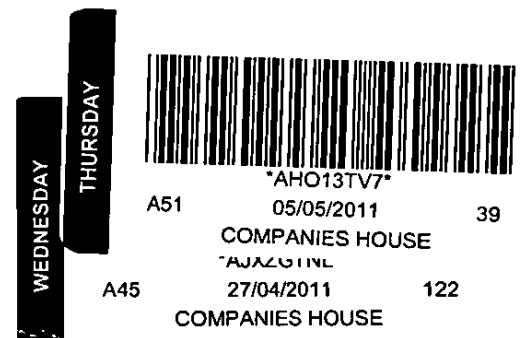


Financial Statements

Silvergrad Limited

For the year ended 30 September 2010



Company information

Company registration number	1460104
Registered office	440 Kings Road London SW10 0LH
Directors	A J Langton M G L Curle I C Tickler (appointed 25 June 2010)
Secretary	J Hughes
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Enterprise House 115 Edmund Street Birmingham B3 2HJ

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Report of the directors

The directors present their report and the audited financial statements of the company for the year ended 30 September 2010

Principal activities

The principal activity of the company during the year was that of property holding and renting to other members of the Aylesford Holdings Limited group of companies

Results and dividends

The results for the year are set out in the attached financial statements

The directors do not propose a dividend for the year (2009 £1,000,000)

Directors

The directors, who served the company during the year, and to date, were as follows

A J Langton
M G L Curle
I C Tickler (appointed 25 June 2010)

The directors have third party indemnity insurance

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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,
- 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 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.

Report of the directors

Statement of directors' responsibilities (continued)

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Small company exemption

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008' and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Auditor

Grant Thornton UK LLP were appointed as auditors of the company during the year. Grant Thornton UK LLP have expressed their willingness to remain in office.

BY ORDER OF THE BOARD



J Hughes
Secretary

Date 31/3/11

Company registration number 1460104



Report of the independent auditor to the members of Silvergrad Limited

We have audited the financial statements of Silvergrad Limited for the year ended 30 September 2010 which comprise the principal accounting policies, the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, set out on pages 3 and 4, 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, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)".

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Report of the independent auditor to the members of Silvergrad Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Directors

A handwritten signature in black ink, appearing to read "Mark Taylor".

Mark Taylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date 31 March 2011

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008' and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The following principal accounting policies have remained unchanged from the prior year

Going concern

The financial statements have been prepared on a going concern basis. The directors are pleased to report that the company has sufficient cash resources to meet its working capital requirements for the foreseeable future.

Turnover

Turnover represents amounts receivable for rent net of value added tax and trade discounts and is recognised over the life of the rental agreement.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Principal accounting policies

Tangible fixed assets and depreciation

The freehold property is maintained as a matter of company policy by a programme of repair and refurbishment such that the residual value is at least equal to the book value. As such no depreciation is charged.

The freehold property is revalued once every three years, to an open market value, by an independent Chartered surveyor.

The freehold property is subject to an annual impairment review under Financial Reporting Standard 11. No impairment has been thought to have occurred in each of these financial periods.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	77,000	77,000
Administrative expenses		(1,450)	(6,130)
Other income		2,380	-
Operating profit	2	77,930	70,870
Profit on disposal of freehold property		-	258,426
Profit on ordinary activities before taxation		77,930	329,296
Tax charge on profit on ordinary activities	3	(100,937)	(5,895)
(Loss)/profit for the financial year	9	(23,007)	323,401

All activities are continuing

The accompanying principal accounting policies and notes form part of these financial statements.

Statement of total recognised gains and losses

	2010 £	2009 £
(Loss)/profit for the financial year	(23,007)	323,401
Unrealised surplus on revaluation of properties	-	236,574
Total recognised gains and losses relating to the year	<u>(23,007)</u>	<u>559,975</u>

The accompanying principal accounting policies and notes form part of these financial statements.

Balance sheet

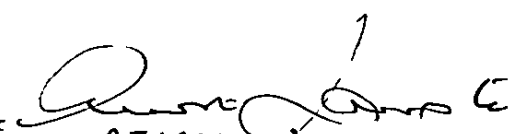
	Note	2010 £	2009 £
Fixed assets			
Tangible assets	5	<u>1,452,530</u>	<u>1,450,000</u>
Current assets			
Debtors	6	<u>176,694</u>	<u>115,981</u>
Creditors, amounts falling due within one year	7	<u>(100,972)</u>	<u>(14,722)</u>
Net current assets		<u>75,722</u>	<u>101,259</u>
Total assets less current liabilities and net assets		<u><u>1,528,252</u></u>	<u><u>1,551,259</u></u>
Capital and reserves			
Called-up equity share capital	8	<u>200</u>	<u>200</u>
Revaluation reserve	9	<u>1,386,251</u>	<u>1,386,251</u>
Profit and loss account	9	<u>141,801</u>	<u>164,808</u>
Shareholders' funds	10	<u><u>1,528,252</u></u>	<u><u>1,551,259</u></u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of directors and are signed on their behalf by

Director

Date


A.J. LAWTON

31/3/11

Company Number 1460104

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activity of the company and arose solely within the United Kingdom

2 Operating profit

	2010	2009
	£	£
Operating profit is stated after charging		
Auditor's remuneration for audit fees	1,000	-
Predecessor auditor's remuneration for audit fees	-	1,000
	<u>-</u>	<u>1,000</u>

Directors' emoluments and employee costs are borne by Aylesford & Co (Estate Agents) Limited

3 Taxation

Analysis of tax charge in the year

	2010	2009
	£	£
Current year tax.		
In respect of the year		
UK corporation tax	15,973	-
Adjustments in respect of prior years	84,964	5,895
Total current tax charge	<u>100,937</u>	<u>5,895</u>

There is an unprovided deferred tax asset of £348,000 in respect of the revaluation gain on the freehold land and holdings

4 Dividends

	2010	2009
	£	£
Dividend paid £nil per ordinary share (2009 dividend paid £10,000 per ordinary share)	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

Notes to the financial statements

5 Tangible fixed assets

	Freehold land and buildings £
Cost	
At 1 October 2009	1,450,000
Additions	2,530
At 30 September 2010	<u>1,452,530</u>
Depreciation	
At 1 October 2009 and 30 September 2010	<u>-</u>
Net book value	
At 30 September 2010	<u>1,452,530</u>
At 30 September 2009	<u>1,450,000</u>

The freehold land and buildings were valued on an open market basis by Colliers CRE, a firm of independent Chartered Surveyors on 5 February 2010. The historical cost of land and buildings revalued is £66,279. The freehold property is subject to an annual impairment review. No impairment has been thought to have occurred in each of these financial periods.

6 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	<u>176,694</u>	<u>115,981</u>

7 Creditors: amounts falling due within one year

	2010 £	2009 £
Corporation tax	99,972	9,222
Other creditors	<u>1,000</u>	<u>5,500</u>
	<u>100,972</u>	<u>14,722</u>

Notes to the financial statements

8 Share capital

Authorised share capital.

	2010 £	2009 £
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

Allotted, called up and fully paid

	2010 £	2009 £
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The deferred shares carry no rights to attend or vote in any general meeting of the company and no rights to dividends or to participate in the profits or assets of the company

9 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 October 2009	1,386,251	164,808
Loss for the year	-	(23,007)
At 30 September 2010	<u>1,386,251</u>	<u>141,801</u>

Notes to the financial statements (continued)

10 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/profit for the year	(23,007)	323,401
Unrealised surplus on revaluation of properties	-	236,574
Dividends	-	(1,000,000)
Net (depletion) in shareholders' funds	(23,007)	(440,025)
Opening shareholders' funds	1,551,259	1,991,284
Closing shareholders' funds	1,528,252	1,551,259

11 Related party transactions

As the company is a wholly owned subsidiary of Aylesford Holdings Limited, the company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company

12 Capital commitments

The directors have confirmed that there were no capital commitments at 30 September 2010 (2009 £nil)

13 Contingent liabilities

Aylesford & Co (Estate Agents) Limited, a sister company, had a bank overdraft facility at the year end. The overdraft facility is secured by freehold property and associated assets held by Silvergrad Limited, and leasehold property and associated assets held by Aylesford & Co (Estate Agents) Limited. The company, Aylesford & Co (Estate Agents) Limited and Aylesford Holdings Limited have also provided an unlimited guarantee to the Royal Bank of Scotland in relation to this overdraft facility.

14 Post balance sheet event

On 16 November 2010 a second legal charge was raised over the freehold building owned by the company for £400,000 in favour of Normanby Estate Leasing Limited. This charge was raised to provide security for a personal loan to one of the directors, A J Langton.

15 Ultimate parent company and controlling party

The company is an immediate subsidiary undertaking of Aylesford Holdings Limited, a company registered in England and Wales. Aylesford Holdings Limited is the largest group of undertakings for which group accounts are prepared in the UK. The consolidated accounts are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

The ultimate holding company is Aylesford International Holdings SA, a company registered in the British Virgin Islands. The directors are not aware of the identity of the ultimate controlling party.