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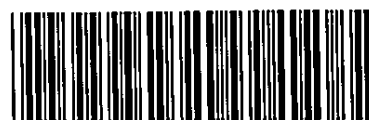
Company No. 1040501

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2008

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COMPANIES HOUSE

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British Ensign Estates Limited

Company Information

Director

P.G. Blacker

Secretary

G.D. Cresswell

Registered Office

23 Cavaye Place
London
SW10 9PT

Bankers

Bank of Scotland PLC
The Mound
Edinburgh
EH1 1YZ

Anglo Irish Bank PLC
1 Marsden Street
Manchester
M2 1HW

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
Northants
NN3 6NW

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Solicitors

Russell-Cooke LLP
2 Putney Hill
Putney
London
SW15 6AB

British Ensign Estates Limited

Director's Report

For the year ended 31 March 2008

The director presents his report and financial statements for the year ended 31st March 2008.

Principal activities and business review

The principal activities of the group throughout the year were those of property development, trading and investment.

The results for the year and the financial position at the year-end were as generally anticipated by the director, although a £350,000 loan write down with Argyll Sawmills Limited was not foreseen. Argyll Sawmills Limited has since shut down in July 2008.

Rental income decreased by 3% in comparison to last year. Share of associates' profits show a marked decrease in comparison to last year when a profit of over £3million was made on the sale of two joint venture commercial properties in central London. In addition the group subsidiary Laneclash Limited which provides property management services received management fees on the same sales.

The current economic conditions indicate that raising loan finance may become more difficult in future but the group has well established relationships with its bankers and the group will continue to seek property assets in which to invest.

Financing

The group has entered into interest rate step-up swap arrangements in respect of certain bank loans.

Results and dividend

The results of the group for the year are set out on page 4. The director does not recommend the payment of a dividend as the funds of the company are fully employed.

Fixed assets

Details of changes during the year in tangible fixed assets and in the valuation of land and buildings held by the group and company are set out in note 11 to the financial statements.

Properties held for resale

In the opinion of the director the market value of the group's properties held for resale in stocks is in the region of £2.43 million.

Directors and their interests

The following directors have held office since 1 April 2007:

P.G. Blacker

C.E.P. Bishop

G.D. Cresswell

(Resigned 30th May 2008)

(Appointed 29th February 2008 and resigned 19th March 2008)

Donations

The group made charitable contributions during the year amounting to £2,150 (2007: £3,400).

Auditors

In accordance with section 285 of the Companies Act 1985, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

British Ensign Estates Limited
Director's Report (Continued)
For the year ended 31 March 2008

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

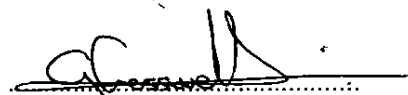
The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of

Statement of disclosure to auditor

(a) so far as the director is aware, there is no relevant audit information of which the company's

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of

By Order of the Board



G.D. Crosswell
Secretary

Date: 16/10/08

British Ensign Estates Limited
Independent Auditors' Report
To the Shareholders of British Ensign Estates Limited

We have audited the consolidated financial statements of British Ensign Estates Limited for the year ended 31 March 2008 set out on pages 4 to 24. These financial statements have been prepared in accordance with 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 auditors' 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Director and Auditors

As described in the Statement of Director's Responsibilities, the company's director is 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 & 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, and whether in our opinion the information given in the director's report is consistent with the 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 the directors' remuneration and transactions with the company is not disclosed.

We read the director's 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 & 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 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.

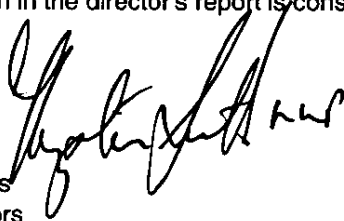
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 31st March 2008 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the director's report is consistent with the financial statements.

Kingston Smith LLP
Chartered Accountants
and Registered Auditors



Date:

17 October 2008

Devonshire House
60 Goswell Road
London
EC1M 7AD

British Ensign Estates Limited
Consolidated Profit and Loss Account
For the year ended 31st March 2008

	Note	2008 £	2007 £
Group turnover - continuing operations	2	2,098,364	2,903,252
Cost of sales		<u>(617,305)</u>	<u>(661,541)</u>
Gross profit		1,481,059	2,241,711
Net operating expenses	3	<u>(1,236,841)</u>	<u>(1,449,782)</u>
Group operating profit - continuing operations	4	244,218	791,929
Share of (loss)/profit of associates		(403,744)	2,976,834
(Loss)/profit on sale of investment properties	5	<u>(27,709)</u>	<u>76,272</u>
Profit on ordinary activities before interest and investment income		(187,235)	3,845,035
Other interest receivable and similar income		28,560	30,386
Interest payable and similar charges	8	<u>(1,174,481)</u>	<u>(1,211,521)</u>
(Loss)/profit on ordinary activities before taxation		(1,333,156)	2,663,900
Taxation	9	<u>(5,156)</u>	<u>(747,776)</u>
(Loss)/profit on ordinary activities after taxation		(1,338,312)	1,916,124
Minority interests		(891)	(23,854)
Retained (loss)/profit for the financial year for the group and its share of associates	18	<u><u>(1,339,203)</u></u>	<u><u>1,892,270</u></u>

British Ensign Estates Limited
Profit and Loss Account
For the year ended 31st March 2008

	Note	2008 £	2007 £
Turnover - continuing operations	2	411,349	403,276
Cost of sales		<u>(190,581)</u>	<u>(206,891)</u>
Gross profit		220,768	196,385
Net operating expenses	3	(1,146,174)	(1,183,024)
Operating loss - continuing activities	4	<u>(925,406)</u>	<u>(986,639)</u>
(Loss)/profit on sale of investment properties	5	<u>(27,709)</u>	<u>76,272</u>
Operating loss before interest and investment income		(953,115)	(910,367)
Investment income		492,005	2,923,096
Interest receivable and similar income		24,616	27,104
Interest payable and similar charges	8	<u>(289,961)</u>	<u>(517,561)</u>
(Loss)/profit on ordinary activities before taxation		(726,455)	1,522,272
Taxation	9	<u>-</u>	<u>-</u>
(Loss)/profit on ordinary activities after taxation		(726,455)	1,522,272
Dividends		<u>-</u>	<u>-</u>
Retained (loss)/profit for the year	18	<u><u>(726,455)</u></u>	<u><u>1,522,272</u></u>

British Ensign Estates Limited
Consolidated Statement of Total Recognised Gains and Losses
For the year ended 31st March 2008

	2008 £	2007 £
(Loss)/profit for the financial year	(1,339,203)	1,892,270
Unrealised surplus on revaluation of properties - group	176,431	1,001,808
Unrealised surplus on revaluation of properties - associates	515,916	-
Total recognised gains and losses relating to the year	<u>(646,856)</u>	<u>2,894,078</u>
Total gains and losses recognised since last Annual Report	<u>(646,856)</u>	<u>2,894,078</u>

Reconciliation of Movements in Shareholders' Funds

(Loss)/profit for the financial year	<u>(1,339,203)</u>	<u>1,892,270</u>
	(1,339,203)	1,892,270
Other recognised gains relating to the year	<u>692,347</u>	<u>1,001,808</u>
(Decrease)/increase in shareholders' funds	(646,856)	2,894,078
Opening shareholders' funds	<u>18,124,229</u>	<u>15,230,151</u>
Closing shareholders' funds	<u>17,477,373</u>	<u>18,124,229</u>

Note of Historical Cost Profit and Losses

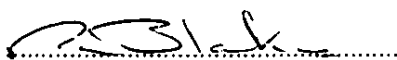
Reported (loss)/profit on ordinary activities before taxation	(1,333,156)	2,663,900
Realisation of property transactions of previous years	103,395	59,512
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>23,593</u>	<u>24,082</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(1,206,168)</u>	<u>2,747,494</u>
Historical cost (loss)/profit for the year retained after taxation and equity minority interests	<u>(1,212,215)</u>	<u>1,975,864</u>

British Ensign Estates Limited

Consolidated Balance Sheet as at 31st March 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Intangible assets	10		(61,127)		(95,867)
Tangible assets	11		20,259,377		20,268,139
Investments	12		<u>460,098</u>		<u>574,823</u>
			20,658,348		20,747,095
Current assets					
Stocks	13	2,430,000		2,430,000	
Debtors	14	1,595,500		4,543,278	
Debtors - amounts falling due after more than one year	14	9,418,441		8,813,227	
Cash at bank and in hand		<u>1,786,712</u>		<u>317,101</u>	
		15,230,653		16,103,606	
Creditors: amounts falling due within one year	15	<u>(1,202,448)</u>		<u>(1,667,337)</u>	
Net current assets			<u>14,028,205</u>		<u>14,436,269</u>
Total assets less current liabilities			34,686,553		35,183,364
Creditors: amounts falling due after more than one year	16		(16,702,629)		(16,255,455)
Provisions for liabilities and charges	17		<u>(506,551)</u>		<u>(506,551)</u>
Net assets			<u>17,477,373</u>		<u>18,421,358</u>
Capital and reserves					
Called up share capital - equity interests	18		500		500
Share premium account	18		560,000		560,000
Other reserves	18		160,188		160,188
Revaluation reserve	18		9,587,931		9,022,572
Profit and loss account	18		<u>7,168,754</u>		<u>8,380,969</u>
Shareholders' funds			17,477,373		18,124,229
Minority interest			<u>-</u>		<u>297,129</u>
			<u>17,477,373</u>		<u>18,421,358</u>

Approved by the director and authorised for issue on ...16/10/08...



P.G. Blacker
Director

British Ensign Estates Limited

Balance Sheet as at 31st March 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Tangible assets	11	5,912,110		6,072,096	
Investments	12	<u>2,664,577</u>		<u>2,443,077</u>	
		8,576,687		8,515,173	
Current assets					
Stocks	13	450,000		450,000	
Debtors	14	1,298,925		4,215,971	
Debtors - amounts falling due after more than one year	14	9,418,441		8,813,227	
Cash at bank and in hand		<u>1,764,130</u>		<u>88,907</u>	
		12,931,496		13,568,105	
Creditors: amounts falling due within one year	15	<u>(11,780,197)</u>		<u>(11,529,545)</u>	
Net current assets		<u>1,151,299</u>		<u>2,038,560</u>	
Total assets less current liabilities		9,727,986		10,553,733	
Creditors: amounts falling due after more than one year	16	<u>(4,178,379)</u>		<u>(4,294,102)</u>	
Net assets		<u><u>5,549,607</u></u>		<u><u>6,259,631</u></u>	
Capital and reserves					
Called up share capital - equity interests	18	500		500	
Share premium account	18	560,000		560,000	
Revaluation reserve	18	1,332,430		1,439,731	
Profit and loss account	18	<u>3,656,677</u>		<u>4,259,400</u>	
Shareholders' funds		<u><u>5,549,607</u></u>		<u><u>6,259,631</u></u>	

Approved by the director and authorised for issue on16/10/08.



P.G. Blacker
Director

British Ensign Estates Limited
Consolidated Cash Flow Statement
For the year ended 31st March 2008

	Notes	2008 £	£	2007 £	£
Net cash inflow/(outflow) from operating activities	1		2,223,032		(224,038)
Returns on investments and servicing of finance					
Interest received		28,560		30,386	
Interest paid		(1,174,481)		(1,211,521)	
Dividends received		<u>221,741</u>		<u>2,123,809</u>	
Net cash flow from returns on investments and servicing of finance			(924,180)		942,674
Taxation					
Corporation tax			-		(200,997)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		-		(4,685,539)	
Sale of tangible fixed assets		<u>112,291</u>		<u>144,684</u>	
Net cash flow from capital expenditure and financial investment			112,291		(4,540,855)
Acquisition and disposals					
Purchase of investments		-		(36)	
Purchase of subsidiary undertaking	4	(301,500)			
Disposal of investments		<u>-</u>		<u>1,274,999</u>	
Net cash flow from acquisitions and disposals			(301,500)		1,274,963
Financing					
Debt due within a year:					
Increase in short term borrowings		(71,461)		65,000	
Debt due beyond a year:					
Increase in long term borrowings		448,630		4,223,999	
Repayment of secured loans		-		-	
Finance leases		<u>(17,474)</u>		<u>(37,713)</u>	
Net cash flow from financing			359,695		4,251,286
Increase in cash	2		<u>1,469,338</u>		<u>1,503,033</u>

British Ensign Estates Limited
Notes to the Cash Consolidated Flow Statement
For the year ended 31st March 2008

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2008	2007
		£	£
	Operating profit	244,218	791,929
	Depreciation	45,193	49,205
	Amortisation of negative goodwill	(31,260)	(31,956)
	Decrease/(increase) in debtors	2,342,564	(1,115,042)
	(Decrease)/increase in creditors	(377,683)	81,826
	Net cash inflow/(outflow) from operating activities	<u>2,223,032</u>	<u>(224,038)</u>
2	Reconciliation of net cash flow to movements in net debt (Note 3)		
	Increase in cash in the period	1,469,338	1,503,033
	Cash inflow from increase in debt	(359,695)	(4,251,286)
	Change in net debt resulting from cash flows	1,109,643	(2,748,253)
	Net debt at 1st April 2007	<u>(16,063,465)</u>	<u>(13,315,212)</u>
	Net debt at 31st March 2008	<u>(14,953,822)</u>	<u>(16,063,465)</u>
3	Analysis of net debt		
	At 1st April 2007	Cash Flow	At 31st March 2008
	£	£	£
2008			
Cash in hand, at bank	317,101	1,469,611	1,786,712
Overdrafts	(2,637)	(273)	(2,910)
		<u>1,469,338</u>	
Debt due after one year	(16,253,999)	(448,630)	(16,702,629)
Debt due within one year	(105,000)	71,461	(33,539)
Finance leases	(18,930)	17,474	(1,456)
		<u>(359,695)</u>	
	<u>(16,063,465)</u>	<u>1,109,643</u>	<u>(14,953,822)</u>

British Ensign Estates Limited
Notes to the Cash Consolidated Flow Statement
For the year ended 31st March 2008 (Continued)

4 Purchase of subsidiary undertaking	2008	2007
	£	£
Net Assets acquired:		
Stocks	-	-
Debtors	-	-
Cash	-	-
Bank loan	-	-
Creditors	-	-
Provision for deferred taxation	-	-
Other	-	-
Minority shareholders' interests	<u>298,020</u>	<u>-</u>
	298,020	-
Negative goodwill	<u>3,480</u>	<u>-</u>
	<u>301,500</u>	<u>-</u>
Satisfied by:		
Cash	<u>301,500</u>	<u>-</u>

British Ensign Estates Limited

Notes to the Financial Statements

For the year ended 31st March 2008

1 Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold property, and in accordance with applicable accounting standards.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Basis of consolidation

The group profit and loss account and balance sheet consist of the financial statements of the parent company and its subsidiary undertakings. The group's share of associated undertakings' profits or losses is included in the group profit and loss account and added to the cost of investments in the balance sheet.

Turnover

Turnover represents the sale proceeds of trading properties and rent receivable during the year.

Investment properties

Investment properties are included in the financial statements at open market values based on the latest professional valuation carried out by the directors, who are both qualified surveyors, on a yearly basis or by professional external valuers at five yearly intervals.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2% straight line
Freehold investment property	nil
Long leasehold investment property	nil
Short leasehold investment property	over period of the lease
Plant, machinery and fixtures and fittings	10% - 20% reducing balance
Motor vehicles	25% reducing balance

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This may be a departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view in accordance with the applicable accounting standards, as properties are included in the financial statements at their open market value.

Stocks

Properties held for resale are valued at the lower of cost and net realisable value which is based on the estimated selling price less costs expected to be incurred prior to completion and disposal.

Deferred taxation

In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date. FRS 19 however does not permit deferred taxation to be recognised on any unrealised surplus arising on the revaluation of investment properties unless a binding contract to sell such a property has been exchanged prior to the balance sheet date.

Goodwill

Goodwill is determined by comparing the amount paid on the acquisition of a subsidiary or associated undertaking and the group's share of the aggregate fair value of its separable net assets. Goodwill is capitalised and amortised over a period of 5 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors not of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

2 Turnover	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Principal activities:				
Rents receivable	1,656,610	1,698,268	392,264	391,906
Management recharges	-	-	-	8,333
Other income	441,754	1,204,984	19,085	3,037
	<u>2,098,364</u>	<u>2,903,252</u>	<u>411,349</u>	<u>403,276</u>

All of the above activities arose wholly in the United Kingdom.

3 Net operating expenses and comparative details

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Turnover - continuing operations	<u>2,098,364</u>	<u>2,903,252</u>	<u>411,349</u>	<u>403,276</u>
Cost of sales	<u>(617,305)</u>	<u>(661,541)</u>	<u>(190,581)</u>	<u>(206,891)</u>
Net operating expenses				
Administrative expenses	(1,287,186)	(1,493,108)	(1,146,174)	(1,183,024)
Amortisation of negative goodwill	31,260	31,956	-	-
Other operating income	19,085	11,370	-	-
	<u>(1,236,841)</u>	<u>(1,449,782)</u>	<u>(1,146,174)</u>	<u>(1,183,024)</u>
Operating profit/(loss)	<u>244,218</u>	<u>791,929</u>	<u>(925,406)</u>	<u>(986,639)</u>

4 Operating profit/(loss)	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
The operating profit/(loss) is stated after charging/ (crediting):				
Auditors' remuneration - company	48,737	36,084	38,387	28,400
Depreciation:				
Owned tangible fixed assets	45,193	49,204	36,417	39,984
Amortisation of negative goodwill	(31,260)	(31,956)	-	-
Operating lease rentals - other assets	3,264	2,691	-	-

5 (Loss)/profit on sale of properties	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
(Loss)/profit on sale of investment properties	<u>(27,709)</u>	<u>76,272</u>	<u>(27,709)</u>	<u>76,272</u>

6 Employee information

The average monthly number of employees during the year was 6 (2007: 7). Due to the size of the group there is no formal classification of duties.

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Their total remuneration was:				
Wages and salaries	326,528	343,435	326,528	343,435
Social security costs	59,682	53,764	59,682	53,764
	<u>386,210</u>	<u>397,199</u>	<u>386,210</u>	<u>397,199</u>

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

7 Directors' emoluments	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Emoluments - including benefits in kind	<u>370,675</u>	<u>308,643</u>	<u>370,675</u>	<u>308,643</u>

The emoluments were made in respect of two directors.

The total emoluments in respect to the highest paid director during the year amounted to £196,324 (2007: £169,601)

8 Interest payable and similar charges	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
On bank loans and overdrafts	1,161,056	984,736	276,536	290,776
On late paid tax	-	210,892	-	210,892
Lease finance charges	3,763	5,569	3,763	5,569
Other interest	<u>9,662</u>	<u>10,324</u>	<u>9,662</u>	<u>10,324</u>
	<u>1,174,481</u>	<u>1,211,521</u>	<u>289,961</u>	<u>517,561</u>

9 Taxation	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
a) Analysis of charge for the year				
<i>UK Corporation tax</i>				
UK Corporation tax at the rate of 30% (2007 - 30%)	-	-	-	-
Tax on share of profits of associates	5,156	747,776	-	-
Adjustment in respect of prior years	-	-	-	-
Tax on profit on ordinary activities	<u>5,156</u>	<u>747,776</u>	<u>-</u>	<u>-</u>

b) Factors affecting the tax charge for the year
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2007 - 30%). The differences are explained below:

(Loss)/profit on ordinary activities before tax	<u>(1,333,156)</u>	<u>2,663,900</u>	<u>(726,455)</u>	<u>1,522,272</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	(399,947)	799,170	(217,937)	456,682
Effects of:				
Disallowable expenses	12,468	18,523	116,738	14,408
Non-taxable dividend income	-	-	(147,602)	(876,929)
Capital gains	20,752	19,937	20,752	18,000
Loss on disposal	8,313	-	8,313	-
Depreciation in excess of capital allowances	8,317	5,310	8,225	5,227
Charges on income	645	-	645	-
Losses carried forward	132,708	59,696	100,652	41,613
Amortisation of negative goodwill	(9,378)	(9,586)	-	-
Group relief	-	-	110,214	340,999
Non-taxable income	<u>231,278</u>	<u>(145,274)</u>	<u>-</u>	<u>-</u>
Current tax charge for the year (note 9(a))	<u>5,156</u>	<u>747,776</u>	<u>-</u>	<u>-</u>

c) Factors that may affect future tax charges
No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market values. Such tax would only become payable only if the properties were sold. The total amount unprovided for is £1,866,760 (2007: £2,224,438) in respect of the group and £200,833 (2007: £382,194) in respect of the company.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

10 Intangible fixed assets

	Group		Company	
	Negative Goodwill £	Total £	Negative Goodwill £	Total £
Cost or valuation				
At 1st April 2007	(159,779)	(159,779)	-	-
Additions	3,480	3,480	-	-
At 31st March 2008	<u>(156,299)</u>	<u>(156,299)</u>	<u>-</u>	<u>-</u>
Depreciation				
At 1st April 2007	(63,912)	(63,912)	-	-
Release for the year	(31,260)	(31,260)	-	-
At 31st March 2008	<u>(95,172)</u>	<u>(95,172)</u>	<u>-</u>	<u>-</u>
Net book value				
At 31st March 2008	<u>(61,127)</u>	<u>(61,127)</u>	<u>-</u>	<u>-</u>
At 31st March 2007	<u>(95,867)</u>	<u>(95,867)</u>	<u>-</u>	<u>-</u>

Goodwill is amortised over 5 years.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

11 Tangible fixed assets - Group

	Freehold Property £	Freehold Investment Property £	Long Leasehold Investment Property £	Short Leasehold Investment Property £	Plant and Machinery, Fixtures and Fittings £	Motor Vehicles £	Total £
Cost or valuation							
At 1st April 2007	699,000	8,441,163	10,933,569	523,835	27,736	111,337	20,736,640
Disposals	-	(140,000)	-	-	-	-	(140,000)
Surplus on revaluation	-	160,000	16,431	-	-	-	176,431
At 31st March 2008	699,000	8,461,163	10,950,000	523,835	27,736	111,337	20,773,071
Depreciation							
At 1st April 2007	63,000	-	-	318,119	18,856	68,526	468,501
Charge for the year	7,000	-	-	25,714	1,776	10,703	45,193
At 31st March 2008	70,000	-	-	343,833	20,632	79,229	513,694
Net book value							
At 31st March 2008	629,000	8,461,163	10,950,000	180,002	7,104	32,108	20,259,377
At 31st March 2007	636,000	8,441,163	10,933,569	205,716	8,880	42,811	20,268,139

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

11 Tangible fixed assets - Company

	Freehold Investment Property	Long Leasehold Investment Property	Short Leasehold Investment Property	Motor Vehicles	Total
Cost or valuation	£	£	£	£	£
At 1st April 2007	4,140,000	1,683,569	523,835	111,337	6,458,741
Disposals	(140,000)	-	-	-	(140,000)
Surplus on revaluation	-	16,431	-	-	16,431
At 31st March 2008	<u>4,000,000</u>	<u>1,700,000</u>	<u>523,835</u>	<u>111,337</u>	<u>6,335,172</u>
Depreciation					
At 1st April 2007	-	-	318,119	68,526	386,645
Charge for the year	-	-	25,714	10,703	36,417
At 31st March 2008	-	-	<u>343,833</u>	<u>79,229</u>	<u>423,062</u>
Net book value					
At 31st March 2008	<u>4,000,000</u>	<u>1,700,000</u>	<u>180,002</u>	<u>32,108</u>	<u>5,912,110</u>
At 31st March 2007	<u>4,140,000</u>	<u>1,683,569</u>	<u>205,716</u>	<u>42,811</u>	<u>6,072,096</u>

Included in motor vehicles are assets held under finance leases or hire purchase contracts with a net book value of £22,748 (2007: £30,331). The depreciation charge for the year in respect of these assets was £7,583 (2007: £10,110).

Comparable historical cost for the land and buildings included at valuation:

	Group	Company
Cost	£	£
At 1st April 2007	11,292,090	4,654,073
Disposals	<u>(36,605)</u>	<u>(36,605)</u>
At 31st March 2008	<u>11,255,485</u>	<u>4,617,468</u>
Depreciation		
At 1st April 2007	98,213	64,617
Charge for the year	<u>9,121</u>	<u>5,377</u>
At 31st March 2008	<u>107,334</u>	<u>69,994</u>
Net book value		
At 31st March 2008	<u>11,148,151</u>	<u>4,547,474</u>
At 31st March 2007	<u>11,193,877</u>	<u>4,589,456</u>

The carrying values of all investment properties were considered as at 31st March 2008 by the directors, both Chartered Surveyors or by independent Chartered Surveyors (i) Colliers Conrad Ritblat Erdman or (ii) Keningtons, and valued on an open market basis.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

12 Fixed asset investments	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
(a) Cost or valuation				
Shares in group undertakings	-	-	2,195,002	1,973,502
Shares in undertakings in which the company has a participating interest	415,855	530,580	425,332	425,332
Other investments	44,243	44,243	44,243	44,243
	<u>460,098</u>	<u>574,823</u>	<u>2,664,577</u>	<u>2,443,077</u>

(b) Movement in group investments	Participating Interests
	£
Shares of net assets at 1st April 2007	530,580
Dividends received	(221,741)
Shares of net retained profits for year	(408,900)
Share of unrealised surplus on revaluation of properties	515,916
Shares of net assets at 31st March 2008	<u>415,855</u>
Net book value at 31st March 2008	<u>415,855</u>

The financial group statements of the associate company British Ensign Golf Limited for the year ended 31st December 2007 included a qualified audit report due to the directors having taken the decision to write off the residual values of both negative and positive goodwill resulting in a total net exceptional charge of £326,956 expensed to the group profit and loss account. This accounting treatment is not in accordance with FRS 10 which requires goodwill to be capitalised and recognised in the balance sheet and amortised over its remaining useful economic life. The group's share of the associate company's losses would have been reduced by £71,538 if this accounting treatment had not been adopted.

(c) Movements in company investments	Shares in Subsidiary Undertakings	Associated Undertakings	Other Investments	Total
	£	£	£	£
Cost or valuation at 1st April 2007	1,973,502	425,332	44,243	2,443,077
Additions	301,500	-	-	301,500
Disposals	(80,000)	-	-	(80,000)
Cost or valuation at 31st March 2008	<u>2,195,002</u>	<u>425,332</u>	<u>44,243</u>	<u>2,664,577</u>
Net book value at 31st March 2008	<u>2,195,002</u>	<u>425,332</u>	<u>44,243</u>	<u>2,664,577</u>

(d) **Details of group undertakings**

The following details relate to the company's principal subsidiary undertakings:

Name	Location	Identity Shares Held	Percentage Shares Held	Activity
British Ensign Investments Limited	England	Ordinary	100%	Property Investment
Vemore Limited	England	Ordinary	100%	Property Investment
Mellway Associates Limited	England	Ordinary	100%	Dormant
Zeeta House Limited	England	Ordinary	100%	Property Trading
Laneclasse Limited	England	Ordinary	100%	Property Management

All subsidiary undertakings prepare accounts to 31st March 2008.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

12 Fixed asset investments (continued)

(e) Details of undertakings in which the company has a participating interest

Representing:	Country of Incorporation	Class of Share Held	Proportion of voting rights held	Date of financial statements used	Activity
British Ensign Golf Club Limited	England	Ordinary	21.88%	31/12/2007	Investment Company
Moorevale Ensign Limited	England	B share	25.00%	30/06/2007	Property Trading
Rangeteam Limited	England	Ordinary	50.00%	30/09/2007	Property Trading

13 Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Properties held for resale	<u>2,430,000</u>	<u>2,430,000</u>	<u>450,000</u>	<u>450,000</u>

14 Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Due within one year:				
Trade debtors	37,920	72,320	9,792	10,524
Other debtors	1,521,384	4,400,656	1,252,937	4,135,145
Prepayments and accrued income	<u>36,196</u>	<u>70,302</u>	<u>36,196</u>	<u>70,302</u>
	<u>1,595,500</u>	<u>4,543,278</u>	<u>1,298,925</u>	<u>4,215,971</u>
Due after one year:				
Other debtors	<u>9,418,441</u>	<u>8,813,227</u>	<u>9,418,441</u>	<u>8,813,227</u>
	<u>9,418,441</u>	<u>8,813,227</u>	<u>9,418,441</u>	<u>8,813,227</u>

15 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	36,449	107,637	33,539	70,000
Trade creditors	62,664	23,144	61,920	15,606
Amounts due to group undertakings	-	-	11,135,124	10,661,970
Amounts due to undertakings in which the company has a participating interest	273,099	407,599	273,099	407,599
Social security and other taxes	32,140	184,183	21,527	20,502
Other creditors	383,340	590,942	58,173	36
Obligations under finance leases and hire purchase contracts	1,456	17,474	1,456	17,474
Accruals and deferred income	<u>413,300</u>	<u>336,358</u>	<u>195,359</u>	<u>336,358</u>
	<u>1,202,448</u>	<u>1,667,337</u>	<u>11,780,197</u>	<u>11,529,545</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the property assets of the group.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

16 Creditors: amounts falling due after more than one year	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	16,702,629	16,254,000	4,178,379	4,292,647
Obligations under finance leases and hire purchase contracts	-	1,455	-	1,455
	<u>16,702,629</u>	<u>16,255,455</u>	<u>4,178,379</u>	<u>4,294,102</u>
	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts not repayable by instalments	<u>6,744,500</u>	<u>6,359,000</u>	<u>1,420,251</u>	<u>1,562,647</u>
Amounts repayable by instalments:				
Due between one to two years	33,539	105,000	33,539	70,000
Due between two and five years	9,958,129	700,000	2,758,128	280,000
Due after five years	-	9,195,000	-	2,450,000
	<u>9,991,668</u>	<u>10,000,000</u>	<u>2,791,667</u>	<u>2,800,000</u>

- (i) A bank loan of £6,744,500 (2007: £6,359,000) not repayable by instalments is a revolving credit facility subject to annual review. Interest is charged at the rate of 1.75% per annum above LIBOR. The loan is secured by a legal charge over the properties acquired as a result of purchases made through utilisation of the facility and by a cross guarantee between British Ensign Estates Limited and its subsidiary undertakings British Ensign Investments Limited and Zeeta House Limited. A personal guarantee to the sum of £1.5 million on the loan provided by Mr P.G. Blacker, director, was discharged in April 2007.
- (ii) A bank loan totalling £7,200,000 (2007: £7,200,000) due after more than one year has been subject to an interest step-up swap arrangement and carries interest at a fixed rate of 7% on £6million and at 1.5% above LIBOR on the balance. Interest only will be repaid for at least 12 months from the balance sheet date. The company has secured a twelve month repayment holiday and expects this arrangement to be continued at the end of this period. The loan is secured by a debenture over a long-leasehold property and by a guarantee given by British Ensign Estates Limited.
- (iii) A building society loan of £2,791,667 (2007: £2,800,000) carries interest at a fixed rate of 6.39% until September 2011. Capital will be repaid at quarterly installments as notified by the building society from time to time over the five year term. The loan is secured by a first legal charge over the company's property which the loan financed.

17 Provision for liabilities and charges - deferred tax

	£
Balance at 1 April 2007 & at 31st March 2008	<u>506,551</u>

The deferred tax provision relates to the consolidation at fair value of the property in stock of Zeeta House Limited.

British Ensigh Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

18 Shareholders' funds

The authorised share capital comprises:

Authorised:

1,000 Ordinary shares of £1 each

Called up, allotted and fully paid:

500 Ordinary shares of £1 each

	2008 £	2007 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
500 Ordinary shares of £1 each	500	500

Movements on reserves - Group

	Called Up Share Capital £	Share Premium Account £	Other Reserves £	Revaluation Reserve £	Profit and Loss Account £	2008 Total £	2007 Total £
Balance at 1st April 2007	500	560,000	160,188	9,022,572	8,380,969	18,124,229	15,230,151
Transfer to profit and loss account	-	-	-	-	(1,339,203)	(1,339,203)	1,892,270
Transfer of realised profits	-	-	-	(126,988)	126,988	-	-
Surplus on property revaluations - group	-	-	-	176,431	-	176,431	1,001,808
Surplus on property revaluations - associates	-	-	-	515,916	-	-	-
Balance at 31st March 2008	500	560,000	160,188	9,587,931	7,168,754	16,961,457	18,124,229

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

18 Shareholders' funds

Movements on capital and reserves - Company

	Called Up Share Capital £	Share Premium Account £	Revaluation Reserve £	Profit and Loss Account £	2008 Total £	2007 Total £
Balance at 1st April 2007	500	560,000	1,439,731	4,259,400	6,259,631	4,285,551
Transfer to profit and loss account	-	-	-	(726,455)	(726,455)	1,522,272
Transfer of realised profits	-	-	(123,732)	123,732	-	-
Surplus on property revaluations	-	-	16,431	-	16,431	451,808
Balance at 31st March 2008	500	560,000	1,332,430	3,656,677	5,549,607	6,259,631

The revaluation reserve relates to a surplus on revaluation of land and buildings.

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

19 Contingent liabilities

- (i) The company has guaranteed the bank overdrafts and loans of certain of its subsidiaries. The indebtedness was as follows:

	2008	2007
	£	£
Vemore Limited	7,200,000	7,200,000
British Ensign Investments Limited	3,644,500	3,147,000
Zeeta House Limited	1,679,749	1,649,353

20 Related party transactions

- (i) Group Transactions
The group has taken advantage of the exemptions conferred by FRS8 paragraph 3c not to make disclosures concerning related parties.

- (ii) Transactions with Directors

Mr. P.G. Blacker

- a) Other creditors includes an amount of £58,137 (2007: £3,169,498 included in other debtors) due to Mr. P.G. Blacker.
- b) Included within creditors are the following amounts due to companies in which Mr. P.G. Blacker, director, has a material interest:

	2008	2007
	£	£
Mid-Sussex Golf & Country Club Limited	189,780	229,780
Ensign Leisure Limited	60,819	177,819
Ensign Ventures Limited	22,500	-

British Ensign Estates Limited
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

20 Related party transactions (continued)

Mr. P.G. Blacker

- c) Included in other debtors are the following amounts due from companies in which Mr. P.G. Blacker, director, has a material interest:

	2008	2007
	£	£
Beornwood Limited	2,774,228	2,659,935
Swallows Tiles (Cranleigh) Limited	910,805	850,805
Argyll Sawmills Limited	1,985	270,443
Argyll Windfarms Limited	552,348	468,888
British Ensign Golf Limited	279,534	113,616
Sidemanor Limited	2,337,510	2,217,510
Finemoss Limited	2,062,531	1,833,531
Ensign Industrials (Tipton) Limited	221,000	221,000
Ensign Industrials (Wednesfield) Limited	188,500	188,500
Cranleigh Golf & Leisure Club Limited	90,000	-

Also included in other debtors is an amount of £739,010 (2007: £647,290) owed by the Glenstriven Trust of which Mr P.G. Blacker, director is settlor.

- d) Management charges were received during the year from the following companies in which Mr P.G. Blacker, director, has a material interest:

	2008	2007
	£	£
Swallows Tiles (Cranleigh) Limited	-	8,333

- e) During the year a profit share distribution of £33,261 (2007: £313,509) was made to The Golders Hill and General Estates Company Limited, a company in which Mr C.E.P Bishop has a material interest.
- f) During the year the subsidiary company Laneclass Limited received management fees of £nil (2007: £562,064) from Moorvale Ensign Limited, £nil (2007: £70,000) from Dowgate Hill House Limited and £300,248 (2007: £485,250) from Ensign Ventures Limited, all companies in which Mr P.G. Blacker, director has an interest. Laneclass Limited paid management fees of £31,264 (2007: £144,835) to Golders Hill & General Estates Company Limited, a company in which Mr C.E.P. Bishop, director has a material interest.

21 Control

The group is ultimately controlled by Mr. P.G. Blacker, director, by virtue of his 100% shareholding in the company.