

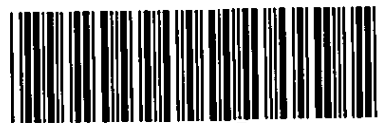
Company Registration No. 03054080 (England and Wales)

GRAINMARKET PROPERTIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2007

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GRAINMARKET PROPERTIES LIMITED

COMPANY INFORMATION

Director	M J Crader
Secretary	J B Crader
Company number	03054080
Registered office	Bridewell Gate 9 Bridewell Place London EC4V 6AW
Auditors	Gordon Leighton 3rd Floor, 20-23 Greville Street London EC1N 8SS
Business address	Bridewell Gate 9 Bridewell Place London EC4V 6AW

GRAINMARKET PROPERTIES LIMITED

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GRAINMARKET PROPERTIES LIMITED

DIRECTOR'S REPORT

FOR THE PERIOD ENDED 31 MARCH 2007

The director presents his report and financial statements for the period ended 31 March 2007.

Principal activities

The principal activity of the company continued to be that of property investment

The subsidiary undertaking Plymouth Investments Limited was dormant throughout the period

Purchase of own shares

During the period 143 'A' Ordinary shares of £1 each, representing 3.11% of the issued share capital, were purchased by the company at a price of £1,000 per share to buy out shareholders. The shares were then cancelled.

Director

The following director has held office since 1 October 2005

M J Crader

Director's interests

The director's interest in the shares of the company was as stated below

	'A' Ordinary shares of £1 each	
	31 March 2007	1 October 2005
M J Crader	3,357	3,357

	'B' Ordinary shares of £1 each	
	31 March 2007	1 October 2005
M J Crader	-	-

In addition to the above, 1,000 (2005: 1,000) 'A' ordinary shares were held by a trust in which M J Crader has an interest as a trustee and beneficiary. The minor children of M J Crader held 100 (2005: 100) 'B' ordinary shares at the year end.

Charitable donations	2007	2005
	£	£

During the period the company made the following payments.

Charitable donations	37,776	2,987
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gordon Leighton be reappointed as auditors of the company will be put to the Annual General Meeting.

GRAINMARKET PROPERTIES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2007

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 the 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 that 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 fraud and other irregularities.

Statement of disclosure to auditor

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

(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 that information.

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



M J Crader

Director

11/4/07

GRAINMARKET PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GRAINMARKET PROPERTIES LIMITED

We have audited the financial statements of Grainmarket Properties Limited for the period ended 31 March 2007 set out on pages 5 to 14. 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 the director and auditors

The director's 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 Director's 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director's 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 director's remuneration and other transactions 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 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 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 17 to the financial statements.

GRAINMARKET PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GRAINMARKET PROPERTIES LIMITED

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 March 2007 and of its loss for the period then ended,
- the financial statements 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

Gordon Leighton



1/8/07

Chartered Accountants
Registered Auditor

3rd Floor, 20-23 Greville Street
London
EC1N 8SS

GRAINMARKET PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2007

		Period ended 31 March 2007 £	Year ended 30 September 2005 £
	Notes		
Turnover		2,198,052	923,542
Cost of sales		(370,023)	(142,933)
Gross profit		1,828,029	780,609
Administrative expenses		(974,807)	(390,255)
Other operating income		164,498	44,938
Operating profit	2	1,017,720	435,292
Profit on sale of property		351,004	277,840
Profit on ordinary activities before interest		1,368,724	713,132
Other interest receivable and similar income	3	7,666	6,988
Amounts written off investments	4	(37,484)	(115,250)
Interest payable and similar charges		(1,333,986)	(564,608)
Profit on ordinary activities before taxation		4,920	40,262
Tax on profit on ordinary activities	5	(85,971)	(16,341)
(Loss)/profit for the period	14	(81,051)	23,921

GRAINMARKET PROPERTIES LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE PERIOD ENDED 31 MARCH 2007**

	Notes	Period ended 31 March 2007 £	Year ended 30 September 2005 £
(Loss)/profit for the financial period		(81,051)	23,921
Unrealised surplus on revaluation of properties		5,514,356	2,463,858
Total recognised gains and losses relating to the period		5,433,305	2,487,779
Prior year adjustment	14	-	(467,790)
Total gains and losses recognised since last financial statements		5,433,305	2,019,989

GRAINMARKET PROPERTIES LIMITED

BALANCE SHEET

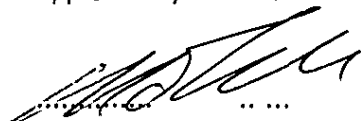
AS AT 31 MARCH 2007

	Notes	2007 £	£	2005 £	£
Fixed assets					
Tangible assets	7 and 8	30,576,256		16,804,357	
Investments	9	1,202,867		2,631	
		<u>31,779,123</u>		<u>16,806,988</u>	
Current assets					
Debtors	10	1,015,963		449,681	
Cash at bank and in hand		356,596		121,720	
		<u>1,372,559</u>		<u>571,401</u>	
Creditors: amounts falling due within one year	11	<u>(1,513,871)</u>		<u>(993,680)</u>	
Net current liabilities			<u>(141,312)</u>		<u>(422,279)</u>
Total assets less current liabilities		31,637,811		16,384,709	
Creditors: amounts falling due after more than one year	12	<u>(18,261,674)</u>		<u>(8,298,777)</u>	
		<u>13,376,137</u>		<u>8,085,932</u>	
Capital and reserves					
Called up share capital	13	4,457		4,600	
Share premium account	14	19,500		19,500	
Revaluation reserve	14	10,522,585		5,662,162	
Other reserves	14	143		-	
Profit and loss account	14	2,829,452		2,399,670	
Shareholders' funds		<u>13,376,137</u>		<u>8,085,932</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)

Approved by the Board for issue on

1/8/07



M J Crader
Director

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Turnover

Turnover represents rent receivable

1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less 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

Plant and machinery	15%/25% reducing balance
Fixtures, fittings & equipment	15%/20%/25% reducing balance

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the director compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.7 Joint arrangements

The company's interests in joint ventures and partnerships are incorporated into the profit and loss account on a proportional basis. Its share of assets and liabilities are included within the balance sheet in the proportion in which the company shares in the profit or loss. The company recognises the balance of funds due to or from the joint ventures and partnerships as creditors or debtors as appropriate

GRAINMARKET PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007**

2	Operating profit	2007	2005
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	(277)	-
	Depreciation of tangible assets	221,051	91,574
	Auditors' remuneration	20,576	6,885
	Director's emoluments	209,779	103,931
		<u> </u>	<u> </u>
3	Investment income	2007	2005
		£	£
	Bank interest	7,437	6,988
	Other interest	229	-
		<u> </u>	<u> </u>
		7,666	6,988
		<u> </u>	<u> </u>
4	Amounts written off investments	2007	2005
		£	£
	Amounts written off fixed asset investments		
	- permanent diminution in value	37,484	-
	Amounts written off current asset investments	-	115,250
		<u> </u>	<u> </u>
5	Taxation	2007	2005
		£	£
	Domestic current year tax		
	U K. corporation tax	77,013	14,890
	Adjustment for prior years	-	1,451
	Share of associate's tax charge	8,958	-
		<u> </u>	<u> </u>
	Current tax charge	85,971	16,341
		<u> </u>	<u> </u>
6	Dividends	2007	2005
		£	£
	Ordinary interim paid	-	184,000
		<u> </u>	<u> </u>

GRAINMARKET PROPERTIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007****7 Tangible fixed assets**

	Plant and machinery etc £
Cost or valuation	
At 1 October 2005	599,655
Additions	762,557
Disposals	(608)
	<hr/>
At 31 March 2007	1,361,604
	<hr/>
Depreciation	
At 1 October 2005	109,973
On disposals	(203)
Charge for the period	231,029
	<hr/>
At 31 March 2007	340,799
	<hr/>
Net book value	
At 31 March 2007	1,020,805
	<hr/>
At 30 September 2005	489,682
	<hr/>

8 Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 October 2005	16,314,675
Additions	9,489,113
Revaluation	5,514,356
Disposals	(1,762,693)
	<hr/>
At 31 March 2007	29,555,451
	<hr/>

The valuations of all investment properties except for one were made as at 31 March 2007 by Sanderson Weatherall, Chartered Surveyors, on an open market basis. It was not considered cost effective to obtain professional valuations for the remaining property which is included at cost of £41,088. The director considers this to be equivalent to market value. No depreciation is provided in respect of freehold investment properties.

On an historical cost basis these would have been included at an original cost of £19,032,865 (2005 - £10,652,513)

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2007

9 Fixed asset investments

	Unlisted investments	Shares in group undertaking s and participating interests	Total
	£	£	£
Cost or valuation			
At 1 October 2005	530	2,101	2,631
Additions	777,901	424,336	1,202,237
Disposals	-	(2,001)	(2,001)
	<u>778,431</u>	<u>424,436</u>	<u>1,202,867</u>
At 31 March 2007	778,431	424,436	1,202,867
Net book value			
At 31 March 2007	<u>778,431</u>	<u>424,436</u>	<u>1,202,867</u>
	<u>530</u>	<u>2,101</u>	<u>2,631</u>
At 30 September 2005	530	2,101	2,631

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies.

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Plymouth Investments Limited	England and Wales	Ordinary	100 00
Participating interests			
Netta Property Investments Limited	Ireland	Ordinary	37 50
Netta Enterprises (Ireland) Limited	Ireland	Ordinary	38 42
Other significant interests			
Second Property Growth Fund SA	Luxembourg	Ordinary	8 10

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £	Profit for the year 2007 £
	Principal activity		
Plymouth Investments Limited	Dormant	100	-
Netta Property Investments Limited	Property investments	1,215,059	192,713
Netta Enterprises (Ireland) Limited	Property investments	868,948	141,296

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2007

10 Debtors	2007 £	2005 £
Trade debtors	192,217	64,905
Amounts owed by group undertakings and undertakings in which the company has a participating interest	434,255	150,527
Other debtors	389,491	234,249
	<u>1,015,963</u>	<u>449,681</u>

11 Creditors: amounts falling due within one year	2007 £	2005 £
Bank loans and overdrafts	619,182	299,456
Trade creditors	52,299	10,487
Amounts owed to group undertakings and undertakings in which the company has a participating interest	60,674	74,590
Taxation and social security	113,108	70,736
Other creditors	668,608	538,411
	<u>1,513,871</u>	<u>993,680</u>

12 Creditors: amounts falling due after more than one year	2007 £	2005 £
Bank loans	18,249,985	8,297,088
Other creditors	11,689	1,689
	<u>18,261,674</u>	<u>8,298,777</u>

Analysis of loans

Not wholly repayable within five years other than by instalments	5,000,000	-
Wholly repayable within five years	13,384,632	8,298,777
	<u>18,384,632</u>	<u>8,298,777</u>
Included in current liabilities	(122,958)	-
	<u>18,261,674</u>	<u>8,298,777</u>

Bank borrowings are secured by legal charges over various investment properties held by the company and joint ventures.

At the period end the main bank loans were at fixed interest rates of between 6.1% and 6.6% per annum but have since been swapped to floating rates.

GRAINMARKET PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007**

13 Share capital

	2007	2005
	£	£
Authorised		
90,000 'A' Ordinary shares of £1 each	90,000	90,000
10,000 'B' Ordinary shares of £1 each	10,000	10,000
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
4,357 'A' Ordinary shares of £1 each	4,357	4,500
100 'B' Ordinary shares of £1 each	100	100
	<u>4,457</u>	<u>4,600</u>

During the period 143 'A' Ordinary shares of £1 each were purchased by the company at a price of £1,000 per share and cancelled

14 Statement of movements on reserves

	Share premium account	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£	£
Balance at 1 October 2005	19,500	5,662,162	-	2,399,670
Loss for the period	-	-	-	(81,051)
Transfer from revaluation reserve to profit and loss account	-	(653,933)	-	653,933
Purchase of own shares	-	-	-	(143,100)
Revaluation during the period	-	5,514,356	-	-
Movement during the period	-	-	143	-
Balance at 31 March 2007	<u>19,500</u>	<u>10,522,585</u>	<u>143</u>	<u>2,829,452</u>
Other reserves				
Capital redemption reserve				
Capital redemption reserve movement			143	
Balance at 31 March 2007			<u>143</u>	

The revaluation reserve represents the surplus on revaluation of investment properties.

GRAINMARKET PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2007

15 Financial commitments

At 31 March 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008:

	2007 £	2005 £
Operating leases which expire In over five years	69,546	-

16 Membership of certain undertakings

Grainmarket Properties Limited is a limited partner of the following qualifying partnerships:

Name	Legal form	Registered office
First UK Property Growth LP	Limited partnership	Bridewell Gate, 9 Bridewell Place, London, EC4V 6AW
First Property Growth LP	Limited partnership	Elm House, Leopardstown Office Park, Dublin 18

The results and balance sheets of these partnerships are included in the company's financial statements on a proportional basis, as described in note 1.7 above.

17 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

18 Control

The company was under the control of M J Crader, the director and majority shareholder, throughout the period

19 Related party transactions

Shareholders have made loans of £11,689 (2005: £11,689) to the company. These loans are payable after one year and are unsecured.

Included in other debtors due after more than one year are amounts of £146,305 (2005: £26,976) and £206,250 (2005: £114,277) due from Netta Enterprises (Ireland) Limited and Netta Property Investments Limited, in which Grainmarket Properties Limited has an interest.

Included in other debtors due within one year is an amount of £2,569 (2005: £2,357) due from Optimum Property Management Limited, a company in which M Crader has an interest.