Kenmore Capital Cambridge Limited

Annual report and financial statements

for the 11 month period ended 4 July 2008
Registered number 05568601

Contents

Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the 11 month period ended 4 July 2008.

Principal activities

The principal activity of the company is property trading.

Results and dividends

The loss for the financial period amounted to £6,610 (*2007: £13,067*). The directors do not recommend the payment of a dividend.

Review of the period

The Company did not trade during the period.

Going concern

After making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts as explained in the basis of preparation note (note 1 to the accounts).

Change of year end

The results for the period under review are for the 11 months ended 4 July 2008. The new financial year will run from 5 July 2008 to the 30 June 2009.

Directors

The directors who served during the period were as follows:

JAB Kennedy
RWM Brook
AE White

Political and charitable contributions

The company made no political contributions or charitable donations during the period.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

The company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board

PM McCall
Secretary

58 Davies Street
London
13 March 2009

Statement of directors' responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Kenmore Capital Cambridge Limited

We have audited the financial statements of Kenmore Capital Cambridge Limited for the 11 month period ended 4 July 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 4 July 2008 and of its loss for the 11 month period 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.

Independent auditors' report to the members of Kenmore Capital Cambridge Limited (continued)

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Company is dependent on group funding from Kenmore Capital Limited in order to support the going concern assumption. As explained in note 1 the financial statements of Kenmore Capital Limited for the period ended 4 July 2008 discloses the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern which may in turn cast significant doubt on the continuance of going concern for this company. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

13 March 2009

Profit and loss account
for the 11 month ended 4 July 2008

	Notes	**11 month period ended 4 July 2008** **£**	Year ended 31 July 2007 £
Administrative expenses		**(1,500)**	(1,500)
Operating loss		**(1,500)**	(1,500)
Interest receivable	*5*	**3,106**	250,474
Interest payable and similar charges	*6*	**(8,216)**	(262,041)
Loss on ordinary activities before taxation	*3*	**(6,610)**	(13,067)
Tax on ordinary activities	*7*	**-**	-
Loss for the financial period	*12*	**(6,610)**	(13,067)

Other than the result recorded there have been no other recognised gains or losses.

The loss for the financial period has been derived from continuing activities.

Balance sheet
as at 4 July 2008

	Note	4 July 2008 £	31 July 2007 £
Current assets			
Investments	8	**102,835**	102,835
Debtors	9	-	4,489,230
Cash at bank		-	19,691
		102,835	4,611,756
Creditors: amounts falling due within one year	10	**(128,575)**	(4,630,886)
Net liabilities		**(25,740)**	(19,130)
Capital and reserves			
Called up share capital	11	**2**	2
Profit and loss account	12	**(25,742)**	(19,132)
Shareholders' deficit	13	**(25,740)**	(19,130)

These financial statements were approved by the board of directors on 13 March 2009 and were signed on its behalf by:

AWhite

AE White
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent on funding provided to it by Kenmore Capital Limited, the company's parent. Kenmore Capital Limited has indicated that it is its current intention that, for at least 12 months from the date of approval of these financial statements, it will continue to make available sufficient funds as are needed by the company (whilst it remains a subsidiary) to enable it to continue trading and to meet its day to day commitments and in particular does not currently intend to seek repayment of the amounts already made available. The directors are not aware of any current plans for disposal of the company. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so except as described below. However the material uncertainty relating to the affairs of Kenmore Capital Limited, described below, may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business.

The following is an extract from the basis of preparation note in the Kenmore Capital Limited financial statements for the period ended 4 July 2008:

"The group is funded through a combination of shareholders equity and a loan facility repayable in 2012 (see note 19), which is shared under the terms of an umbrella agreement with Kenmore Capital 2 Limited and Kenmore Capital 3 Limited. The facilities are subject to financial covenants and other conditions which the group monitors regularly. The covenants of these facilities are sensitive to changes in projected cash flows, the value of properties and movements in interest rates. The terms of the umbrella agreement also provide that a breach of conditions will occur should the terms of the banking facilities of related companies (Kenmore Investments Limited and Kenmore Europe Limited) be breached.

The directors have prepared projected cash flow information for all the companies covered by the facilities noted above which reflects the directors' plans for the period ending twelve months from the date of their approval of these financial statements. The nature of the business of the companies covered by these projections is such that the majority of cash inflows are generated from rental income and property sales. Given the current economic conditions there can be no certainty over the timing or amount of these cash inflows, particularly those relating to property sales.

The projected cash flow information for the group, Kenmore Capital 2 Limited and Kenmore Capital 3 Limited indicates that from November 2009 there is a deficiency in available facilities and a breach of covenant requirements. Additionally the longer term projections show that the group will be unable to fully repay its bank loans when they fall due. The directors believe that a remedy to the short term covenant breach and a renegotiation of the longer term facility can be agreed with the Group's bankers which will allow the group to continue to meet its liabilities as they fall due. However, there can be no certainty in relation to these matters. Additionally, the possibility of further material adverse changes in the amount and timing of actual cash flows, property values and interest rates compared to the projections represent material uncertainties. Should agreement with the group's bankers fail to be reached there would be significant doubt over the group's ability to continue as a going concern. In such circumstances the group may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from such circumstances.

Additionally the directors are aware that Kenmore Investments Limited is currently in discussion with its bankers over its facilities. While under the terms of the umbrella agreement noted above any breach of the Kenmore Investments Limited facility would represent a cross default on the facility, Kenmore Capital Limited is not reliant on Kenmore Investments Limited for its funding requirements and the directors of Kenmore Capital Limited consider that should such circumstances occur, they will be dealt with as part of the discussions over its own facilities as noted above.

Notes *(continued)*

1 Accounting policies *(continued)*

The directors have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements."

The above extract demonstrates the material uncertainties which may cast significant doubt over the ability of Kenmore Capital Limited to support the company in the future.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

The financial statements contain information about Kenmore Capital Cambridge Limited as an individual company and do not contain consolidated financial information. The company is exempt under section 228(1) Companies Act 1985 from the requirements to prepare consolidated financial statements because its parent undertaking, Kenmore Capital Limited, is established under the law of a European Union Member State and the conditions in section 228(2) are complied with.

As the company is a wholly owned subsidiary of Kenmore Capital Limited, it has taken advantage of the exemption contained in FRS 8 and therefore not disclosed transactions or balances with entities which form part of that group. The consolidated financial statements of Kenmore Capital Limited, within which the company is included can be obtained from the address given in note 14.

Taxation

The charge of taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences, except as otherwise required by FRS 19.

2 Turnover

There was no turnover during the period.

3 Loss on ordinary activities before taxation

	11 month period ended 4 July 2008	Year ended 31 July 2007
	£	£
Operating loss before taxation is stated after charging		
Auditors remuneration		
Audit of these financial statements	**1,500**	1,500

4 Staff costs and numbers

The directors received no remuneration for their services to the company. Apart from the directors, there were no employees during the period.

Notes *(continued)*

5 Interest receivable

	11 month period ended 4 July 2008 £	Year ended 31 July 2007 £
Bank interest	**392**	612
Other interest received	**2,714**	-
Group interest	**-**	249,862
	3,106	250,474

6 Interest payable and similar charges

	11 month period ended 4 July 2008 £	Year ended 31 July 2007 £
Group interest	**8,216**	262,041

7 Tax on ordinary activities

	11 month period ended 4 July 2008 £	Year ended 31 July 2007 £
UK corporation tax		
Current tax on income for the period	**-**	-

Factors affecting tax for the current year

Current tax is lower than *(2007: lower than)* the standard rate of corporation tax in the UK (29.5%); *(2007: 30%)*. The differences are explained below.

Current tax reconciliation	11 month period ended 4 July 2008 £	Year ended 31 July 2007 £
Loss on ordinary activities before tax	**(6,610)**	(13,067)
Current tax at 29.5% *(2007:30%)*	**(1,950)**	(3,920)
Effects of:		
Group relief	**-**	3,920
Losses carried forward	**1,950**	-
Current tax (see above)	**-**	-

The company has tax losses available for offset against future period profits of £1,950. No deemed tax asset has been recognised in relation to these losses due to uncertainty over the timing of their recovery.

Notes *(continued)*

8 Investments

	4 July 2008 £	31 July 2007 £
Investment in subsidiary – Khamsan Investments Limited	**102,835**	102,835

Kenmore Capital Cambridge Limited owns 100% of Khamsan Investments Limited, a company incorporated in the British Virgin Islands.

9 Debtors

	4 July 2008 £	31 July 2007 £
Corporation tax	-	75,000
Amounts due from subsidiary undertakings	-	4,414,230
	-	4,489,230

10 Creditors: amounts falling due within one year

	4 July 2008 £	31 July 2007 £
Accruals and deferred income	**3,000**	1,500
Amounts due to parent undertaking	**125,575**	4,629,386
	128,575	4,630,886

11 Called up share capital

	Authorised	Allotted, called up and fully paid £
As at 4 July 2008 and 31 July 2007 ordinary shares of £1 each	**100**	**2**

12 Profit and loss account

	4 July 2008 £	31 July 2007 £
As at the beginning of the period	**(19,132)**	(6,065)
Loss for the financial period	**(6,610)**	(13,067)
As at the end of the period	**(25,742)**	(19,132)

Notes *(continued)*

13 Reconciliation of movements in shareholders' deficit

	4 July 2008 £	31 July 2007 £
Opening shareholder deficit	**(19,130)**	(6,063)
Loss for the financial period	**(6,610)**	(13,067)
Closing shareholder deficit	**(25,740)**	(19,130)

14 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Kenmore Capital Limited, incorporated in Scotland. Kenmore Capital Limited is a joint venture between Kenmore Investments Limited and Uberior Ventures Limited. The consolidated financial statements of Kenmore Capital Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.