

LONDON AND CAPITAL PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 3806748

FOR THE YEAR ENDED

30 JUNE 2010

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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 2010

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 in the Company's principal activities 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 activities in the next year. The Directors believe that the Company is well placed to continue its principal activities in the coming year.

As shown in the profit and loss account on page 5, the Company has made a loss for the year.

The balance sheet on page 6 of the financial statements shows that the Company's financial position at the year end, in net asset terms, decreased due to the loss made in the year. Details of amounts owed from 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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. 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 (2009 £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 Directors of the Parent 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.

Moore Stephens LLP were appointed after the year end and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Registered Office

4 Triton Square
Regents Place
London
NW1 3HG

Dated

10/06/2011

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 Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 sections 495 and 496 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 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 explained more fully in the Directors' Responsibilities Statement, 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 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 group's and the parent 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.

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 2010 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: 15 June 2011

LONDON AND CAPITAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

		Year ended 30 June 2010	Year ended 30 June 2009
	Notes	£	£
TURNOVER	(2)	2,560,213	2,576,535
Administration expenses		(2,711,076)	(2,343,065)
OPERATING (LOSS) / PROFIT	(3)	(150,863)	233,470
Interest receivable		766	13,166
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(3)	(150,097)	246,636
Tax on (loss) / profit on ordinary activities	(4)	-	(70,852)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(150,097)	175,784

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 3806748
BALANCE SHEET AS AT 30 JUNE 2010

		As at 30 June 2010		As at 30 June 2009	
	Notes	£	£	£	£
CURRENT ASSETS					
Debtors	(7)	583,172		187,270	
Cash at bank and in hand		80,299		56,353	
TOTAL CURRENT ASSETS			663,471		243,623
Creditors amounts falling due within one year	(8)		(2,012,952)		(1,443,007)
NET CURRENT LIABILITIES			(1,349,481)		(1,199,384)
CAPITAL AND RESERVES					
Called up share capital	(9)		2		2
Profit and loss account	(10)		(1,349,483)		(1,199,386)
SHAREHOLDERS' DEFICIT	(11)		(1,349,481)		(1,199,384)

The financial statements were approved by the Board and authorised for issue on *10 June 2011* and signed on their behalf by


D K FREEDMAN
Director

Date *10/06/2011*

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 2010

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 continues 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 2010
(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

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) / PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

**Year ended
30 June 2010
£**

**Year ended
30 June 2009
£**

(Loss) / Profit on ordinary activities before taxation is stated after (crediting) / charging

Auditors' remuneration - fees for the audit of the
Company's accounts
Exchange gains

-	20,623
8,329	(81,417)

The audit fee for London and Capital Properties Limited is incurred by London and Capital Group Limited

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

Current tax
UK Corporation tax on (losses) / profits of the period
Deferred tax
Tax on (loss) / profit on ordinary activities

(42,000)	3,152
-	67,700
(42,000)	70,852

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) / Profit on ordinary activities before tax	(150,097)	246,636
(Loss) / Profit on ordinary activities multiplied by the standard in the UK of 28% (2009 28%)	(42,027)	69,058
Effects of		
Expenses not deductible for tax purposes	-	-
Group Relief	27	(1,619)
Accelerated capital allowances and other timing differences	-	(64,287)
Current tax charge for the period	(42,000)	3,152

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(continued)

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

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Deferred tax		
Deferred tax brought forward	-	102,481
Change in Tax Rate during the year	-	(3,413)
Group Relief	-	(34,781)
Origination of timing differences	27	(64,287)
Deferred tax carried forward	<u>27</u>	<u>-</u>

5) DIRECTORS' REMUNERATION

	£	£
Directors' emoluments	225,044	313,779
	<u>225,044</u>	<u>313,779</u>

The emoluments of the highest paid Director amounted to £143,161 (2009 £235,212), and Company contributions of £nil (2009 £nil) were made to a defined contribution scheme on his behalf

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	694,113	804,844
Social security costs	68,752	75,104
Other pension costs	1,964	-
	<u>764,829</u>	<u>879,948</u>

Average number of employees by activity (including executive directors):

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

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(continued)

7) DEBTORS	Year ended 30 June 2010 £	Year ended 30 June 2009 £
Amounts falling due within one year		
Trade Debtors	172,611	15,002
Amounts owed from Group undertakings	313,395	-
Other debtors	90,076	165,819
Prepayments and accrued income	7,090	6,449
	<u>583,172</u>	<u>187,270</u>
8) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	8,961	8,091
Amounts owed to Group Undertakings	1,713,478	1,041,491
Accruals and Deferred Income	14,674	16,008
Corporation Tax	-	3,152
Other Creditors	275,839	374,265
	<u>2,012,952</u>	<u>1,443,007</u>
9) SHARE CAPITAL		
Allotted, issued and fully paid		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
10) RESERVES		Profit and Loss Account £
Opening Balance at 1 July 2009		(1,199,386)
Profit for the financial year		(150,097)
Closing Balance at 30 June 2010		<u>(1,349,483)</u>

LONDON AND CAPITAL PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010
(continued)

11) RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Year ended 30 June 2010 £	Year ended 30 June 2009 £
(Loss) / Profit for the financial year	(150,097)	175,784
Opening shareholders' deficit	(1,199,384)	(1,375,168)
Closing shareholders' deficit	<u>(1,349,481)</u>	<u>(1,199,384)</u>

12) CASH FLOW STATEMENT

The Company has relied upon the exemption, given in Financial Reporting Standard 1 Revised, not to disclose a separate cash flow statement on the grounds that it is a wholly-owned subsidiary of a parent undertaking established under the law of an EC member state which includes a consolidated cash flow statement in its financial statements. These consolidated financial statements are publicly available as noted in Note 17.

13) CONTINGENT LIABILITIES

The company had no contingent liabilities at 30 June 2010 or 30 June 2009.

14) CAPITAL COMMITMENTS

The company had no capital commitments at 30 June 2010 or 30 June 2009.

15) CONTINGENT ASSET

There was no contingent asset at 30 June 2010 or 30 June 2009.

16) RELATED PARTY TRANSACTIONS

As at the 30 June 2010 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 entities which form part of the Group. There are no other related party transactions.

17) ULTIMATE PARENT COMPANY

In the opinion of the directors the ultimate and immediate parent Company at 30 June 2010 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.