WESTMOUNT LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2008

WESTMOUNT LONDON LIMITED

Annual report and financial statements
For the year ended 31 May 2008

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Directors

E Zakay
S Zakay
C E Bush

Secretary and registered office

C F Moharm, 55 Baker Street, London, W1U 7EU

Company number

2601874

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

Bankers

Barclays Bank Plc, Pall Mall Corporate Group, 50 Pall Mall, London, SW1A 1QA

WESTMOUNT LONDON LIMITED

Report of the directors
For the year ended 31 May 2008

The directors present their report together with the audited financial statements for the year ended 31 May 2008

Results and dividends

The profit and loss account is set out on page 3 and shows the profit for the year Interim dividends of £nil (2007 £150) per share were paid to ordinary shareholders during the year The directors do not recommend the payment of a final dividend for the year (2007 £nil)

Principal activities, review of the business and future developments

The company's principal activity is that of property investment Both the level of investment and year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future

Directors

The directors of the company during the year were

E Zakay
S Zakay
C E Bush

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which 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 year 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,
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

The company has dispensed with the obligation to appoint auditors annually BDO Stoy Hayward LLP have expressed their willingness to continue in office

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the Board

C F Moharm

Secretary
Date 22 October 2008

WESTMOUNT LONDON LIMITED

Independent auditors' report

To the shareholders of Westmount London Limited

We have audited the financial statements of Westmount London Limited for the year ended 31 May 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those 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 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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

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

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 31 May 2008 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

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors

London
Date 29 October 2008

WESTMOUNT LONDON LIMITED

Profit and loss account
For the year ended 31 May 2008

	Note	2008 £	2007 £
Turnover	2	**598,973**	599,169
Property expenses		**(14,640)**	(14,640)
Administrative expenses		**(2,613)**	(2,953)
Operating profit	3	**581,720**	581,576
Interest receivable and similar income		**164**	92
Interest payable and similar charges	6	**(509,082)**	(515,225)
Profit on ordinary activities before taxation		**72,802**	66,443
Taxation on profit on ordinary activities	7	**-**	-
Profit on ordinary activities after taxation	15	**72,802**	66,443

All amounts relate to continuing activities

The notes on pages 6 to 10 form part of these financial statements

WESTMOUNT LONDON LIMITED

Statement of total recognised gains and losses
For the year ended 31 May 2008

	2008 £	2007 £
Statement of total recognised gains and losses		
Profit for the financial year	**72,802**	66,443
Unrealised deficit on revaluation of properties	**(1,487,000)**	-
Total recognised gains and losses for the financial year	**(1,414,198)**	66,443

The notes on pages 6 to 10 form part of these financial statements

WESTMOUNT LONDON LIMITED

Balance sheet
As at 31 May 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	9		**13,013,000**		14,500,000
Current assets					
Debtors	10	**5,077,512**		5,123,236	
Creditors: amounts falling due within one year	11	**(401,049)**		(397,685)	
Net current assets			**4,676,463**		4,725,551
Total assets less current liabilities			**17,689,463**		19,225,551
Creditors: amounts falling due after more than one year	12		**(8,968,551)**		(9,090,441)
Net assets			**8,720,912**		10,135,110
Capital and reserves					
Called up share capital	14		**1,000**		1,000
Revaluation reserve	15		**8,578,762**		10,065,762
Profit and loss account	15		**141,150**		68,348
Shareholders' funds	16		**8,720,912**		10,135,110

These financial statements were approved by the board of directors and authorised for issue on 29 October 2008

E Zakay
Director

The notes on pages 6 to 10 form part of these financial statements

WESTMOUNT LONDON LIMITED

Notes forming part of the financial statements
For the year ended 31 May 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards

In order to show a true and fair view the company's accounting policy in respect of investment properties departs from the requirements of the Companies Act 1985 Details of this departure are given below

The following principal accounting policies have been applied

Turnover

Turnover represents net rental and related income receivable less value added tax

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost together with any incidental cost of acquisition

Investment properties

In accordance with Statement of Standard Accounting Practice 19, investment properties are revalued annually to open market value and no depreciation is provided The directors consider that this accounting policy results in the financial statements giving a true and fair view The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value in which case it is charged to the profit and loss account

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

Deferred tax balances are discounted

Lessor incentives

Lessor incentives include rent free periods and other incentives given to lessees on entering into lease agreements

Lessor incentives to new tenants to occupy the company's investment properties are treated as revenue expenditure and initially recorded as prepayments The payments are then charged to the profit and loss account evenly over the period to the earlier of the first rent review to the prevailing market rent and the lease end date Where lessor incentives relate to investment properties the properties are carried at open market value less the amount of the unamortised incentive

Dividends

Equity dividends are recognised when they become legally payable Interim equity dividends are recognised when paid Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Topland Group Plc and the company is included in consolidated financial statements

1 Accounting policies (continued)

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Topland Group Plc on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Operating profit

	2008 £	2007 £
This has been arrived at after charging		
Auditors' remuneration		
- audit	**859**	1,185
- non-audit services	**1,754**	1,703

4 Employees

There were no persons employed by the company in the year (2007 £nil)

5 Directors

No director received any emoluments during the year (2007 £nil)

6 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	**509,082**	515,225

7 Taxation on profit on ordinary activities

No taxation charge arises on the profit for the year

	2008 £	2007 £
Tax reconciliation		
Profit on ordinary activities before taxation	**72,802**	66,443
Profit on ordinary activities at the standard rate of corporation tax in the UK of 29 67% (2007 30%)	**21,598**	19,933
Effects of		
Group relief	**(168,444)**	(171,971)
Transfer pricing adjustments	**146,846**	152,038
Current tax charge for year	-	-

WESTMOUNT LONDON LIMITED

Notes forming part of the financial statements (continued)
For the year ended 31 May 2008

8	**Dividends**	2008 £	2007 £
	Ordinary shares		
	Interim paid of £nil (2007 £150) per share	-	150,000

9	**Tangible fixed assets**	Investment properties freehold land and buildings £
	Cost or valuation	
	At 1 June 2007	14,500,000
	Revaluation deficit	(1,487,000)
	At 31 May 2008	**13,013,000**
	At 31 May 2007	14,500,000

The investment property was valued as at 31 May 2008 by the directors on an open market basis Selling costs have not been deducted because there is no intention to sell the property

The historical cost of the property is £4,434,238 (2007 £4,434,238)

10	**Debtors**	2008 £	2007 £
	Trade debtors	**164**	92
	Amounts owed by group undertakings	**5,077,348**	5,123,144
		5,077,512	5,123,236

All amounts shown under debtors fall due for payment within one year

11	**Creditors amounts falling due within one year**	2008 £	2007 £
	Bank loan (secured)	**121,890**	115,335
	Amounts owed to group undertakings	**151,747**	149,000
	Accruals and deferred income	**127,412**	133,350
		401,049	397,685

Amounts owed to group undertakings bear no interest and have no fixed terms of repayment

12 Creditors amounts falling due after more than one year

	2008 £	2007 £
Bank loan	**8,968,551**	9,090,441
Maturity of debt		
In one year	**121,890**	115,335
Between one and two years	**128,819**	121,890
Between two and five years	**432,081**	408,841
After more than five years	**8,407,651**	8,559,710
	8,968,551	9,090,441

The loan is secured by a first legal mortgage over the investment property and a floating charge over the assets of the company Additionally the lender has had a legal assignment over the rental income of the property

The loan is repayable in instalments and £6,525,974 is repayable in 2031 as a lump sum Interest is payable at 5 57% per annum

13 Deferred taxation

No provision has been made for the potential tax liability of £1,890,238 (2007 £2,419,655) which would arise if the investment property was sold at its revalued amount

14 Share capital

	2008 £	2007 £
Authorised 1,000,000 ordinary shares of £1 each	**1,000,000**	1,000,000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	**1,000**	1,000

15 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 June 2007	10,065,762	68,348
Profit for the year	-	72,802
Revaluation deficit	(1,487,000)	-
At 31 May 2008	**8,578,762**	**141,150**

16 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the year	**72,802**	66,443
Dividends	**-**	(150,000)
Revaluation deficit	**(1,487,000)**	-
Net deductions from shareholders' funds	**(1,414,198)**	(83,557)
Opening shareholders' funds	**10,135,110**	10,218,667
Closing shareholders' funds	**8,720,912**	10,135,110

17 Ultimate parent company

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, a company incorporated in the British Virgin Islands The smallest group in which they are consolidated is that headed by Topland Group Plc, a company incorporated in England and Wales

The immediate parent company is Topland Group Plc

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands