

**COMPANY REGISTRATION NUMBER 613900**

**THE CROMLECH PROPERTY CO. LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2012**

**COHEN ARNOLD**  
Chartered Accountants & Statutory Auditor  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

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**THE CROMLECH PROPERTY CO. LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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**THE CROMLECH PROPERTY CO. LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**THE BOARD OF DIRECTORS**

B S E Freshwater  
D Davis

**COMPANY SECRETARY**

M R M Jenner, F C I S

**REGISTERED OFFICE**

Freshwater House  
158-162 Shaftesbury Avenue  
London  
WC2H 8HR

**AUDITOR**

Cohen Arnold  
Chartered Accountants  
& Statutory Auditor  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

# **THE CROMLECH PROPERTY CO. LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 MARCH 2012**

The directors present their report and the financial statements of the company for the year ended 31 March 2012

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £580,920. The directors have not recommended a dividend.

#### **INVESTMENT PROPERTIES**

A professional revaluation of the whole of the company's investment portfolio was carried out at 31 March 2012 by the company's external valuers, Colliers CRE, Chartered Surveyors. The resultant figures have been included in the Financial Statements now being presented. The surplus of £1,083,987 over previous book values has been transferred to Revaluation Reserve.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

B S E Freshwater  
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 do they receive any emoluments from the company.

The company does not grant share options to its directors nor does it pay pension contributions on their behalf.

#### **DIRECTORS' INTERESTS IN CONTRACTS**

Day to day management of the company's properties is carried out by Freshwater Property Management Limited of which Mr B S E Freshwater is a director. Mr B S E Freshwater and Mr D Davis are also Governors of the Parent Undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

The only contracts in which directors were interested were those entered into in the normal course of business.

#### **DIRECTORS' INTERESTS IN SHARE CAPITAL**

The whole of the issued share capital of the company is owned by City and Country Properties Limited. At 31 March 2012, neither director has any interest in the share capital of the company, the parent undertaking or any subsidiary of the company's parent undertaking.

The interest of the directors, and those of their families and family trusts, in the share capital of Daejan Holdings PLC, the ultimate parent undertaking, are set out in the Directors' Report of that company.

**THE CROMLECH PROPERTY CO. LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 MARCH 2012**

**DIRECTORS' RESPONSIBILITIES**

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 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 of the profit or loss of the company 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,
- 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 enable them to ensure that the financial statements comply with 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**DONATIONS**

During the year the company made no charitable donation nor political contribution.

**AUDITOR**

Cohen Arnold are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'M R M JENNER', followed by a horizontal line ending in an arrowhead.

M R M JENNER, F C I S  
Company Secretary

Approved by the directors on 10 July 2012

**THE CROMLECH PROPERTY CO. LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**THE CROMLECH PROPERTY CO. LIMITED**

**YEAR ENDED 31 MARCH 2012**

We have audited the financial statements of The Cromlech Property Co Limited for the year ended 31 March 2012 on pages 6 to 13. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its 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 MATTERS 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.

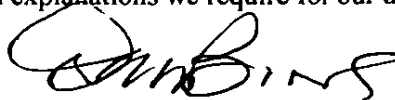
**THE CROMLECH PROPERTY CO. LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**THE CROMLECH PROPERTY CO. LIMITED** *(continued)*

**YEAR ENDED 31 MARCH 2012**

**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



DAVID BIRNS (Senior Statutory Auditor)

For and on behalf of  
COHEN ARNOLD  
Chartered Accountants  
& Statutory Auditor

New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

10 July 2012

**THE CROMLECH PROPERTY CO. LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	<b>2</b>	<b>415,638</b>	<b>356,468</b>
Cost of Sales		<u>(360,635)</u>	<u>(302,289)</u>
<b>GROSS PROFIT</b>		<b>55,003</b>	<b>54,179</b>
Administrative Expenses		<u>(13,750)</u>	<u>(332,820)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>41,253</b>	<b>(278,641)</b>
Interest Payable and Similar Charges	<b>5</b>	<u>(1,320,000)</u>	<u>(1,344,009)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,278,747)</b>	<b>(1,622,650)</b>
Tax on Loss on Ordinary Activities	<b>6</b>	<u>697,827</u>	<u>(305,508)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(580,920)</u></b>	<b><u>(1,928,158)</u></b>

All of the activities of the company are classed as continuing.

The notes on pages 9 to 13 form part of these financial statements.



**THE CROMLECH PROPERTY CO. LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
Loss for the Financial Year		
Attributable to the Shareholders	(580,920)	(1,928,158)
Unrealised Profit on Revaluation of Certain Fixed Assets	<u>1,083,987</u>	<u>—</u>
Total Gains and Losses Recognised Since the Last Annual Report	<u>503,067</u>	<u>(1,928,158)</u>

The notes on pages 9 to 13 form part of these financial statements

**THE CROMLECH PROPERTY CO. LIMITED**

**BALANCE SHEET**

**31 MARCH 2012**

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible Assets	7	17,500,000	16,000,000
<b>CURRENT ASSETS</b>			
Debtors	8	400,876	63,253
Cash at Bank		<u>20,563</u>	<u>20,563</u>
		421,439	83,816
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(25,108,693)</u>	<u>(23,774,137)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(24,687,254)</u>	<u>(23,690,321)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(7,187,254)</u>	<u>(7,690,321)</u>
<b>CAPITAL AND RESERVES</b>			
Called-Up Equity Share Capital	11	120,800	120,800
Revaluation Reserve	12	6,013,725	4,929,738
Profit and Loss Account	12	<u>(13,321,779)</u>	<u>(12,740,859)</u>
<b>DEFICIT</b>	13	<u>(7,187,254)</u>	<u>(7,690,321)</u>

These financial statements were approved by the directors and authorised for issue on 10 July 2012, and are signed on their behalf by

  
**B S E FRESHWATER**  
Director

Company Registration Number 613900

The notes on pages 9 to 13 form part of these financial statements.

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern notwithstanding the deficiency in net current assets at the balance sheet date. The directors consider this to be appropriate having regard to the continued provision of financial support by the company's ultimate parent undertaking, Daejan Holdings PLC

**Cash flow statement**

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of an ultimate parent undertaking 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 exemptions in Financial Reporting Standard No 8 "Related Party Disclosures" in order to dispense with the requirement to disclose transactions with other Daejan Holdings PLC Group Companies

**Turnover**

Turnover comprises rents and service charges receivable less applicable provisions

**Depreciation**

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation or amortisation is provided in respect of Freehold investment properties nor on Leasehold investment properties having an unexpired term of more than twenty years. This departure from the requirements of the Companies Act 2006, for all properties to be depreciated, is necessary, as the directors consider that this Accounting Policy results in the Financial Statements giving a true and fair view

**Investment properties**

Investment properties are included in the Balance Sheet at professional valuation. Any surplus, and any temporary deficit is transferred to the revaluation reserve, and on realisation this surplus or deficit is transferred to the cumulative Profit and Loss Account. Deficits which are expected to be permanent are charged to Profit and Loss Account, and subsequent reversals of such deficits are credited to Profit and Loss Account in the same way

**Deferred taxation**

Deferred tax is provided in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that

- No provision is made in respect of unrealised property revaluation surpluses, and
- Deferred tax assets are recognised to the extent that they are considered recoverable

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**1. ACCOUNTING POLICIES** *(continued)*

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Acquisitions and disposals of properties**

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

**2. TURNOVER**

The turnover of the company is represented by rents and charges receivable in respect of the properties held for investment purposes.

The gross profit is comprised as follows:

	2012 £	2011 £
Rents and charges receivable	415,638	356,468
Property outgoings	(360,635)	(302,289)
Net Rental Income	<u>55,003</u>	<u>54,179</u>

**3. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging:

	2012 £	2011 £
Auditor's remuneration - as auditor	<u>3,500</u>	<u>3,500</u>

**4. PARTICULARS OF EMPLOYEES**

No salaries or wages have been paid to employees, including the directors, during the year.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Other similar charges payable	<u>1,320,000</u>	<u>1,344,009</u>

Other similar charges payable includes interest payable to group undertakings in the amount of £1,320,000 (2011: £1,344,000).

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**6. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2012 £	2011 £
Current tax		
Corporation tax	-	-
Consideration receivable for group relief - prior year	(365,827)	305,508
Consideration receivable for group relief - current year	(332,000)	-
Total current tax	<u>(697,827)</u>	<u>305,508</u>

**(b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	2012 £	2011 £
Loss on ordinary activities before taxation	<u>(1,278,747)</u>	<u>(1,622,650)</u>
Loss on ordinary activities by rate of tax	(332,474)	-
Adjustments in respect of previous periods	(365,827)	305,508
Other differences	474	-
Total current tax (note 6(a))	<u>(697,827)</u>	<u>305,508</u>

**(c) Factors that may affect future tax charges**

In the event of a realisation of the company's properties at an amount equal to the valuation recorded in the Financial Statements, a liability to corporation tax of £Nil (2011 - £Nil) would arise

**7. TANGIBLE FIXED ASSETS**

	<b>Freehold Property £</b>
<b>COST OR VALUATION</b>	
At 1 April 2011	16,000,000
Additions	416,013
Revaluation	1,083,987
<b>At 31 March 2012</b>	<u><b>17,500,000</b></u>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2012</b>	<u><b>17,500,000</b></u>
At 31 March 2011	<u>16,000,000</u>

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**7. TANGIBLE FIXED ASSETS** *(continued)*

The historical cost of investment properties at 31 March 2012 is £11,486,275

The company's investment properties were professionally valued at 31 March 2012 by Colliers CRE, Chartered Surveyors. The valuation figures are based upon open market values in accordance with the Practice Statements in the R I C S Appraisal and Valuation Manual

**8. DEBTORS**

	2012 £	2011 £
Trade debtors	24,058	50,985
Other debtors	376,818	12,268
	<u>400,876</u>	<u>63,253</u>

**9. CREDITORS: Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	20,563	20,563
Amounts owed to group undertakings	25,059,175	23,737,636
Other creditors including taxation		
Other creditors	28,955	15,938
	<u>25,108,693</u>	<u>23,774,137</u>

**10. DIRECTORS' INTEREST IN CONTRACTS**

Day to day management of the company's properties is carried out by Freshwater Property Management Limited. Freshwater Property Management Limited is a member of the Freshwater Group of Companies, with which this company is closely associated. Mr B S E Freshwater is a Director of Freshwater Property Management Limited.

Mr B S E Freshwater and Mr D Davis are also governors of the parent undertaking of Freshwater Property Management Limited but have no beneficial interest in either company.

The amounts paid for the provision of management services charged for at normal commercial rates was £22,592 (2011: £8,083).

**11. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2012 No	£	2011 No	£
120,800 Ordinary shares of £1 each	<u>120,800</u>	<u>120,800</u>	<u>120,800</u>	<u>120,800</u>

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**12. RESERVES**

	Revaluation reserve £	Profit and loss account £
Balance brought forward	4,929,738	(12,740,859)
Loss for the year	—	(580,920)
Other gains and losses		
- Revaluation of fixed assets	<u>1,083,987</u>	<u>—</u>
Balance carried forward	<u>6,013,725</u>	<u>(13,321,779)</u>

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Loss for the financial year	(580,920)	(1,928,158)
Other net recognised gains and losses	<u>1,083,987</u>	<u>—</u>
Net addition/(reduction) to shareholders' deficit	503,067	(1,928,158)
Opening shareholders' deficit	<u>(7,690,321)</u>	<u>(5,762,163)</u>
Closing shareholders' deficit	<u>(7,187,254)</u>	<u>(7,690,321)</u>

**14. PARENT COMPANY AND CONTROLLING PARTY**

The parent company is City and Country Properties Limited, a company incorporated in the United Kingdom and registered in England and Wales

The company's ultimate parent undertaking and controlling party is Daejan Holdings PLC, a company incorporated in the United Kingdom and registered in England and Wales

Copies of the Group Financial Statements of Daejan Holdings PLC can be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR

**THE CROMLECH PROPERTY CO. LIMITED**  
**MANAGEMENT INFORMATION**  
**YEAR ENDED 31 MARCH 2012**

**The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditor's report on pages 4 to 5**



**THE CROMLECH PROPERTY CO. LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
<b>TURNOVER</b>	<b>415,638</b>	<b>356,468</b>
<b>COST OF SALES</b>		
General and water rates	(258,288)	(207,821)
Insurance	(8,623)	(8,712)
Repairs and renewals	(44,964)	(48,403)
Legal and professional	(3,485)	(23,077)
Light and heat	(195)	(130)
Porterage and cleaning	(22,488)	(6,063)
Letting & management commission	(22,592)	(8,083)
	<u>(360,635)</u>	<u>(302,289)</u>
<b>GROSS PROFIT</b>	<b>55,003</b>	<b>54,179</b>
<b>OVERHEADS</b>		
Administrative Expenses	(13,750)	(332,820)
<b>OPERATING PROFIT/(LOSS)</b>	<b>41,253</b>	<b>(278,641)</b>
Interest Payable and Similar Charges	(1,320,000)	(1,344,009)
<b>LOSS ON ORDINARY ACTIVITIES</b>	<b><u>(1,278,747)</u></b>	<b><u>(1,622,650)</u></b>

**THE CROMLECH PROPERTY CO. LIMITED**  
**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
<b>ADMINISTRATIVE EXPENSES</b>		
General expenses		
Legal and professional fees	10,250	329,320
Auditors remuneration	<u>3,500</u>	<u>3,500</u>
	<u>13,750</u>	<u>332,820</u>
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Group interest payable	1,320,000	1,344,000
Other similar charges	–	9
	<u>1,320,000</u>	<u>1,344,009</u>