

LONDON AND CAPITAL PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 03806748

FOR THE YEAR ENDED

30 JUNE 2011

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LONDON AND CAPITAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the Company for the year ended 30 June 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

London and Capital Properties Limited is a wholly owned subsidiary of London and Capital Group Limited. The company's principal activity is the provision of property investment and management services.

There have not been any significant changes to the Company's principal activity in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activity in the next year. The Directors believe that the Company is well placed to continue its principal activity in the coming year.

As shown in the profit and loss account on page 5, the Company's result for the year is shown on page 5.

The balance sheet on page 6 of the financial statements shows that the Company's financial position at the year end did not change from the previous year. Details of amounts owed to Group undertakings is shown in note 8 on page 10. In addition to profit and loss on ordinary activities before taxation and net assets attributable to shareholders, management's view is that no other performance indicators are relevant to this analysis.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Risk Management

The Directors consider the principal risks and uncertainties facing the Company to comprise reputational, strategic, credit and liquidity risks.

- Reputational Risk

The Directors consider a loss of reputation to be the most significant risk to a business operating in this sector but that this risk would crystallise only as a consequence of a failure in managing the Company's other principal risks.

- Strategic Risk

This risk results from external factors and inadequate senior management processes that could lead to a significant failure of the strategy of the Company as a whole. The risk is mitigated by a well established reporting structure for agreeing strategy, risk, planning and budgets.

- Credit Risk

Credit risk is the risk that the counterparty will be unable to pay amounts in full when due. Management monitors exposure to credit risk through regular review of credit exposure, assessing credit-worthiness of counter parties and prudent estimates of provision for doubtful debts. Due to the nature of financial assets, the Company believes that other than inter-company balances it is not exposed to any major concentration of credit risk.

- Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial requirements. To guard against this risk, assets are managed with liquidity in mind maintaining a balance of cash and cash equivalents. The maturity profile is monitored to ensure adequate liquidity is maintained.

RESULTS AND DIVIDENDS

The company's results for the year are given in the profit and loss account on page 5.

The Directors do not propose the payment of a dividend (2010 £nil).

LONDON AND CAPITAL PROPERTIES LIMITED

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS

The Directors in office throughout the year were as follows

D K Freedman
R W Leigh

GOING CONCERN

The Directors have received confirmation from the holding Company that they will provide support to ensure that liabilities can be met as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

SUPPLIER PAYMENT POLICY AND PRACTICE

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed with its suppliers, provided that all trading terms and conditions have been complied with.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

CLOSE COMPANY

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2) the Director has taken all the steps that he ought to have taken 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 confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Moore Stephens LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Registered Office

4 Triton Square
Regents Place
London
NW1 3HG

Dated 31 October 2011

BY ORDER OF THE BOARD


D K FREEDMAN
Director

LONDON AND CAPITAL PROPERTIES LIMITED
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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LONDON AND CAPITAL PROPERTIES LIMITED

We have audited the financial statements of London and Capital Properties Ltd for the year ended 30 June 2011 which are set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement set out on page 3, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 June 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

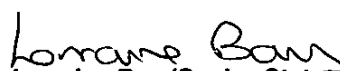
Opinion on other matters prescribed by the Companies Act 2006

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

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company's 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.


Lorraine Bay (Senior Statutory Auditor)
for and on behalf of Moore Stephens LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

Date: 31 October 2011

LONDON AND CAPITAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2011

		Year ended 30 June 2011	Year ended 30 June 2010
	Notes	£	£
TURNOVER	(2)	2,719,192	2,560,213
Administration expenses		(2,720,483)	(2,711,076)
OPERATING (LOSS)	(3)	(1,291)	(150,863)
Interest receivable		1,291	766
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(3)	-	(150,097)
Tax on (loss) on ordinary activities	(4)	-	-
(LOSS) FOR THE FINANCIAL YEAR		-	(150,097)

The above figures include all recognised gains or losses for both the current year and prior year

As a result a statement of total recognised gains and losses is not presented

All of the Company's activities were in respect of continuing operations

The notes on pages 7 to 11 form an integral part of these financial statements

LONDON AND CAPITAL PROPERTIES LIMITED
REGISTERED NUMBER 03806748
BALANCE SHEET AS AT 30 JUNE 2011

		As at 30 June 2011		As at 30 June 2010	
	Notes	£	£	£	£
CURRENT ASSETS					
Debtors	(7)	1,518,612		583,172	
Cash at bank and in hand		81,993		80,299	
TOTAL CURRENT ASSETS			1,600,605		663,471
Creditors amounts falling due within one year	(8)		(2,950,086)		(2,012,952)
NET CURRENT LIABILITIES			(1,349,481)		(1,349,481)
CAPITAL AND RESERVES					
Called up share capital	(9)		2		2
Profit and loss account	(10)		(1,349,483)		(1,349,483)
SHAREHOLDERS' DEFICIT	(11)		(1,349,481)		(1,349,481)

The financial statements were approved by the Board and authorised for issue on and signed on their behalf by



D K FREEDMAN
Director

Date 31 October 2011

The notes on pages 7 to 11 form an integral part of these financial statements

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1) ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

The Directors have applied a going concern basis on the grounds that the holding company has provided a letter of financial support for a period of at least 12 months from the date of signing these accounts

The principal accounting policies of the Company have remained unchanged from the previous year

The Directors have taken the guidance issued by The Financial Reporting Council in November 2008 as best practice for the Company and have conducted a thorough review of the business and its cash flows. The Company has considerable Assets under Management on which it earns fees and continues to successfully generate new business from different sectors. The Company's forecast and projections show that the Company has sufficient working capital to meet its day-to-day requirements for the foreseeable future. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

b) Turnover

The Company recognises income for management services on an accruals basis and on transactions when they are substantially completed.

Performance fees and fees arising on the sale of client properties to the European & German Real Estate Funds are recognised in the period to which they relate.

c) Taxation

Current Tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised to the extent that they are regarded as recoverable and it can be regarded as 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 assets and liabilities are not discounted.

d) Expenses

Expenses are accounted for on an accruals basis.

e) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the profit and loss account.

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
(continued)

1) ACCOUNTING POLICIES (continued)

f) Exemption from preparing a Cash-Flow Statement

The company is exempt from the requirements of FRS 1 (revised 1996) to prepare a cash-flow statement as it is a wholly-owned subsidiary of London and Capital Group Limited

g) Pension Scheme

The company operates a salary sacrifice scheme for its employees to contribute into a pension. The company contributes the employers NI saving equivalent to 13.8% of the gross contribution.

2) TURNOVER

Turnover was derived from the principal activity and is earned wholly within the United Kingdom. The Company has only one class of business and operates in only one geographical segment.

3) LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Loss on ordinary activities before taxation is stated after (crediting) / charging		
Exchange gains	-	8,329

The audit fee for London and Capital Properties Limited is paid by the parent company London and Capital Group Limited

4) TAX ON LOSS ON ORDINARY ACTIVITIES

Current tax		
UK Corporation tax on losses of the period		(42,000)
Deferred tax	-	-
Tax on loss on ordinary activities	-	(42,000)

The current tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

Loss on ordinary activities before tax	-	(150,097)
Loss on ordinary activities multiplied by the standard rate in the UK of 28% (2009 28%)	-	(42,027)
Effects of		
Expenses not deductible for tax purposes	-	-
Group Relief	-	27
Accelerated capital allowances and other timing differences	-	-
Current tax charge for the period	-	(42,000)

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
(continued)

4) TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (continued)

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Deferred tax		
Deferred tax brought forward	27	-
Change in Tax Rate during the year	-	-
Group Relief	-	-
Origination of timing differences	-	27
Deferred tax carried forward	<u>27</u>	<u>27</u>

Deferred tax asset in respect of timing differences is not being recognised due to the uncertainty of future trading profits

5) DIRECTORS' REMUNERATION

	£	£
Directors' emoluments	-	225,044
	<u>-</u>	<u>225,044</u>

Both of the Directors are paid by the ultimate holding company and their emoluments are disclosed in the financial statements of that Company

6) STAFF COSTS

Particulars of employees (including directors) are as shown below All Directors have contracts of employment with other Group companies

	£	£
Wages and salaries	535,287	694,113
Social security costs	63,221	68,752
Other pension costs	-	1,964
	<u>598,508</u>	<u>764,829</u>

Average number of employees by activity (including executive directors)

	No.	No.
Sales	7	6
Administration	2	1
	<u>9</u>	<u>7</u>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
(continued)

7) DEBTORS	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Amounts falling due within one year:		
Trade Debtors	336,132	172,611
Amounts owed from Group undertakings	1,181,510	313,395
Other debtors	970	90,076
Prepayments and accrued income	-	7,090
	<hr/> 1,518,612 <hr/>	<hr/> 583,172 <hr/>
 8) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	-	8,961
Amounts owed to Group Undertakings	2,642,140	1,713,478
Accruals and Deferred Income	69,339	14,674
Corporation Tax	-	-
Other Creditors	238,607	275,839
	<hr/> 2,950,086 <hr/>	<hr/> 2,012,952 <hr/>
 9) SHARE CAPITAL		
Allotted, issued and fully paid		
2 Ordinary Shares of £1 each	<hr/> 2 <hr/>	<hr/> 2 <hr/>
 10) RESERVES		Profit and Loss Account £
Opening Balance at 1 July 2010		(1,349,483)
Loss for the financial year		-
Closing Balance at 30 June 2011		<hr/> (1,349,483) <hr/>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
(continued)

11) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Loss for the financial year	-	(150,097)
Opening shareholders' deficit	(1,349,481)	(1,199,384)
Closing shareholders' deficit	<u>(1,349,481)</u>	<u>(1,349,481)</u>

12) CONTINGENT LIABILITIES

The company had no contingent liabilities at 30 June 2011 or 30 June 2010

13) CAPITAL COMMITMENTS

The company had no capital commitments at 30 June 2011 or 30 June 2010

14) CONTINGENT ASSET

There was no contingent asset at 30 June 2011 or 30 June 2010

15) RELATED PARTY TRANSACTIONS

As at the 30 June 2011 the Company was a wholly-owned subsidiary of London and Capital Group Limited, a company registered in England and Wales. The Company has taken advantage of the exemption under FRS 8 and has therefore not disclosed transactions or balances with other wholly owned entities which form part of the Group. There are no other related party transactions.

16) ULTIMATE PARENT COMPANY

In the opinion of the directors the ultimate and immediate parent Company at 30 June 2011 was London and Capital Group Ltd, a company incorporated in England and registered in England and Wales.

A copy of the parent Company's accounts may be obtained from 4 Triton Square, London, NW1 3HG. The parent undertaking of the largest and the smallest group for which Company and Group accounts are prepared is London and Capital Group Limited.

Mr Freedman and Mr Leigh control the Company as a result of directly controlling 70% of the Issued Share capital of the company.