

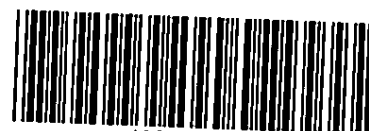
ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2007

CONTENTS	PAGE
REPORT OF THE DIRECTORS	1 - 2
REPORT OF THE AUDITORS	3 - 4
INCOME AND EXPENDITURE	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
NOTES TO THE ACCOUNTS	8 - 10

THE FOLLOWING SCHEDULES ARE FOR MANAGEMENT INFORMATION PURPOSES ONLY AND DOES NOT FORM PART OF THE STATUTORY ACCOUNTS

INCOME AND EXPENDITURE ACCOUNT	11
---------------------------------------	-----------

FRIDAY



A60 *A9AT5VOA* 21/12/2007 93
COMPANIES HOUSE

GRAYSHOTT HALL LIMITED

1

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 June 2007

RESULTS AND DIVIDENDS

The loss for the year, before taxation amounted to £933 (2006 - £17,400 -profit)

On 30 June 2007 the directors recommend and paid a dividend on the ordinary share capital of the company £275,000, (2006 - £750,000)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was that of an investment company

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows

A D Stalbow, M A (Cantab)
J H J Lewis OBE LLB

Mr A D Stalbow and Mr J H J Lewis are also directors of the ultimate parent company, Morlands Holdings Limited Their interests in that company are not required to be recorded in the register of directors' interests in this company

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances and loans to the company

Due to the nature of the financial instruments used by the company there is no exposure to price risk The company's approach to managing other risks applicable to the financial instruments concerned is shown below

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and the flexibility through the use of loans

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have kept a close control over costs during the year and will continue to do so in the future so long as the company carries out no trading activities

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the affairs of the company and of the profit or loss of the company for that period. In preparing the accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDIT INFORMATION

The directors have made themselves aware of all relevant audit information. The auditors have been informed of all of this information.

AUDITORS

A resolution to reappoint Messrs Gerald Kreditor & Co, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

BY ORDER OF THE BOARD

P Georgiou
Secretary



15 November 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

3

GRAYSHOTT HALL LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements

This report is made solely to the company's shareholders, 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 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 audit work, for this report, or for the opinions formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 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 error. It also includes an assessment of the significant estimates and judgements made by the director 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 explanation 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

4

GRAYSHOTT HALL LIMITED (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 30 June 2007 and of its profit 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 for the year ended 30 June 2007



GERALD KREDITOR & CO ,
Chartered Accountants and Registered Auditors
Hallswelle House, 1 Hallswelle Road, London NW11 0DH

15 November 2007

Profit and Loss Account for the year ended 30 June 2007

	Notes	2007	2006
		£	£
Administrative and other operating expenses		(933)	(1,433)
Other operating income		-	18,833
Operating (loss) / profit	2	<u>(933)</u>	<u>17,400</u>
 (Loss) / profit on ordinary activities before taxation		 <u>(933)</u>	 <u>17,400</u>
Taxation	3	100,000	-
Profit for the financial year	9	<u>99,067</u>	<u>17,400</u>

None of the company's activities were acquired or discontinued during the above two financial years

There is no difference between the profit on ordinary activities before taxation and the profit for the year above, and their historical cost equivalents

The notes on pages 8 to 10 form part of these accounts

Statement of Total Recognised Gains and Losses for the year ended 30 June 2007

	2007	2006
	£	£
Loss for the financial year	99,067	17,400
Unrealised surplus on revaluation of properties	-	39,995
Total Gain and Losses recognised since last financial statements	<u>99,067</u>	<u>57,395</u>

The notes on pages 8 to 10 form part of these accounts

Balance Sheet as at 30 June 2007

	Notes	2007	2006
		£	£
Fixed assets			
Tangible assets	5	40,000	<u>40,000</u>
Current assets			
Debtors	6	<u>7,505</u>	<u>283,788</u>
		7,505	283,788
Creditors . amounts falling due within one year	7	<u>350</u>	<u>100,700</u>
Net current assets		7,155	183,088
Total assets less current liabilities		<u>47,155</u>	<u>223,088</u>
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account	9	6,160	182,093
Revaluation reserve		39,995	39,995
		<u>47,155</u>	<u>223,088</u>

The financial statements were approved by the directors and authorised for issue on 15 November 2007, and signed on their behalf by

Signed  Director

Signed  Director

The notes on pages 8 to 10 form part of these accounts

Cash flow statement for the year ended 30 June 2007**Reconciliation of operating profit to net cash inflows from operating activities**

	Notes	2007 £	2006 £
Operating (loss)/profit		(933)	17,400
Decrease in debtors		276,283	744,015
Decrease in creditors		(350)	(15,451)
Net cash flows from operating activities		<u>275,000</u>	<u>745,964</u>

Cash flow		£	£
Net cash flows from operating activities		275,000	745,964
Equity dividends paid		(275,000)	(750,000)
Decrease in cash		<u>-</u>	<u>(4,036)</u>

Reconciliation of net cash flow to movement in net debt		£	£
Decrease in cash		-	(4,036)
Net funds at 1 July 2006		-	4,036
Net funds at 30 June 2007	11	<u>-</u>	<u>-</u>

The notes on pages 8 to 10 form part of these accounts

Notes to the financial statements for the year ended 30 June 2007

1 ACCOUNTING POLICIES

The principal accounting policies adopted are unless otherwise stated consistent with those applied in the previous accounting period and are as follows -

a Convention

The financial statements have been prepared under the historical cost convention

b Accounting Standards

These accounts have been prepared in accordance with all applicable UK Accounting Standards

c Taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date, except otherwise required by Financial Reporting Standard No 19

d Financial Instruments

Financial instruments are classified as accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments

An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities

2 OPERATING PROFIT

This is stated after charging or crediting -

Auditors' remuneration

2007	2006
£	£
350	700

3. TAX ON ORDINARY ACTIVITIES

Based on current year

Adjustment in respect of prior years

£	£
(100,000)	-
(100,000)	-

4 DIVIDEND

Equity dividend paid

£	£
275,000	750,000

Notes to the financial statements for the year ended 30 June 2007

5. TANGIBLE FIXED ASSETS

	Freehold Land £
Cost or valuation At 1 July 2006 and 30 June 2007	<u>40,000</u>

6. DEBTORS

	2007 £	2006 £
Amounts due from parent company	7,374	283,788
Other debtors	<u>131</u>	<u>-</u>
	<u>7,505</u>	<u>283,788</u>

7 CREDITORS - amounts falling due within one year

	2007 £	2006 £
Corporation tax	-	100,000
Accruals	<u>350</u>	<u>700</u>
	<u>350</u>	<u>100,700</u>

8. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2007 £	2006 £	2007 £	2006 £
Equity interests				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

9 PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Accumulated profit at 1 July 2006	182,093	914,693
Profit for the financial year	<u>99,067</u>	<u>17,400</u>
	281,160	932,093
Equity dividend paid	<u>(275,000)</u>	<u>(750,000)</u>
Accumulated profit at 30 June 2007	<u>6,160</u>	<u>182,093</u>

Notes to the financial statements for the year ended 30 June 2007

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	(933)	17,400
Taxation	100,000	-
Dividends	(275,000)	(750,000)
	(175,933)	(732,600)
Revaluation reserve	-	39,995
Shareholders' funds at 1 July 2006	223,088	915,693
Shareholders' funds at 30 June 2007	<u>47,155</u>	<u>223,088</u>
Represented by -		
Equity interests	<u>46,155</u>	<u>222,088</u>

11 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8, in that this company is a wholly owned subsidiary and that it is included in the consolidated financial statements that are publicly available

12. ULTIMATE PARENT COMPANY

On 1 March 2007, the shares held by A Stanford and Company Limited in the parent company, were transferred to Morlands Holdings Limited

The ultimate parent company is Morlands Holdings Limited, a company incorporated in England

GRAYSHOTT HALL LIMITED

11

Income and Expenditure account for the year ending 30 June 2007

	2007 £	2006 £
SALES		
Sundry income	-	18,833
	<u>-</u>	<u>18,833</u>
 ADMINISTRATIVE EXPENSES		
Water Rates	23	16
Legal and professional	30	30
Auditors' remuneration	350	700
Bank charges	30	63
General expenses	500	624
	<u>933</u>	<u>1,433</u>
 OPERATING (LOSS) / PROFIT	<u>(933)</u>	<u>17,400</u>
 NET (LOSS) /PROFIT FOR THE YEAR	<u>(933)</u>	<u>17,400</u>