

COMPANY NUMBER: 3268801

**RIDGEFORD PROPERTIES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

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**RIDGEFORD PROPERTIES LIMITED**  
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**YEAR ENDED 31 MARCH 2007**

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**RIDGEFORD PROPERTIES LIMITED**  
**DIRECTOR'S REPORT**  
**YEAR ENDED 31 MARCH 2007**

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**DIRECTOR**            C T Murray

The sole director has pleasure in presenting his report and the audited financial statements for the year ended 31 March 2007

**RESULTS**

The profit after taxation amounted to £813,761 (2006 loss of £1,113,819) and was transferred to reserves. The director does not recommend the payment of a dividend.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the company is that of property managers and developers.

Ridgeford Properties Limited and Manhattan Loft Corporation have entered into a 50% Joint Venture to develop a mixed used scheme on an acre site in W1. The project has obtained a resolution to grant planning permission, subject to a section 106 agreement on 11 January 2007. It is anticipated that the site acquisition will be completed in November 2007 with construction commencing thereafter. Various lending institutions have been briefed upon the scheme and are willing to provide debt finance once the site has been acquired by the joint venture.

On 24 May 2006 Ridgeford Properties Limited sold the property located at 6-8 Tokenhouse Yard, London EC1. The property was a joint venture with Manhattan Loft Corporation. On receipt of the sale proceeds The Royal Bank of Scotland who had first mortgage on the property were repaid in full, with Ridgeford's share being £5,775,000 of the debt. In addition, Sakto Corporation was repaid in full from the proceeds.

On 2 February 2006 Ridgeford signed an agreement of sale for the property located at 1 Glyn Street SE11 subject to planning. Planning Permission was received on 5 September 2007 with completion of the sale expected to take place in January 2008.

**DIRECTOR AND HIS INTERESTS**

The director has no beneficial interest in the share capital of the company.

**DONATIONS**

During the year the company made donations totalling £7,002 (2006 £4,374) to various charitable organisations.

**AUDITORS INFORMATION**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves 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 proposing the reappointment of Horwath Clark Whitehill LLP as auditors to the company will be put to the Annual General Meeting.

**SMALL COMPANY EXEMPTIONS**

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985.

By Order of the Board



Director

# **RIDGEFORD PROPERTIES LIMITED**

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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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 group at the end of the year and of the profit or loss of the group for the 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The directors are responsible for information contained in the directors' report and other information contained in the accounts.

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF RIDGEFORD PROPERTIES LIMITED**

We have audited the financial statements of Ridgeford Properties Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Total Recognised Gains and Losses and the related notes. 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.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the 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 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 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.

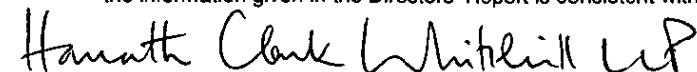
**Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the possible outcome of renegotiation of the company's term and revolving loans. The accounts have been prepared on a going concern basis, validity of which depends on future funding being available. The accounts do not contain any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to the fundamental uncertainty are described in notes 12 and 21. Our opinion is not qualified in this respect.

**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 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.



**Horwath Clark Whitehill LLP**  
Chartered Accountants and Registered Auditors  
London

17 December 2007

**RIDGEFORD PROPERTIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2007**

	Notes	2007 £	2006 £ <i>As restated</i>
<b>TURNOVER</b>	2	<b>10,736,578</b>	<b>652,352</b>
Cost of sales		<u>(8,250,020)</u>	<u>-</u>
<b>GROSS PROFIT</b>		<b>2,486,558</b>	<b>652,352</b>
Administrative expenses		<u>(956,491)</u>	<u>(776,906)</u>
		<b>1,530,067</b>	<b>(124,554)</b>
Other expenses		-	(12,568)
Other income		<u>41,913</u>	<u>52,210</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	<b>1,591,980</b>	<b>(84,912)</b>
Interest receivable		107,669	73,709
Interest payable		<u>(865,888)</u>	<u>(1,102,616)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>813,761</b>	<b>(1,113,819)</b>
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	15	<b><u>813,761</u></b>	<b><u>(1,113,819)</u></b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

		2007 £	2006 £
Profit/(Loss) for the financial year		<u>813,761</u>	<u>(1,411,216)</u>
Total recognised gains and losses relating to the year		<b>813,761</b>	<b>(1,411,216)</b>
Prior year adjustment	17	-	297,397
Total gains and losses recognised since the last annual report		<b><u>813,761</u></b>	<b><u>(1,113,819)</u></b>

The profit and loss account contains all the gains and losses of the company recognised in the current and preceding year and the result in these years represent the only movement in shareholders' funds. All activities were derived from continuing operations.

**The notes on pages 6 to 14 form part of these financial statements**

**RIDGEFORD PROPERTIES LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2007**

	Notes	2007 £	2006 £ <i>As Restated</i>
<b>FIXED ASSETS</b>			
Tangible assets	7	<b>50,478</b>	64,415
Investments	8	<b>202</b>	202
		<b>50,680</b>	64,617
<b>CURRENT ASSETS</b>			
Stock and work in progress	9	<b>10,182,336</b>	17,882,616
Debtors	10	<b>312,350</b>	175,172
Cash at bank and in hand	11	<b>2,835,225</b>	1,176,281
		<b>13,329,911</b>	19,234,069
<b>CREDITORS:</b> amounts falling due within one year	12	<b>(1,502,233)</b>	(17,356,697)
<b>NET CURRENT ASSETS</b>		<b>11,827,678</b>	1,877,372
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,878,358</b>	1,941,989
<b>CREDITORS:</b> amounts falling due after one year	13	<b>(18,056,178)</b>	(8,933,570)
<b>NET LIABILITIES</b>		<b>(6,177,820)</b>	(6,991,581)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	<b>100</b>	100
Profit and loss account	15	<b>(6,177,920)</b>	(6,991,681)
<b>SHAREHOLDERS' FUNDS – All equity</b>	16	<b>(6,177,820)</b>	(6,991,581)

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

Approved by the Board on  
and signed on its behalf by

 } Directors

17 December 2007

The notes on pages 6 to 14 form part of these financial statements

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2007**

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**1. ACCOUNTING POLICIES**

**a) Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The directors have prepared these financial statements on a going concern basis. Refer to note 21 for further detail.

**b) Investments**

Investment properties are included in the balance sheet at their open market value.

**c) Depreciation**

Depreciation is provided on all tangible fixed assets in use, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Office equipment	- 25% p a straight line
Fixtures and fittings	- 25% p a straight line
Motor vehicle	- 25% p a straight line

**d) Foreign Currencies**

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

**e) Stock and Work in Progress**

Development land and buildings are stated at the lower of cost, which includes interest, exchange gains and losses on a foreign currency loan, professional fees and a proportion of administration expenses incurred on specific projects, and net realisable value.

**f) Hire Purchase**

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Hire purchase leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**g) Pension Costs**

The cost of providing retirement pensions and related benefits is charged to the Profit and Loss Account over the periods benefiting from the employees' services.

**h) 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.

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.



**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

**1. ACCOUNTING POLICIES (continued)**

**h) Deferred Taxation cont'd**

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 at the balance sheet date

**i) Deep Discount Bonds**

The premium on redemption of deep discount bonds is calculated and charged to the profit and loss account each year on the basis of the company's maximum liability should the bonds be redeemed at the balance sheet date. The bonds are categorised by year of falling due for redemption, in accordance with the earliest redemption dates available to the bondholders

**j) Exemption From Consolidation**

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore represent information about the company as an individual undertaking and not about its group entities in which the group holds an interest on a long-term basis and are jointly controlled by the company and one or more other ventures. In the accounts, joint ventures are accounted for using the gross equity method

**2. TURNOVER**

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. The turnover is wholly attributable to the company's main activity within the United Kingdom

**3. OPERATING PROFIT/(LOSS)**

Operating loss is stated after charging	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Depreciation	<b>20,858</b>	<b>14,616</b>
Profit on sale of fixed assets	<b>-</b>	<b>17,000</b>
Auditors' remuneration	<b>12,000</b>	<b>14,157</b>
Foreign exchange (gains)/losses	<b>(15,589)</b>	<b>12,568</b>

Stock is valued at lower of cost or net realisable value in accordance with the company's accounting policy and SSAP 9 'Stock and long-term contracts'

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Based on the profit for the year  
Corporation tax at 30%

-	-
-	-

There are approximately £5,353,205 (2006 £5,840,569) of tax losses which may be utilised against future trading profits

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

**5. STAFF COSTS**

	2007 £	2006 £
Staff costs, including director's remuneration, were as follows		
Wages and salaries	493,883	341,201
Pension costs	9,600	8,580
	<u>503,483</u>	<u>349,781</u>

The average monthly number of employees, including the director during the year was as follows

	No.	No
Administration	<u>3</u>	<u>5</u>

**6. DIRECTOR'S REMUNERATION**

	2007 £	2006 £
Aggregate emoluments	<u>198,766</u>	<u>142,881</u>

CT Murray was the only director who served during the year and the director's remuneration relates solely to him

**7. TANGIBLE FIXED ASSETS**

	Office Equipment £	Fixtures and Fittings £	Motor Vehicle £	Total £
<b>Cost</b>				
At 1 April 2006	46,880	13,723	57,169	117,772
Additions	6,921	-	-	6,921
	<u>53,801</u>	<u>13,723</u>	<u>57,169</u>	<u>124,693</u>
<b>At 31 March 2007</b>				
<b>Depreciation</b>				
At 1 April 2006	41,884	10,278	1,195	53,357
Charge for the year	4,364	2,500	13,994	20,858
	<u>46,248</u>	<u>12,778</u>	<u>15,189</u>	<u>74,215</u>
<b>At 31 March 2007</b>				
<b>Net book value</b>				
At 31 March 2007	<u>7,553</u>	<u>945</u>	<u>41,980</u>	<u>50,478</u>
At 31 March 2006	<u>4,996</u>	<u>3,445</u>	<u>55,974</u>	<u>64,415</u>

**Assets held under hire purchase agreement included above:**

<b>Net book value:</b>	
31 March 2007	<u>41,980</u>
Depreciation for the year	<u>13,994</u>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

<b>8. INVESTMENTS</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Shares in subsidiary undertakings at the beginning of the year	<b>202</b>	<b>102</b>
Additions during the year	<b>-</b>	<b>100</b>
	<b>202</b>	<b>202</b>

**Investment in subsidiary undertaking**

The investment in the subsidiary undertakings represents shares in the following wholly owned subsidiaries

**(a) Ridgeford Properties Management Limited**

The investment in Ridgeford Properties Management Limited, a company registered in England and Wales, comprises 2 ordinary shares of £1 each. The company is not listed and its main activity is that of property management.

The following information relates to Ridgeford Properties Management Limited

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Aggregate amount of capital and reserves	<b>212,393</b>	<b>196,780</b>
Profit for the financial year	<b>15,613</b>	<b>28,271</b>

**(b) Ridgeford Properties (Tokenhouse Yard) Limited**

A company registered in England and Wales, comprising 100 ordinary shares of £1. The company is not listed and was dormant during the year. The company acted as nominee for a joint venture and holds 50% of the issued share capital of Tokenhouse Yard Limited and Tokenhouse Yard (trustee no two) Limited which act as corporate trustees in respect of the legal title to property. Ridgeford Properties (Tokenhouse Yard) Limited and its two associated companies do not trade in their own right but act as nominee and trustees respectively for Ridgeford Properties Limited.

The following information relates to Ridgeford Properties (Tokenhouse Yard) Limited at 31 March 2007

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Aggregate amount of capital and reserves	<b>100</b>	<b>100</b>
Profit for the financial year	<b>-</b>	<b>-</b>

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

**8. INVESTMENTS (Continued)**

**(c) Ridgeford Consultancy Limited**

A company registered in England and Wales, comprising 100 ordinary shares of £1. The company's principal activity during the year was property development consultancy.

	2007 £	2006 £
Aggregate amount of capital and reserves	100	100
Profit for the financial year	<u>43,855</u>	<u>7,104</u>

**9. STOCK AND WORK IN PROGRESS**

	2007 £	2006 £
Development land and buildings	<u>10,182,336</u>	<u>17,882,616</u>

**10. DEBTORS**

	2007 £	2006 £
Trade debtors	76,821	93,213
Other debtors	<u>235,529</u>	<u>81,959</u>
	<u>312,350</u>	<u>175,172</u>

**11. CASH AT BANK AND IN HAND**

Included within the cash balances are deposits of £2,816,302 (2006: £1,018,311), which are held by the company's bankers as additional security in respect of development loans.

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

**12. CREDITORS – amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Loan from group undertakings	<b>1,233,658</b>	<b>1,379,297</b>
Trade creditors	<b>85,438</b>	<b>35,997</b>
Secured deep discount bond	<b>-</b>	<b>6,263,681</b>
Other loans	<b>-</b>	<b>9,420,711</b>
Obligations under hire purchase agreements	<b>7,359</b>	<b>6,806</b>
Other taxes and social security costs	<b>21,889</b>	<b>17,434</b>
Amount owed to subsidiaries	<b>13,631</b>	<b>126,549</b>
Accruals and deferred income	<b>140,258</b>	<b>106,222</b>
	<b><u>1,502,133</u></b>	<b><u>17,356,697</u></b>

The loan from group undertakings is with City Gate International Limited (Parent Company) and is payable on demand. The loan is not secured.

Following the disposal of Tokenhouse Yard, the Sakto loan of £1,290,672 was repaid in full, as outlined in the director's report.

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

	2007	2006
	£	£
<b>13. CREDITORS: amounts falling due after one year</b>		
Bank loans	3,140,000	8,901,593
Secured deep discount bond	6,875,432	-
Other loans	8,016,127	-
Obligations under hire purchase agreements	<u>24,619</u>	<u>31,977</u>
	<u><b>18,056,178</b></u>	<u><b>8,933,570</b></u>

The bank loans of £3,140,000 (2006 £8,901,593) are comprised of the following

The bank loan of £3,140,000 is taken out with Royal Bank of Scotland and is payable in June 2009. The loan is secured by way of a first charge over the Ironmonger Row freehold property and bears an average interest rate of 6%.

On the 24 May 2006 Tokenhouse Yard was sold for £20.8m. The property was a joint venture with Manhattan Loft Corporation. On receipt of the sale proceeds The Royal Bank of Scotland were repaid in full, with Ridgford's share being £5,775,000 of the debt, as outlined in the director's report.

The deep discount bond is taken out with Tess Investments Limited and bears an average interest rate of 6%. The redemption date for the deep discount bond was 1 June 2003 for the sum of £5,790,210. This amount was not repaid on the due date and negotiations are currently taking place to extend the terms of the bonds. The bond is secured by way of a second charge over the Ironmonger Row freehold property.

Other loans of £8,016,127 are comprised of the following

Tess Investments - £6,748,177 (Promissory Notes) payable on demand. The promissory notes are not secured.

Tess Investments - £1,267,950 (working capital loan) payable on demand and bearing an interest rate of approximately 6%. The loan is not secured.

The obligations under hire purchase agreements repayable between one and two years amount to £7,359 (2006 £6,806). Those falling due after more than two years amount to £24,619 (2006 31,977).

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

**14. CALLED UP SHARE CAPITAL**

<b>Authorised</b>	<b>£</b>	<b>£</b>
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
 <b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**15. PROFIT AND LOSS ACCOUNT**

	<b>£</b>
At 1 April 2006	(7,289,078)
Prior Year Adjustment	297,397
Profit for the year	<u>813,761</u>
 At 31 March 2007	 <u><b>(6,177,920)</b></u>

**16. SHAREHOLDERS FUNDS**

At 1 April 2006	(7,288,978)
Prior Year Adjustment	297,397
Profit for the year	<u>813,761</u>
 At 31 March 2007	 <u><b>(6,177,820)</b></u>

**17. PRIOR YEAR ADJUSTMENT**

A prior year adjustment was made to reflect the correct loan balance, accrued interest and principal payments pertaining to one of Ridgeford's debt providers. The effect on retained losses and net assets are indicated in Note 15 and 16 respectively.

**RIDGEFORD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2007**

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**18. RELATED PARTY TRANSACTIONS**

During the year the group entered into transactions, in the ordinary course of business, with other related parties as follows

**Ridgeford Consulting Limited (wholly owned subsidiary)**

At the year end that company owned Ridgeford Properties Limited £35,250 (2006 nil)

**Ridgeford Properties Management Limited (wholly owned subsidiary)**

At the year-end that company was owed by Ridgeford Properties Limited £8,631 (2006 £126,549)

**City Gate International Limited (parent company)**

Loans from that company including interest thereon were outstanding at the year-end in the sum of £1,233,658 (2006 £1,379,297)

**19. PENSIONS ARRANGEMENT**

Contributions to the scheme by the company for the year ended 31 March 2007 totalled £9,600 and employees contributed £Nil

**20. ULTIMATE PARENT COMPANY**

Ridgeford Properties Limited is a wholly owned subsidiary of City Gate International Limited a company incorporated in Canada. The Directors of Ridgeford Properties Limited consider City Gate International Limited to be the ultimate parent company

**21. GOING CONCERN AND DEVELOPMENT FUNDING**

The company has a deficiency of assets and relies significantly on short term revolving loans or term loans expiring at the end of the development period to fund its development

The company therefore has to frequently renegotiate its loan facilities or extend them if the construction or sale of the development project is delayed. The company is confident that it can continue to renegotiate its development loans so that it can successfully complete all its current development projects. However until such loans are renegotiated there can be no certainty of this fact. The Directors are satisfied that the company can trade profitably in the future and thus the deficiency in shareholders' funds will be extinguished