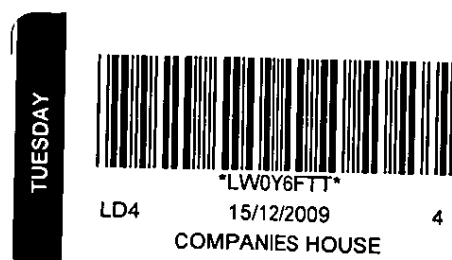


Martin's Properties (Chelsea) Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended
5 April 2009



Company Registration Number. 00533856

Martin's Properties (Chelsea) Limited

DIRECTORS AND OFFICERS

DIRECTORS

LP Burbridge
EC Carlton-Smith
JC Carlton-Smith
JO Hagger
P Hipps
TH Martin

SECRETARY

AM Burbridge

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANKERS

The Bank of Scotland
600 Georgie Road
Edinburgh EH11 3XP

Martin's Properties (Chelsea) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Martin's Properties (Chelsea) Limited for the year ended 5 April 2009.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year continued to be property investment, management and maintenance.

DIRECTORS

The following directors held office since 6 April 2008:

PAG Martin (deceased 21 June 2009)
LP Burbridge
EC Carlton-Smith
JC Carlton-Smith (appointed 1 August 2009)
JO Hagger (appointed 1 January 2009)
P Hipps
TH Martin

CHARITABLE CONTRIBUTIONS

During the year the company made no charitable donations (2008: £1,050).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

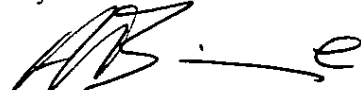
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



AM Burbridge
Secretary

7/12/2009

Martin's Properties (Chelsea) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 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). 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 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 to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN'S PROPERTIES (CHELSEA) LIMITED

We have audited the financial statements on pages 5 to 16.

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).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 more fully explained in the Directors' Responsibilities Statement 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 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

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/UKNP.

Qualified opinion on financial statements arising from disagreement about accounting treatment

Investment properties totalling £24,062,045 are included in tangible fixed assets at a valuation of £23,143,061 which was performed in November 2003 and subsequent additions at cost of £1,053,667, less depreciation of £134,683. This is not in accordance with Statement of Standard Accounting Practice No. 19 "Investment Properties" which requires investment properties to be included in the balance sheet at their open market value. We have been unable to quantify the effect on reserves and tangible fixed assets of the company of this non-compliance.

Except for the financial effect on the balance sheet of not including investment properties at their open market value referred to in the preceding paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 5 April 2009 and of its profit 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

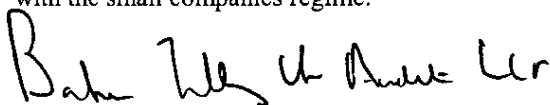
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARTIN'S
PROPERTIES (CHELSEA) LIMITED

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.



HOWARD FREEDMAN (Senior Statutory Auditor)

For an on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

14/12/2009

Martin's Properties (Chelsea) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 5 April 2009

	Notes	2009 £	2008 £
TURNOVER		2,393,836	2,501,624
Direct property costs		(271,448)	(126,612)
GROSS PROFIT		2,122,388	2,375,012
Administrative expenditure		(1,532,894)	(1,153,258)
OPERATING PROFIT		589,494	1,221,754
Profit on disposal of investment properties		-	69,509
Interest receivable and similar income	2	254,201	378,934
Interest payable and similar charges	3	(302,104)	(566,372)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	541,591	1,103,825
Taxation	6	(112,286)	(470,244)
PROFIT FOR THE FINANCIAL YEAR	14	429,305	633,581

Turnover and the operating profit for the year arise from the company's continuing operations.

NOTE OF HISTORICAL COST PROFITS AND LOSSES	2009 £	2008 £
Profit on ordinary activities before taxation	541,591	1,103,825
Realisation of property valuation gains of previous years	-	97,393
Difference between historic cost depreciation and the actual depreciation charge for the year calculated on the revalued amount.	81,776	17,818
Historical cost profit on ordinary activities before taxation	623,367	1,219,036
Historical cost profit for the year retained after taxation	511,081	748,792

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2009 £	2008 £
Profit for the financial year	429,305	633,581
Total recognised gains and losses relating to the year	429,305	633,581
Prior year adjustments	-	(571,732)
Total gains and losses recognised since last annual report	429,305	61,849

Martin's Properties (Chelsea) Limited

BALANCE SHEET

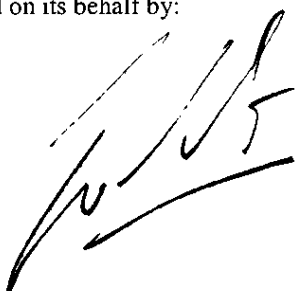
5 April 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	7	24,097,756	24,040,365
Investments	8	1,745,001	1,745,001
		<u>25,842,757</u>	<u>25,785,366</u>
CURRENT ASSETS			
Debtors	9	7,696,265	8,154,860
Cash at bank		2,405,701	1,842,567
		<u>10,101,966</u>	<u>9,997,427</u>
CREDITORS: Amounts falling due within one year	10	(2,554,701)	(2,778,486)
NET CURRENT ASSETS		<u>7,547,265</u>	<u>7,218,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,390,022	33,004,307
CREDITORS: Amounts falling due after more than one year	11	(5,344,982)	(5,344,982)
PROVISIONS FOR LIABILITIES	12	(41,163)	(84,753)
NET ASSETS		<u>28,003,877</u>	<u>27,574,572</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,250	1,250
Revaluation reserve	14	18,248,116	18,329,892
Other reserves	14	10,348	10,348
Profit and loss account	14	9,744,163	9,233,082
SHAREHOLDERS' FUNDS	15	<u>28,003,877</u>	<u>27,574,572</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 5 to 16 were approved by the board and authorised for issue on *7 December 2009* and are signed on its behalf by:

TH Martin
Director



Martin's Properties (Chelsea) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties.

EXEMPTION FROM REQUIREMENT TO PREPARE GROUP ACCOUNTS

The company has taken advantage of the exemption conferred by Section 398 of the Companies Act 2006 not to prepare group accounts. Therefore the financial statements have been prepared to present a view of the company alone.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than investment properties at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:-

Leasehold investment properties	Over the lease term
Plant and machinery	10%/20%/33% straight line/reducing balance

Investment properties are revalued periodically by independent Chartered Surveyors on an open market basis. No depreciation is provided on freehold investment properties or on leasehold investments properties where the unexpired term exceeds 20 years. Leasehold properties where the unexpired term is less than 20 years are depreciated over the remaining lease term.

The policy is not fully compliant, either with the requirements of Companies Act 2006 or with the true and fair override permitted by compliance with Statement of Standard Accounting Practice No.19 "Accounting for Investment Properties". However the directors are of the opinion that the policy adopted is appropriate, bearing in mind the company's circumstances.

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account.

INVESTMENTS

Fixed asset investments are stated at cost less provision for impairment.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluation where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Martin's Properties (Chelsea) Limited

ACCOUNTING POLICIES

TURNOVER

Turnover represents rent and other property income receivable in the year and are stated exclusive of Value Added Tax.

FINANCE COSTS

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

1 TURNOVER

The company's turnover was all derived from its principal activities wholly undertaken within the United Kingdom.

	2009 £	2008 £
Rent receivable	1,566,555	1,475,719
Property management fees	612,265	888,085
Commissions	10,879	-
Repairs, maintenance and dilapidations	198,397	137,820
Sundry income	5,740	-
	<u>2,393,836</u>	<u>2,501,624</u>

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Bank interest receivable	249,611	331,312
Other interest receivable	4,582	36
Interest receivable from related entities	8	47,586
	<u>254,201</u>	<u>378,934</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest on amounts due to Pension Scheme	96,998	128,125
Interest payable to related entities	201,788	438,247
Other interest payable	3,318	-
	<u>302,104</u>	<u>566,372</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £	2008 £
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of short leasehold properties	116,280	18,403
Depreciation - owned assets	7,625	10,011
Auditor's remuneration – audit of statutory financial statements	29,050	18,500
– taxation compliance and advisory work	13,150	9,545
– other	10,000	1,500
Profit on disposal of investment property	-	(69,509)
Directors emoluments (including benefits in kind)	5,231	-
	<u></u>	<u></u>

5 EMPLOYEES

Staff costs include defined contribution pension contributions of £13,908 (2008: £14,000). There were no balances outstanding at the year end (2008: £Nil).

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

6	TAXATION	2009 £	2008 £
	Current tax:		
	UK Corporation tax	221,969	384,150
	Adjustment for prior years	(66,093)	(1,279)
	Total current tax	155,876	382,871
	Deferred tax:		
	Origination and reversal of timing differences	(43,590)	87,198
	Effect of increased tax rate on opening liabilities	-	175
	Total deferred tax	(43,590)	87,373
	Tax on profit on ordinary activities	112,286	470,244
	Factors affecting tax charge for period:	2009 £	2008 £
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below:		
	Profit on ordinary activities before tax	541,591	1,301,084
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 30%)	151,646	390,325
	Effects of:		
	Expenses not deductible for tax purposes	368	21,616
	Depreciation in excess of capital allowances	32,117	3,623
	Share of profit in participating interest	44,032	38,382
	Adjustment to tax charge in respect of previous periods	(66,093)	(1,279)
	Wear and tear allowance	(6,194)	(10,793)
	Differences relating to capital gains	-	(58,653)
	Reduction in rate part way through the year	-	(350)
	Tax charge for period	155,876	382,871

The potential unprovided deferred tax liability at the balance sheet date was £4,463,177 (2008: £4,433,281) in respect of the tax liability that would arise on the sale of investment properties.

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

7	TANGIBLE FIXED ASSETS	Investment properties £	Plant and machinery £	Total £
	Cost or valuation			
	At 6 April 2008	24,020,633	313,349	24,333,982
	Additions	176,095	5,202	181,297
	At 5 April 2009	24,196,728	318,551	24,515,279
	Depreciation			
	At 6 April 2008	18,403	275,215	293,618
	Charge for the year	116,280	7,625	123,905
	At 5 April 2009	134,683	282,840	417,523
	Net book value			
	At 5 April 2009	24,062,045	35,711	24,097,756
	At 5 April 2008	24,002,231	38,134	24,040,365

Investment properties are shown at the directors' valuation at 5 April 2003 plus additions at cost since that date. The directors have been unable to determine the open market value of the investment properties at the year end. However, in the opinion of the directors the value of the properties is at least at the amount stated above.

On an historical cost basis the investment properties would have been included at:

	2009 £	2008 £
Cost	5,813,928	5,672,338
Investment properties at cost comprise:		
Freehold	3,894,583	3,894,582
Long leaseholds	1,478,778	1,731,575
Short leaseholds	440,567	46,181
	5,813,928	5,672,338

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

8 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in other participating interest £	Total £
Cost and net book value At 6 April 2008 and 5 April 2009	510,001	1,235,000	1,745,001

Name	Type of Share	Holding	Aggregate capital and reserves		Result for the year		Nature of business
			2009 £	2008 £	2009 £	2008 £	
26/40 High Street Slough Limited	Ordinary	100%	1,251,283	1,251,346	(63)	14,637	Property trading
Martin's Properties (Park Royal) Limited	Ordinary	100%	-	1	-	-	Dormant
Martin's Estate (Clerkenwell) Limited	Ordinary	50%	4,750,581	4,501,783	248,798	272,336	Property management, development and maintenance
Martin's Property (King's Road) LLP	Members' Capital	21.72%	13,107,427	11,882,478	724,025	585,486	Developing and managing property

9 DEBTORS

	2009 £	2008 £
Due within one year		
Trade debtors	78,074	60,331
Amounts due from related entities	7,433,584	8,038,530
Other debtors	12,864	8,200
Prepayments and accrued income	171,743	47,799
	<u>7,696,265</u>	<u>8,154,860</u>

Amounts due from related parties are interest free and repayable on demand.

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

10	CREDITORS: Amounts falling due within one year	2009 £	2008 £
	Trade creditors	71,728	78,168
	Amounts due to subsidiaries	1,229,850	1,229,853
	Amounts due to related entities	645,059	305,171
	Corporation tax	139,011	384,650
	Other tax and social security costs	41,893	92,904
	Other creditors	116,807	376,318
	Accruals & deferred income	310,353	311,422
		<u>2,554,701</u>	<u>2,778,486</u>

The amounts owed to related entities and subsidiaries are interest free and repayable on demand.

11	CREDITORS: Amounts falling due in more than one year	2009 £	2008 £
	Amounts due to related entities	<u>5,344,982</u>	<u>5,344,982</u>

Included in the above are amounts owed to Martin's of Chelsea Executive Pension Scheme. Interest is charged at the Bank of England rate plus 3%.

Also included in the above are amounts owed to Radnor Walk Investments Limited. Interest is charged at 3 month LIBOR.

12	PROVISIONS FOR LIABILITIES	2009 £	2008 £
	Accelerated capital allowances	(309)	(751)
	Other timing differences	41,472	85,504
	Provision for deferred tax	<u>41,163</u>	<u>84,753</u>
	Provision/(asset) at start of period	84,753	(2,620)
	Deferred tax (credit)/charge in profit and loss account	<u>(43,590)</u>	<u>87,373</u>
		<u>41,163</u>	<u>84,753</u>

13	SHARE CAPITAL	2009 £	2008 £
	Authorised, allotted, issued and fully paid: 1,250 ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

14	RESERVES	Profit and loss account £	Revaluation Reserves £	Other reserves £	Total £
	At 6 April 2008	9,233,082	18,329,892	10,348	27,573,322
	Profit for year	429,305	-	-	429,305
	Transfer to profit and loss on excess depreciation	81,776	(81,776)	-	-
	At 5 April 2009	<u>9,744,163</u>	<u>18,248,116</u>	<u>10,348</u>	<u>28,002,627</u>
15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS			2009 £	2008 £
	Profit for the financial year			429,305	633,581
	Net addition to shareholders' funds			<u>429,305</u>	<u>633,581</u>
	Opening shareholders' funds as previously reported			27,574,572	27,512,723
	Prior year adjustment			-	(571,732)
	Opening shareholders' funds as restated			<u>27,574,572</u>	<u>26,940,991</u>
	Closing shareholders' funds			<u>28,003,877</u>	<u>27,574,572</u>

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

16 RELATED PARTY TRANSACTIONS

Transactions during the year with the following entities of which the directors of the company act as directors/trustees of the related parties:

Name	Nature	Value of transaction		Period end debtor/(creditor)	
		2009 £	2008 £	2009 £	2008 £
Subsidiaries					
Martin's Properties (Park Royal) Limited	Loan	1	-	-	(1)
26/40 High Street Slough Limited	Loan	-	30	(1,229,850)	(1,229,853)
Related entities					
Radnor Walk Investments Limited	Loan	-	3,000,000	(3,844,982)	(3,844,982)
	Interest payable	(198,964)	(268,982)	-	-
	Current account	106,806	789,765	20,863	(85,943)
	Interest payable		-		-
PG Martin	Current a/c	(2,719)	-	(2,719)	-
GH & KH Martin Will Trust	Current a/c	1,989	-	1,989	-
KH Martin Will Trust	Loan	(31,091)	36,539	5,448	36,540
Kaymart Properties Limited	Loan	-	-	(43,840)	(43,840)
Martin's of Chelsea Executive Pension Scheme	Current account	18,054	(833)	(13,607)	(31,661)
	Loan	-	-	(1,500,000)	(1,500,000)
	Interest payable	(96,998)	(128,125)	-	-
Peter Martin Children's Settlement	Current a/c	(27)	-	(27)	-
GH Martin Family Settlement	Current a/c	(200,000)	-	(200,000)	-
KH Martin Family Settlement	Current a/c	(250,000)	-	(250,000)	-
Martin's Estates (Clerkenwell) Limited	Loan	144,428	(3,191,710)	701	(143,728)
	Interest payable	(2,824)	(169,265)	-	-
	Interest receivable	8	47,586	-	-
Martin's Properties (Kensington) Limited	Current account	2,593	12,107	4,583	1,990
	Rent receivable	525	1,450	-	-
Martin's Properties (Kings Road) LLP	Loan	(600,000)	99,946	7,400,000	8,000,000
PAG Martin (Mrs)	Director's account	76,826	(177,560)	(134,866)	(211,692)
Paul Hipps	Consultancy Fees	-	1,875	-	-

Martin's Properties (Chelsea) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year to 5 April 2009

17 CONTROL

In the opinion of the directors, there is no ultimate controlling party.