

**Report of the Directors and  
Financial Statements  
for the Year Ended 31 December 2005  
for  
Crystal White Limited**



**Contents of the Financial Statements  
for the Year Ended 31 December 2005**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8</b>
<b>Trading and Profit and Loss Account</b>	<b>12</b>

**Crystal White Limited**

**Company Information  
for the Year Ended 31 December 2005**

**DIRECTORS:**

M A Cook  
A S Holmwood

**SECRETARY:**

A S Holmwood

**REGISTERED OFFICE:**

2nd Floor  
King House  
5 - 11 Westbourne Grove  
London  
W2 4UA

**REGISTERED NUMBER:**

2800750 (England and Wales)

**AUDITORS:**

Elliotts Shah  
Registered Auditors  
2nd Floor  
King House  
5 - 11 Westbourne Grove  
London  
W2 4UA

## Crystal White Limited

### Report of the Directors for the Year Ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

#### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property investment.

#### DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2005 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2005 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.05	1.1.05
<b>Ordinary shares of £1 each</b>		
M A Cook	99	99
A S Holmwood	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year, but made charitable contributions amounting to £1,387.

#### INTRODUCTION OF THE EURO

The introduction of the Euro as a functional currency has had no significant impact on the operations of the company.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare 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 period. 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;
- 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.

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### AUDITORS

During the year, the company's auditors, Elliotts, combined their business with Arvind Shah & Co., and are now trading under the name of Elliotts Shah. An elective resolution pursuant to S386 of the Companies Act 1985 has been passed whereby the company is not obliged to re-appoint auditors annually. Elliotts Shah, therefore, continue to act as auditors.

Crystal White Limited

**Report of the Directors  
for the Year Ended 31 December 2005**

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

ON BEHALF OF THE BOARD:



.....  
A S Holmwood - Secretary

Date: 30 October 2006  
.....

**Report of the Independent Auditors to the Shareholders of  
Crystal White Limited**

We have audited the financial statements of Crystal White Limited for the year ended 31 December 2005 on pages five to eleven. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

**Basis of audit opinion**

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

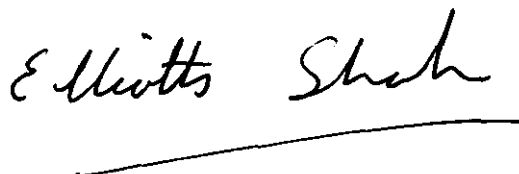
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Elliotts Shah  
Registered Auditors  
2nd Floor  
King House  
5 - 11 Westbourne Grove  
London  
W2 4UA



Date: 30 October 2006

**Crystal White Limited**

**Profit and Loss Account  
for the Year Ended 31 December 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>	2	810,029	1,586,306
Cost of sales		<u>175,642</u>	<u>850,593</u>
<b>GROSS PROFIT</b>		634,387	735,713
Administrative expenses		<u>76,681</u>	<u>85,079</u>
		557,706	650,634
Other operating income		<u>290</u>	<u>47,974</u>
<b>OPERATING PROFIT</b>	3	557,996	698,608
Disposal of investment property	4	<u>691,239</u>	<u>315,171</u>
		1,249,235	1,013,779
Interest receivable and similar income		<u>1,515</u>	<u>2,442</u>
		1,250,750	1,016,221
Interest payable and similar charges		<u>928,271</u>	<u>867,684</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		322,479	148,537
Tax on profit on ordinary activities	5	<u>5,924</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>316,555</u>	<u>148,537</u>

The notes form part of these financial statements

**Crystal White Limited**

**Statement of Total Recognised Gains and Losses  
for the Year Ended 31 December 2005**

	2005 £	2004 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	316,555	148,537
Unrealised surplus/(deficit) on revaluation of investment property	<u>(419,657)</u>	<u>79,283</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>(103,102)</u></u>	<u><u>227,820</u></u>

The notes form part of these financial statements



**Crystal White Limited**

**Balance Sheet**  
**31 December 2005**

	Notes	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	6	18,129,921	20,801,000
<b>CURRENT ASSETS</b>			
Debtors	7	4,774,020	5,364,312
Cash at bank		180,191	-
		<u>4,954,211</u>	<u>5,364,312</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>16,721,524</u>	<u>19,549,602</u>
<b>NET CURRENT LIABILITIES</b>		<u>(11,767,313)</u>	<u>(14,185,290)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,362,608</u>	<u>6,615,710</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Revaluation reserve	11	5,500,000	5,919,657
Profit and loss account	11	<u>862,508</u>	<u>695,953</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>6,362,608</u>	<u>6,615,710</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board of Directors on 30 October 2006 and were signed on its behalf by:

.....  
M A Cook - Director

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

**Turnover**

Turnover represents rent receivable and occasional sales of residential property where the property or part of the property has been bought for trade rather than investment.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- None
Leasehold property	- None

Investment property is included in these accounts at open market value. In accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), no depreciation is provided in respect of freehold and long leasehold investment properties. This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic life, and is necessary to the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2005	2004
	£	£
Auditors' remuneration	4,750	4,750
	<u>          </u>	<u>          </u>
Directors' emoluments and other benefits etc	-	-
	<u>          </u>	<u>          </u>

4. EXCEPTIONAL ITEMS

During the year investment property that was not performing to standard was disposed of producing a net gain.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2005**

**5. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2005 £	2004 £
Current tax:		
UK corporation tax	5,924	-
	<u>5,924</u>	<u>-</u>
Tax on profit on ordinary activities	<u>5,924</u>	<u>-</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>322,479</u>	<u>148,537</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	96,744	44,561
Effects of:		
Indexation allowance on property disposals	(60,496)	(25,882)
Schedule A allowances	(23,579)	(21,246)
Expenses not allowable for taxation purposes	777	2,567
Marginal Relief	(2,411)	-
Schedule A losses brought forward utilised	<u>(5,111)</u>	<u>-</u>
Current tax charge	<u>5,924</u>	<u>-</u>

Investment property held in the balance sheet is presented at current value which is greater than cost, if these properties were to be sold at the value shown in the balance sheet, corporation tax of £1.30m (2004 - £1.90m) would be due on the profit. In accordance with the accounting policies of the company this deferred tax is not provided for in the accounts.

**6. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2005	11,396,782	9,404,218	20,801,000
Additions	107,440	48,705	156,145
Disposals	(1,217,651)	(1,189,916)	(2,407,567)
Revaluations	713,500	(1,133,157)	(419,657)
	<u>11,000,071</u>	<u>7,129,850</u>	<u>18,129,921</u>
At 31 December 2005			
	<u>11,000,071</u>	<u>7,129,850</u>	<u>18,129,921</u>
<b>NET BOOK VALUE</b>			
At 31 December 2005			
	<u>11,000,071</u>	<u>7,129,850</u>	<u>18,129,921</u>
At 31 December 2004	<u>11,396,782</u>	<u>9,404,218</u>	<u>20,801,000</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2005

6. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2005 is represented by:

	Freehold property £	Leasehold property £	Totals £
Valuation in 2005	5,054,487	445,513	5,500,000
Cost	5,945,584	6,684,337	12,629,921
	<u>11,000,071</u>	<u>7,129,850</u>	<u>18,129,921</u>

If Investment property had not been revalued it would have been included at the following historical cost:

	2005 £	2004 £
Cost	<u>12,629,921</u>	<u>14,881,343</u>

Investment property was valued on an open market basis on 31 December 2005 by a director, Mr A Holmwood ARICS.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade debtors	13,642	30,761
Amounts owed by participating interests	4,708,441	5,321,207
Other debtors	51,937	12,344
	<u>4,774,020</u>	<u>5,364,312</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank loans and overdrafts	-	20,634
Trade creditors	10,050	6,087
Amounts owed to participating interests	16,149,698	19,326,923
Taxation and social security	5,924	7,810
Other creditors	555,852	188,148
	<u>16,721,524</u>	<u>19,549,602</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	2005 £	2004 £
Participating interests	<u>15,509,095</u>	<u>18,515,555</u>

This company and other companies under common ownership agreed a corporate facility with the principal bank, the terms of which were that a facility would be provided to Ernie Estates Limited, which would in turn finance the property assets of commonly controlled companies. Principal finance for this company is therefore accounted for in the balance sheet within amounts owed to participating interests. The amount due is secured by a charge over the investment property.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2005

10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:		Nominal	2005	2004
Number:	Class:	value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

11. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2005	695,953	5,919,657	6,615,610
Profit for the year	316,555		316,555
Dividends	(150,000)		(150,000)
Decrease in valuation	-	(419,657)	(419,657)
At 31 December 2005	<u>862,508</u>	<u>5,500,000</u>	<u>6,362,508</u>

12. CONTINGENT LIABILITIES

The company is a party to a cross guarantee for bank facilities as described in note 9 above. At the balance sheet date the amount utilised under this agreement was £40m (2004 - £49m).

13. RELATED PARTY DISCLOSURES

M Cook, a director, controls the company by virtue of his ownership of 99% of the issued share capital.

The following balances, which are unsecured and repayable on demand, existed at the balance sheet date between the company and companies associated by common ownership:

£4,115,752 owed by Crystal White Commercial Limited (2004 - £4,006,660).  
£511,839 owed by Old Estates Limited (2004 - £1,296,716).  
£40,000 owed by Old Estates Property Services Limited (2004 - £Nil).  
£15,350 owed by Eamont Estates Limited (2004 - £Nil).  
£10,000 owed by Triplecrown Estates Limited (2004 - £20 owed to Triplecrown Estates Limited).  
£7,500 owed by Polperro Estates Limited (2004 - £Nil).  
£7,000 owed by Shalcourt Developments Limited (2004 - £Nil).  
£1,000 owed by Hexworthy Estates Limited (2004 - £Nil).  
£Nil owed by Kendall Estates Limited (2004 - £17,676).

£15,353,182 owed to Ernle Estates Limited (2004 - £18,097,454).  
£482,876 owed to Langholm Property Company Limited (2004 - £921,399).  
£143,054 owed to Shoreham Estates Limited (2004 - £143,648).  
£133,403 owed to Isleworth Estates Limited (2004 - £163,403).  
£37,183 owed to Rusland Estates Limited (2004 - £155 owed by Rusland Estates Limited).  
£Nil owed to Porlock Estates Limited (2004 - £999).

Included in Administrative expenses is £50,000 (2004 - £50,000) in respect of staff salaries and National Insurance incurred by staff employed by Ernle Estates Limited in respect of work performed for and on behalf of Crystal White Limited. Included in Interest payable and similar charges is £927,871 (2004 - £149,344) in respect of interest on the corporate loan through Ernle Estates Limited.

**Crystal White Limited**

**Trading and Profit and Loss Account  
for the Year Ended 31 December 2005**

	2005		2004	
	£	£	£	£
<b>Turnover</b>				
Sales	-		677,000	
Rent receivable	810,029		909,306	
	<u>          </u>	810,029	<u>          </u>	1,586,306
 <b>Cost of sales</b>				
Purchases	-		647,724	
Letting expenses	175,642		202,869	
	<u>          </u>	175,642	<u>          </u>	850,593
 <b>GROSS PROFIT</b>		634,387		735,713
 <b>Other income</b>				
Sundry receipts	290		47,974	
Deposit account interest	1,515		2,442	
	<u>          </u>	1,805	<u>          </u>	50,416
		636,192		786,129
 <b>Expenditure</b>				
Wages	50,000		50,000	
Post and stationery	1,697		309	
Sundry expenses	4,014		6,546	
Accountancy	7,000		7,000	
Legal & professional fees	3,742		-	
Auditors' remuneration	4,750		4,750	
Entertainment	2,590		8,557	
	<u>          </u>	73,793	<u>          </u>	77,162
		562,399		708,967
 <b>Finance costs</b>				
Bank charges	1,624		2,616	
Arrangement fees	1,264		5,301	
Bank interest	823		476	
Loan interest	927,871		866,408	
Interest on late payment of tax	(423)		800	
	<u>          </u>	931,159	<u>          </u>	875,601
		(368,760)		(166,634)
 <b>Exceptional items</b>				
Disposal of investment property		691,239		315,171
 <b>NET PROFIT</b>		<u>322,479</u>		<u>148,537</u>

This page does not form part of the statutory financial statements