilities			(4,332,596)		(612,608)
Creditors: amounts falling due after more than one year	10		(999,000)		(4,479,640)
			<u></u>		<u></u>
Net liabilities			(5,331,596)		(5,092,248)
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account	12		(5,332,596)		(5,093,248)
			<u></u>		<u></u>
Shareholders' deficit			(5,331,596)		(5,092,248)
			<u></u>		<u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the Board and authorised for issue on 17 May 2012



B O'Grady
Director

The notes on pages 9 to 15 form part of these financial statements

LXB SMALLCO LIMITED**Company balance sheet at 31 December 2011**

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Fixed asset investments	7		1		1,008
Current assets					
Debtors	8	8,395		8,644	
Creditors, amounts falling due within one year	9	<u>(4,456,080)</u>		<u>(964,105)</u>	
Net current liabilities			<u>(4,447,685)</u>		<u>(955,461)</u>
Total assets less current liabilities			<u>(4,447,684)</u>		<u>(954,453)</u>
Creditors amounts falling due after more than one year	10		<u>(999,000)</u>		<u>(4,479,640)</u>
Net liabilities			<u>(5,446,684)</u>		<u>(5,434,093)</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account	12		<u>(5,447,684)</u>		<u>(5,435,093)</u>
Shareholders' deficit			<u>(5,446,684)</u>		<u>(5,434,093)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements were approved by the Board and authorised for issue on 17 May 2012



B O'Grady
Director

The notes on pages 9 to 15 form part of these financial statements

LXB SMALLCO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements are in compliance with the Companies Act 2006.

As required by FRS 18 "Accounting Policies" (para 21) and as permitted by SI 2008/40 Schedule 1(10) (2), the directors have prepared the financial statements on the basis that the company is no longer a going concern.

On 8 October 2009, the shareholders signed up to a Framework Agreement which included a clause stating 'LXB Smallco Limited shall be wound up in an orderly manner as soon as reasonably practicable following Completion'. The completion event, outside of the group, took place on 23 October 2009 and therefore the directors consider it inappropriate to adopt the going concern basis for the preparation of these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results of LXB Smallco Limited and all of its subsidiary undertakings as at 31 December 2011 using the acquisition method of accounting with the results of subsidiary undertakings being included from the date of acquisition.

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 at the balance sheet date, 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.

Investment in subsidiary undertakings

Investments held as fixed assets in the company's balance sheet are stated at cost. Any permanent diminutions in value below cost are taken 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.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable. Such dividends are recognised on an accruals basis.

LXB SMALLCO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

1 Accounting policies (*Continued*)

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 group qualifies as a small group under s382 of the Companies Act 2006

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form

2 Operating loss

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
This is arrived at after charging		
Auditors' remuneration - audit services	1,500	1,500

Included in the group audit fee is an amount of £1,000 (2010 £1,000) in respect of the company

3 Employees

There were no employees in the year Refer to note 13 for details of services provided to the group by LXB Manager LLP during the year

No director received any emoluments in the year (2010 none)

4 Net cost of financing

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Preference share dividends	233,896	223,824
	233,896	223,824
Bank and other interest receivable	(272)	(285)
Net cost of financing	233,624	223,539

LXB SMALLCO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2011 (*Continued*)

5 Taxation on loss from ordinary activities

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
<i>Current tax</i>		
Taxation on loss from ordinary activities	82	-

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Loss on ordinary activities before tax	(239,266)	(224,189)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26.5 % (2010: 28%)	(63,405)	(62,773)
<i>Effects of</i>		
Expenses not deductible for tax purposes		
- preference dividends	61,982	62,671
Other adjustment	1,505	102
Current tax charge for the year	82	-

Factors that may affect future tax charges (Group only)

The group has revenue related losses of £82,742 (2010: £77,063) available to carry forward to utilise against suitable future profits.

6 Loss for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £12,591 (2010: loss of £233,720), which is dealt with in the financial statements of the parent company.

LXB SMALLCO LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

7 Fixed asset investments

Group

	Other investments £
<i>Cost</i>	
At 1 January 2011 and at 31 December 2011	3,132,380
<i>Provisions</i>	
At 1 January 2011 year and at 31 December 2011	3,132,380
<i>Net book value</i>	
At 31 December 2011 and at 31 December 2010	-

The provisions reflect the view of the directors that there is uncertainty over the recoverability of the other investments as at 31 December 2011

On 24 April 2012, the Company sold 4,637,777 ordinary B shares of £1.00 each in the capital of The Garden Centre Group Limited to Trellis Acquisitions Limited for a total consideration of £1.00. The sale represented a disposal by the Company of its entire interest in The Garden Centre Group Limited.

Company

	Subsidiary undertakings £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 January 2011	20,576	3,132,380	3,152,956
Additions in the year	964,669	-	964,669
Disposals in the year	(985,244)	-	(985,244)
As at 31 December 2011	1	3,132,380	3,132,381
<i>Provisions</i>			
At 1 January 2011	19,568	3,132,380	3,151,948
Charged in the year	965,676	-	965,676
Disposals in the year	(985,244)	-	(985,244)
As at 31 December 2011	-	3,132,380	3,132,380
<i>Net book value</i>			
At 31 December 2011	1	-	1
At 31 December 2010	1,008	-	1,008

The provisions against subsidiary undertakings reflect the underlying financial position of the subsidiary undertakings at 31 December 2011.

LXB SMALLCO LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

7 Fixed asset investments (*Continued*)

Subsidiary undertakings and other investments

During the year all of the subsidiaries of LXB Smallco Limited with the exception of LXB Smallco Borrower Limited were struck off the register

LXB Smallco Limited owns the entire share capital of LXB Smallco Borrower Limited which is incorporated in England and provides intra group finance services

8 Debtors

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
VAT recoverable	505	-	350	-
Amounts owed by subsidiary undertakings	-	8,395	-	8,644
	<u>505</u>	<u>8,395</u>	<u>350</u>	<u>8,644</u>

All amounts under debtors fall due for payment in less than one year

Amounts of £8,395 (2010 £8,644) owed by subsidiary undertakings to the company are shown net of provisions amounting to £106,693 (2010 £1,077,810). The provisions reflect the underlying financial position of certain subsidiary undertakings at 31 December 2011

9 Creditors: Amounts falling due within one year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade creditors	7,725	-	7,725	-
Other creditors	17,000	17,000	17,000	17,000
Accruals and deferred income	6,500	6,500	8,000	8,000
Amounts owed to subsidiary undertakings	-	-	-	221,061
Shareholders' loans	3,480,640	3,480,640	-	-
Preference dividend accrued	951,940	951,940	718,044	718,044
	<u>4,463,805</u>	<u>4,456,080</u>	<u>750,769</u>	<u>964,105</u>

The shareholders' loans are unsecured, non-interest bearing and repayable in 2012

LXB SMALLCO LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

10 Creditors Amounts falling due after more than one year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Shareholders' loans	-	-	3,480,640	3,480,640
Preference shares (see note 11)	999,000	999,000	999,000	999,000
	<u>999,000</u>	<u>999,000</u>	<u>4,479,640</u>	<u>4,479,640</u>

The shareholders' loans are unsecured, non-interest bearing and repayable in 2012

11 Share capital

	2011 Number	2011 £	2010 Number	2010 £
<i>Authorised, allotted, called up and fully paid</i> Ordinary shares of 1p each	100,000	1,000	100,000	1,000
4 5% cumulative redeemable preference shares of £1 each*	999,000	999,000	999,000	999,000

Class rights – preference shares

The preference shares carry no voting rights and are redeemable at par on 29 June 2015, unless previously redeemed under the terms of the company's Articles at the option of the company at any time from 29 June 2012. They rank in priority to the ordinary shares for repayment in event of the company being wound up. The preference shares shall confer upon each of their holders the right to receive as a class, in priority to the holders of any other class of share, a fixed cumulative net cash dividend at the rate of 4.5% per annum on the aggregate of the issue price of the preference shares held by such holder and the shareholder loans advanced by such holder to the group (together 'the Invested Capital').

The preference dividend accrues annually but only becomes payable, in part, 90 days after a financial year end, upon the disposal by the group of specific property assets in which the Invested Capital has been invested.

**In accordance with FRS25, the 999,000 preference shares of £1 each are presented as a liability in the group and company balance sheets*

LXB SMALLCO LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2011 (*Continued*)

12 Reserves

Group	Profit and loss account £
At 1 January 2011	(5,093,248)
Retained loss for the year	(239,348)
	<hr/>
At 31 December 2011	(5,332,596)
	<hr/>
Company	Profit and loss account £
At 1 January 2011	(5,435,093)
Retained loss for the year	(12,591)
	<hr/>
At 31 December 2011	(5,447,684)
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13 Related party transactions and balances

At 31 December 2011, Mr T P Walton, Mr N B T Alford and Mr B O'Grady were members of LXB³ Partners LLP which is a designated member of LXB Manager LLP ("the LLP"), which is incorporated under the Limited Liability Partnerships Act 2000

During the period the LLP provided financial and other ancillary management services to the LXB Smallco Limited group of companies, but no management fees were charged for these services. At the year end there were no amounts due from or due to the LLP.

14 Post balance sheet events

On 24 April 2012, the Company sold 4,637,777 ordinary B shares of £1.00 each in the capital of The Garden Centre Group Limited to Trellis Acquisitions Limited for a total consideration of £1.00. The sale represented a disposal by the Company of its entire interest in The Garden Centre Group Limited.