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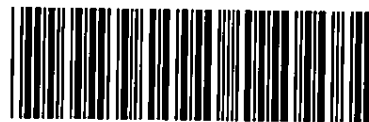
LXB Properties (Northampton III) Limited

Report and Financial Statements

Year Ended

31 December 2007

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BDO Stoy Hayward
Chartered Accountants

LXB Properties (Northampton III) Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

T P Walton
N B T Alford
R Margree
B O'Grady

Secretary and registered office

B O'Grady, 2nd Floor, Grafton House, 2-3 Golden Square, London, W1F 9HR

Company number

5924981

Auditors

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

LXB Properties (Northampton III) Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

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

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 and do not anticipate any significant change in future activities

There have been no events since the balance sheet date that materially affect the position of the company

Directors

The directors of the company during the year were

T P Walton

N B T Alford

R Margree (appointed 20 August 2007)

B O'Grady (appointed 20 August 2007)

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 (Northampton III) Limited

Report of the directors for the year ended 31 December 2007 (*Continued*)

Auditors

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 expressed their willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



B O'Grady
Secretary

Date 30/10/08

LXB Properties (Northampton III) Limited

Independent auditor's report

To the shareholders of LXB Properties (Northampton III) Limited

We have audited the financial statements of LXB Properties (Northampton III) Limited for the year ended 31 December 2007 on pages 5 to 13. These financial statements have been prepared under the accounting policies set out on page 8.

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 (Northampton III) 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 2007 and of its loss 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 2008

LXB Properties (Northampton III) Limited**Profit and loss account for the year ended 31 December 2007**

	Note	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Turnover		563,117	71,301
Direct property costs		<u>1,545</u>	<u>-</u>
Gross profit		561,572	71,301
Administrative expenses		<u>6,000</u>	<u>-</u>
Operating profit		555,572	71,301
Net cost of financing	5	<u>(788,448)</u>	<u>(104,050)</u>
Loss on ordinary activities before taxation		(232,876)	(32,749)
Taxation on loss on ordinary activities	6	<u>-</u>	<u>(21,390)</u>
Loss on ordinary activities after taxation		(232,876)	(54,139)
All amounts relate to continuing activities			

The notes on pages 8 to 13 form part of these financial statements

LXB Properties (Northampton III) Limited**Statement of total recognised gains and losses for the year ended 31 December 2007**

	Note	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Loss for the financial year/period		(232,876)	(54,139)
Unrealised deficit on revaluation of investment properties	11	(2,903,700)	(510,488)
		<hr/>	<hr/>
Total recognised gains and losses for the financial year/period		(3,136,576)	(564,627)
		<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements

LXB Properties (Northampton III) Limited

Balance sheet at 31 December 2007

	Note	31 December 2007 £	31 December 2007 £	31 December 2006 £	31 December 2006 £
Fixed assets					
Investment properties	7		8,200,000		11,100,000
Current assets					
Debtors	8	142,690		142,689	
Cash at bank and in hand		-		840,598	
		<u>142,690</u>		<u>983,287</u>	
Creditors: amounts falling due within one year	9	<u>12,043,892</u>		<u>12,647,913</u>	
Net current liabilities			<u>(11,901,202)</u>		<u>(11,664,626)</u>
Total assets less current liabilities			<u>(3,701,202)</u>		<u>(564,626)</u>
Capital and reserves					
Called up share capital	10		1		1
Revaluation reserve	11		(3,414,188)		(510,488)
Profit and loss account	11		<u>(287,015)</u>		<u>(54,139)</u>
Shareholder's deficit	12		<u>(3,701,202)</u>		<u>(564,626)</u>

The financial statements were approved by the board of directors and authorised for issue on 30/10/08



B O'Grady
Director

The notes on pages 8 to 13 form part of these financial statements

LXB Properties (Northampton III) Limited

Notes forming part of the financial statements for the year ended 31 December 2007

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 at least 90% of the voting rights in the company are controlled within the group headed by LXB³ Limited and the company is included in consolidated financial statements.

Turnover

Turnover arises from activities in the United Kingdom and comprises rents receivable from the leasing of investment properties, excluding value added tax.

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 permanent 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.

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.

LXB Properties (Northampton III) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

2 Auditors' remuneration

Fees for the audit of the company were £3,000 (2006 £1,000 borne by the ultimate parent undertaking)

The consolidated accounts of LXB³ Limited disclose details of the total non-audit fees paid to the company's auditors by the group

3 Employees

The average number of employees during the year, excluding directors, was nil (2006 - nil)

4 Directors' remuneration

No director received any emoluments from the company during the current year (2006 - £nil)

5 Net cost of financing

	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Other interest payable	3,000	334
Interest payable on loans from group companies	786,692	108,856
Bank and other interest receivable	(1,244)	(5,140)
	<hr/>	<hr/>
	788,448	104,050
	<hr/>	<hr/>

LXB Properties (Northampton III) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****6 Taxation on loss on ordinary activities**

	Year ended 31 December 2007 £	Period ended 31 December 2006 £
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UK Corporation tax

Current tax on result for the period	-	21,390
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The tax assessed for the year varies from the standard rate of corporation tax in the UK. A reconciliation is provided below

	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Loss on ordinary activities before tax	(232,876)	(32,749)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	(69,863)	(9,825)
Effect of		
Group relief surrendered	-	31,215
Disallowed non-trade loan relationship debits	59,883	-
Losses carried forward - deferred tax asset not recognised	9,980	-
Current tax charge for period	-	21,390

Factors that may affect future tax charges

Deferred tax arises on the difference between the carrying value of investment properties and their tax base cost. The total unprovided deferred tax asset at 31 December 2007 is £955,973 at 28% (2006 £153,146 at 30%)

LXB Properties (Northampton III) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****7 Investment properties**

	Completed freehold properties at external valuation £
<i>Cost or valuation</i>	
At 1 January 2007	11,100,000
Additions	3,700
Deficit on revaluation	(2,903,700)
	<hr/>
At 31 December 2007	8,200,000
	<hr/>
At 31 December 2006	11,100,000
	<hr/>

At 31 December 2007, the company's investment properties were revalued at £8,200,000 (2006 £11,100,000) on an open market value basis by external valuers Colliers CRE plc, Chartered Surveyors. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards.

The historical cost of the properties is £11,614,188 (2006 £11,610,488). At 31 December 2007 the investment properties were held as security by a fixed charge in respect of bank borrowings provided to a fellow group undertaking.

8 Debtors

	31 December 2007 £	31 December 2006 £
Trade debtors	142,689	142,689
Amounts owed by group undertakings	1	-
	<hr/>	<hr/>
	142,690	142,689
	<hr/>	<hr/>

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

LXB Properties (Northampton III) Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****9 Creditors: amounts falling due within one year**

	31 December 2007 £	31 December 2006 £
Amounts owed to group undertakings	11,833,492	12,341,756
Corporation tax	-	21,390
Accruals and deferred income	210,400	284,767
	12,043,892	12,647,913

10 Share capital

	31 December 2007 £	Authorised 31 December 2006 £	Allotted, called up and fully paid 31 December 2007 £	31 December 2006 £
Ordinary shares of £1 each	100	100	1	1

11 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 January 2007	(510,488)	(54,139)
Loss for the year	-	(232,876)
Unrealised deficit on revaluation of investment properties	(2,903,700)	-
	(3,414,188)	(287,015)

LXB Properties (Northampton III) Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

12 Reconciliation of movements in shareholder's deficit

	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Loss for the year	(232,876)	(54,139)
Other net recognised gains and losses relating to the year		
- Unrealised deficit on revaluation of investment properties	(2,903,700)	(510,488)
New share capital subscribed	-	1
	<hr/>	<hr/>
Net movements in shareholder's deficit	(3,136,576)	(564,626)
Opening shareholder's deficit	(564,626)	-
	<hr/>	<hr/>
Closing shareholder's deficit	(3,701,202)	(564,626)
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13 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 its related party transactions with other group companies in the period

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

14 Parent entity information

At 31 December 2007, the company's ultimate parent company was LXB³ Limited, which is incorporated in England and is the parent undertaking of the largest group of which the company is a member. LXB³ Limited changed its name from LXB Newco Limited on 31 July 2007. Copies of the consolidated financial statements of LXB³ Limited are available from Companies House.

At 31 December 2007, the company's immediate parent company was LXB Newco Borrower Holdings Limited.

On 8 January 2008, the company's ultimate parent company, LXB³ Limited, was acquired by LXB³ Limited Partnership. The General Partner of LXB³ Limited Partnership is a subsidiary of LXB³ Partners LLP. LXB³ Partners LLP is not controlled by any one individual or entity.