

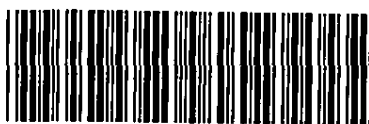
Second Charles Investments Limited

**Directors' report and financial
statements**

Registered number 1294889

31 December 2007

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Directors' report and financial statements

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Directors' report

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

Principal activity

The principal activity of the company is property investment but it has been inactive during the year

Directors

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

Mr BSE Freshwater
Mr D Davis

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

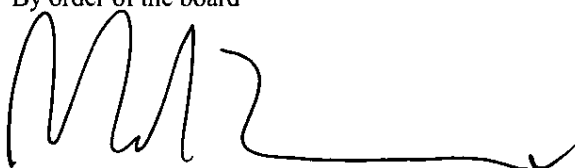
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

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

By order of the board



MRM Jenner
Secretary

Freshwater House
158/162 Shaftesbury Avenue
London WC2H 8HR

16 June 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Second Charles Investments Limited

We have audited the financial statements of Second Charles Investments Limited for the year ended 31 December 2007 which comprise the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

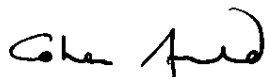
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the joint independent auditors, Cohen Arnold and KPMG LLP to the members of Second Charles Investments Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Cohen Arnold
Chartered Accountants
Registered Auditor
London

16 June 2008



KPMG LLP
Chartered Accountants
Registered Auditor
London

16 June 2008

Balance sheet
at 31 December 2007

	<i>Note</i>	2007 £	2006 £
Creditors amounts falling due within one year	4	(36,917)	(36,917)
Net liabilities		<u>(36,917)</u>	<u>(36,917)</u>
Capital and reserves			
Called up share capital	5	7	7
Other reserves - capital reserve (deficit)		(34,764)	(34,764)
Profit and loss account		(2,160)	(2,160)
Equity shareholders' deficit		<u>(36,917)</u>	<u>(36,917)</u>

The company has not traded and has made neither a profit nor a loss in the current or preceding year. Consequently, no profit or loss account is presented.

There are no recognised gains or losses for the current or preceding year.

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


BSE Freshwater
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

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

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided by Centremanor Limited, the company's intermediate parent undertaking. Centremanor Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No 1 (revised 1996)) on the grounds that it is a wholly-owned subsidiary undertaking of an intermediate 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 exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Centremanor Limited Group companies.

Classification of financial instruments issued by the Company

In accordance with FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

2 Profit and loss account

During the year and the preceding year, the company did not trade and incurred no income or expenditure. Consequently, during those years the company made neither a profit nor a loss and therefore a profit and loss account has not been prepared.

3 Remuneration of directors

The directors did not receive any emoluments from the company during the year or in the previous year.

Apart from the directors there were no other employees of the company during the year or in the previous year.

4 Creditors: amounts falling due within one year

	2007 £	2006 £
Shares classified as liabilities (note 5)	90	90
Amount due to fellow subsidiary undertaking	36,827	36,827
	<hr/>	<hr/>
	36,917	36,917
	<hr/>	<hr/>

Notes (continued)

5 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
10 ordinary shares of £1 each	10	10
90 10% non-cumulative preference shares of £1 each	90	90
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
7 ordinary shares of £1 each	7	7
90 10% non-cumulative preference shares of £1 each	90	90
	<hr/>	<hr/>
	97	97
	<hr/>	<hr/>
Shares classified as liabilities (note 4)	90	90
Shares classified in shareholders' funds	7	7
	<hr/>	<hr/>
	97	97
	<hr/>	<hr/>

The non-cumulative preference shares confer the right on the holders to receive a non-cumulative dividend each year at the rate of 10% on the amounts paid up. These shares would rank above the ordinary shares in the event of a winding up and be redeemable at par. There were insufficient reserves to pay a dividend.

6 Ultimate parent undertaking

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

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

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