

**Freshwater Family Holdings Limited**

**Directors' report and financial  
statements**

Registered number 813307

31 December 2007

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## Directors' report and financial statements

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### Principal activity

The company is a holding and investment company. There has been no significant change in the nature of the company's business activity during the year nor is any envisaged in the immediate future.

### Results and dividends

The results for the year ended 31 December 2007 are set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2006 £nil).

### Directors

The directors who held office during the year, and who are still in office, are

Mr BSE Freshwater  
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

Neither director has a service contract nor receives any remuneration from the company.

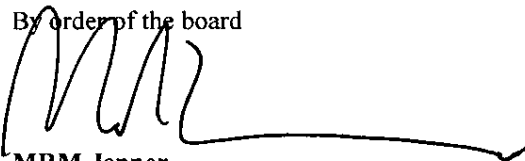
### Disclosure of information to auditors

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

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Cohen Arnold and KPMG LLP as joint auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MRM Jenner  
Secretary

Freshwater House  
158/162 Shaftesbury Avenue  
London WC2H 8HR

16 June 2008

## **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

## **Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Freshwater Family Holdings Limited**

We have audited the financial statements of Freshwater Family Holdings Limited for the year ended 31 December 2007 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.

**Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Freshwater Family Holdings Limited (continued)**

**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 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



**Cohen Arnold**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

16 June 2008



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*  
*London*

16 June 2008

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	2007 £	2006 £
Dividend received from subsidiary undertakings		1,329,000	1,218,000
Administrative expenses		(22,892)	(22,864)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,306,108</b>	1,195,136
Interest payable	2	(3,631,751)	(3,477,087)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	<b>(2,325,643)</b>	(2,281,951)
Tax on loss on ordinary activities	4	1,094,000	1,048,000
		<hr/>	<hr/>
<b>Loss for the financial year</b>	<b>9</b>	<b>(1,231,643)</b>	(1,233,951)
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in the current or previous year other than those disclosed above

All the company's activities are continuing

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year

**Balance sheet**  
*at 31 December 2007*

	<i>Note</i>	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Investments	5		1,240,842		1,240,842
<b>Current assets</b>					
Debtors	6	12,857,426		11,354,626	
Cash		134		-	
		<u>12,857,560</u>		<u>11,354,626</u>	
<b>Creditors amounts falling due within one year</b>	7	<u>(63,262,848)</u>		<u>(60,528,271)</u>	
<b>Net current liabilities</b>			<u>(50,405,288)</u>		<u>(49,173,645)</u>
<b>Net liabilities</b>			<u>(49,164,446)</u>		<u>(47,932,803)</u>
<b>Capital and reserves</b>					
Called up share capital	8		3,000		3,000
Profit and loss account	9		<u>(49,167,446)</u>		<u>(47,935,803)</u>
<b>Equity shareholders' deficit</b>	10		<u>(49,164,446)</u>		<u>(47,932,803)</u>

These financial statements were approved by the board of directors on 16<sup>th</sup> June 2008 and were signed on its behalf by

  
 BSE Freshwater  
 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 of the financial statements***

The financial statements of the company have been prepared under the historical cost convention, in accordance with applicable Accounting Standards

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate of the following reasons. The company is dependent for its working capital on funds provided to it by Centremanor Limited, the company's immediate parent undertaking. Centremanor Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available.

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.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Taxation***

##### ***Current***

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

##### ***Cash flow statement***

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No. 1 (revised 1996)) on the grounds that it is a wholly owned subsidiary undertaking of an immediate holding company registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

##### ***Related party transactions***

The company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Centremanor Limited group companies.

**Notes** (continued)

**2 Interest payable**

	2007	2006
	£	£
Bank loans and overdrafts	751	3,087
Group finance charges payable	3,361,000	3,474,000
	3,361,751	3,477,087
	3,361,751	3,477,087

**3 Loss on ordinary activities before taxation**

	2007	2006
	£	£
<i>Loss on ordinary activities before taxation is stated after charging the following</i>		
Auditors' remuneration for audit services	7,050	8,225
Provision against amount due from ultimate parent undertaking	7,500	7,354
	14,550	15,579
	14,550	15,579

The directors of the company did not receive any emoluments from the company during either year

Apart from the directors, there were no other employees of the company during either year

**4 Tax on loss on ordinary activities**

	2007	2006
	£	£
<i>a) Analysis of credit for the year</i>		
Consideration receivable for group relief		
Current year	1,094,000	1,048,000
	1,094,000	1,048,000
<i>b) Factors affecting the tax credit for the year</i>		
Loss on ordinary activities before taxation	(2,325,643)	(2,281,951)
	(2,325,643)	(2,281,951)
Loss on ordinary activities at the standard rate of 30% (2006 30%)	697,693	684,585
Disallowable provision	(2,250)	(2,206)
Dividends receivable not taxable	398,700	365,400
Sundry differences	(143)	221
	1,094,000	1,048,000
Current tax credit (see above)	1,094,000	1,048,000

**Notes** (continued)

**5 Fixed asset investments**

The investment in subsidiary undertakings comprises

	2007 £	2006 £
Shares at cost	<u>1,240,842</u>	<u>1,240,842</u>

The principal subsidiaries, together with details of the company's interest in their equity share capital, are as follows

	<b>Holdings</b> %
<i>Property investment companies:</i>	
Barranquilla Investments Limited *	84 34
Calabar Properties Limited *	84 34
Calabar (Wellingborough) Limited *	84 34
Deritend Investments (Cheetham) Limited *	84 34
Metropolitan (Finwell Freehold) Limited *	84 34
Metropolitan (Finwell Leasehold) Limited *	84 34
Metropolitan Properties (City) Limited *	84 34
Metropolitan Properties Company Limited	84 34
Metropolitan Properties Co (Colman) Limited *	84 34
Metropolitan Properties Co (FGC) Limited *	84 34
Metropolitan Properties (Investments) Limited *	84 34
Metropolitan Properties (Provincial) Limited *	84 34
Metropolitan (Southampton) Limited*	84 34
Savile Estates Limited *	84 34
Westhampton Properties Limited *	84 34
<i>Property trading companies:</i>	
Calabar Estates Limited *	84 34
Calabar (Flats) Limited *	84 34
Demo Estates Limited *	84 34
Ediscum Limited *	84 34
Firville Investments Limited *	84 34
Henry Davies Developments Limited *	84 34
Metropolitan Properties Co (Regis) Limited *	84 34
Metropolitan Property Realizations Limited *	84 34
Metropolitan (Roebuck) Limited *	84 34
<i>Investment companies:</i>	
Avenue Properties (St John's Wood) Limited	100 00
E Alec Colman Investments Limited *	84 34
Freshwater Family Enterprises Limited	100 00
Retia Phoenix Limited*	84 34
<i>Other companies</i>	
Quoted Securities Limited * - share investment	100 00
Arasta Finance Limited - finance	100 00

\* Indirectly owned

**Notes** *(continued)*

**5 Fixed asset investments** *(continued)*

All the active subsidiary undertakings are incorporated in Great Britain, registered in England and Wales and operate in Great Britain. The company will publish a full list of subsidiaries with its annual return to Companies House.

In the opinion of the directors the underlying value of the investment in subsidiary undertakings is significantly in excess of its book value.

**6 Debtors**

	2007 £	2006 £
Consideration receivable for group relief (note 4)	2,142,000	2,047,000
Amount due from subsidiary undertaking	10,715,426	9,307,626
	12,857,426	11,354,626
	12,857,426	11,354,626

**7 Creditors, amounts falling due within one year**

	2007 £	2006 £
Bank overdraft	-	7,765
Amount due to immediate parent undertaking	61,286,696	58,535,342
Amount due to subsidiary undertaking	1,963,345	1,974,354
Other creditors and accruals	12,807	10,810
	63,262,848	60,528,271
	63,262,848	60,528,271

**8 Called up share capital**

	2007 £	2006 £
<i>Authorised, allotted, called up and fully paid</i> 3,000 ordinary shares of £1 each	3,000	3,000
	3,000	3,000
	3,000	3,000

**Notes** *(continued)*

**9 Profit and loss account**

	£
At 1 January 2007	(47,935,803)
Loss for the financial year	(1,231,643)
	<hr/>
<b>At 31 December 2007</b>	<b>(49,167,446)</b>
	<hr/> <hr/>

**10 Reconciliation of movements in shareholders' deficit**

	2007 £	2006 £
Loss for the financial year	(1,231,643)	(1,233,951)
Opening shareholders' deficit	(47,932,803)	(46,698,852)
	<hr/>	<hr/>
<b>Closing shareholders' deficit</b>	<b>(49,164,446)</b>	<b>(47,932,803)</b>
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**11 Charges on assets and guarantees**

The company has given unlimited guarantees in respect of bank overdraft and loan facilities granted to subsidiary undertakings the amounts drawn down under which at 31 December 2007 aggregated £30,425,000 (2006 £33,598,918)

**12 Ultimate parent undertaking**

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales

Copies of these financial statements can be obtained from the following address Freshwater House, 158/162 Shaftesbury Avenue, London WC2H 8HR

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts