

COMPANIES REGISTRY COPY

**Aspenmill Limited
Financial Statements
For the year ended
31 December 2006**

Company Registration Number 4206335

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Aspenmill Limited

Financial Statements

Year ended 31 December 2006

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Aspenmill Limited
Company Information

The Board of Directors

Mr P Shalson
Mr S J Pollins

Company Secretary

Mr J Menell

Registered Office

Lanmor House
370/386 High Road
Wembley
Middlesex
HA9 6AX

Auditor

Landau Morley LLP
Chartered Accountants
& Registered Auditors
Lanmor House
370/386 High Road
Wembley
Middlesex
HA9 6AX

Bankers

Lloyds TSB Bank Plc
190 Great Portland Street
London
W1A 4LN

Aspenmill Limited

The Directors' Report

Year ended 31 December 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

Principal Activities and Business Review

The company continued to operate as providers of loan finance and were actively involved in various associated property dealing ventures

Future Developments

In the years immediately ahead the directors believe that there is considerable scope for the further development of the existing activities of the company

Results and Dividends

The profit for the year, after taxation, amounted to £1,511,754 Particulars of dividends paid are detailed in note 8 to the financial statements

Directors

The directors who served the company during the year were as follows

Mr P Shalson

Mr S J Pollins

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) 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 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,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Aspenmill Limited

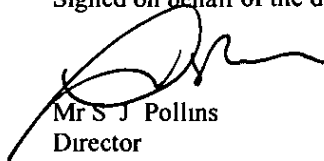
The Directors' Report *(continued)*

Year ended 31 December 2006

Auditor

The directors, having been notified of the cessation of the Partnership known as Landau Morley, resolved that Landau Morley LLP be appointed as successor auditor with effect from 1st October 2007, in accordance with the provisions of the Companies Act 1989, s26(5). A resolution to re-appoint Landau Morley LLP as the company's auditor will be proposed at the forthcoming annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



Mr S J Pollins
Director

Approved by the directors on 31.10.07

Aspenmill Limited

Independent Auditor's Report to the Shareholders of Aspenmill Limited

Year ended 31 December 2006

We have audited the financial statements of Aspenmill Limited for the year ended 31 December 2006 on pages 6 to 12, which have been prepared on the basis of the accounting policies set out on page 8

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 Auditor

The directors' 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 Directors' 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 Directors' 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' 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 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.

Aspenmill Limited

Independent Auditor's Report to the Shareholders of Aspenmill Limited *(continued)*

Year ended 31 December 2006

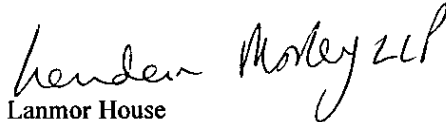
Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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


Lanmor House
370/386 High Road
Wembley
Middlesex
HA9 6AX
31/10/07

LANDAU MORLEY LLP
Chartered Accountants
& Registered Auditors

Aspenmill Limited**Profit and Loss Account****Year ended 31 December 2006**

| | | 2006 £ | 2005 £ |
|--|--------|------------------|----------------|
| Turnover | Note 2 | 11,372,850 | 2,520,346 |
| Cost of sales | | 8,882,985 | 2,211,815 |
| Gross Profit | | <u>2,489,865</u> | <u>308,531</u> |
| Operating costs | | 227,819 | 347,771 |
| Other operating income | | (53,645) | (96,934) |
| Operating Profit | 3 | <u>2,315,691</u> | <u>57,694</u> |
| Interest receivable | 5 | 364,107 | 270,698 |
| Interest payable and similar charges | 6 | (520,150) | (320,083) |
| Profit on Ordinary Activities Before Taxation | | <u>2,159,648</u> | <u>8,309</u> |
| Tax on profit on ordinary activities | 7 | 647,894 | — |
| Profit for the Financial Year | | <u>1,511,754</u> | <u>8,309</u> |

All of the activities of the company are classed as continuing

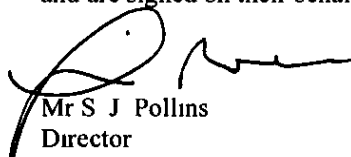
The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements.

Aspenmill Limited**Balance Sheet****31 December 2006**

| | | 2006 | | 2005 | |
|--|------|-------------------|---------------|-------------------|------------------|
| | Note | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Investments | 9 | | 6,936 | | 7,780 |
| Current Assets | | | | | |
| Stocks | 10 | 9,632,962 | | 8,453,046 | |
| Debtors | 11 | 8,240,844 | | 7,791,219 | |
| Cash at bank | | 93,324 | | 270,528 | |
| | | <u>17,967,130</u> | | <u>16,514,793</u> | |
| Creditors: Amounts Falling due Within One Year | 12 | <u>17,956,478</u> | | <u>15,432,106</u> | |
| Net Current Assets | | | 10,652 | | 1,082,687 |
| Total Assets Less Current Liabilities | | | <u>17,588</u> | | <u>1,090,467</u> |
| Creditors: Amounts Falling due after More than One Year | 13 | | — | | 1,224,633 |
| | | | <u>17,588</u> | | <u>(134,166)</u> |
| Capital and Reserves | | | | | |
| Called-up equity share capital | 15 | | 100 | | 100 |
| Profit and loss account | 16 | | 17,488 | | (134,266) |
| Shareholders' Funds/(Deficit) | 17 | | <u>17,588</u> | | <u>(134,166)</u> |

These financial statements were approved by the directors and authorised for issue on 31.10.07, and are signed on their behalf by



Mr S J Pollins
Director

The notes on pages 8 to 12 form part of these financial statements.

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2006

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Stocks

Stocks, which consist of properties for resale, are valued at the lower of cost and net realisable value.

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 the date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax.

No provision has been made in respect of deferred tax as there are unlikely to be any timing differences in the foreseeable future.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The turnover and profit before tax were derived from the company's principal activity which was carried out wholly in the United Kingdom.

3. Operating Profit

Operating profit is stated after charging

| | 2006 £ | 2005 £ |
|--|---------------|---------------|
| Auditor's remuneration - as auditor | <u>23,854</u> | <u>18,500</u> |

4. Particulars of Employees

No salaries or wages have been paid to employees, including the directors, during the year.

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2006

5. Interest Receivable

| | 2006 £ | 2005 £ |
|----------------------------------|----------------|----------------|
| Bank interest receivable | 14,260 | 3,691 |
| Other interest receivable | 346,386 | 204,300 |
| Interest from group undertakings | 3,461 | 62,707 |
| | <u>364,107</u> | <u>270,698</u> |

6. Interest Payable and Similar Charges

| | 2006 £ | 2005 £ |
|------------------------------------|----------------|----------------|
| Interest payable on bank borrowing | 494,876 | 307,107 |
| Other similar charges payable | 25,274 | 12,976 |
| | <u>520,150</u> | <u>320,083</u> |

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

| | 2006 £ | 2005 £ |
|--|----------------|-----------|
| Current tax | | |
| UK Corporation tax based on the results for the year at 30% (2005 - 30%) | 647,894 | - |
| Total current tax | <u>647,894</u> | <u>-</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2005 - 30%)

| | 2006 £ | 2005 £ |
|---|------------------|--------------|
| Profit on ordinary activities before taxation | <u>2,159,648</u> | <u>8,309</u> |
| Profit/(loss) on ordinary activities by rate of tax | 647,894 | 2,493 |
| Group relief | - | (2,493) |
| Total current tax (note 7(a)) | <u>647,894</u> | <u>-</u> |

8. Dividends

Equity dividends

| | 2006 £ | 2005 £ |
|-------------------------------------|------------------|-----------|
| Paid | | |
| Equity dividends on ordinary shares | <u>1,360,000</u> | <u>-</u> |

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2006

9. Investments

| | Shares in group undertakings £ |
|-----------------------|---|
| Cost | |
| At 1 January 2006 | 7,780 |
| Disposals | (844) |
| At 31 December 2006 | <u>6,936</u> |
| Net Book Value | |
| At 31 December 2006 | <u>6,936</u> |
| At 31 December 2005 | <u>7,780</u> |

The percentage ownership of the ordinary share capital of each company, together with the capital and reserves at 31 December 2005 is listed below. All companies are incorporated in the United Kingdom and have been dormant since incorporation.

| | 2006 £ | 2005 £ |
|---------------------------------------|--------------|--------------|
| Aggregate capital and reserves | | |
| Bravesign Limited (83.34% owned) | 1,000 | 1,000 |
| Dealguide Limited (76.92% owned) | 2,500 | 2,500 |
| Dialcraft Limited (77% owned) | 100 | 100 |
| Gainsite Limited (75% owned) | — | 100 |
| Globeddeal Limited (76.92% owned) | — | 1,000 |
| Hoopstore Limited (76.90% owned) | 1,000 | 1,000 |
| Laceway Limited (76.90% owned) | 1,000 | 1,000 |
| Oceanrange Limited (69.23% owned) | 2,500 | 2,500 |
| Milesign Limited (83.34% owned) | <u>1,000</u> | <u>1,000</u> |

Additionally, the company is a designated member of Consolidated Equity (No 1) LLP, Consolidated Equity (No 2) LLP, Consolidated Equity (No 3) LLP, Consolidated Equity (Campden Street) LLP and Consolidated Equity (Home Park Road) LLP.

10. Stocks

| | 2006 £ | 2005 £ |
|------------------------------|------------------|------------------|
| Stock-properties for re-sale | <u>9,632,962</u> | <u>8,453,046</u> |

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2006

11. Debtors

| | 2006 £ | 2005 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 4,618,025 | 2,504,344 |
| Amounts owed by group undertakings | — | 980,000 |
| Other debtors | 3,253,725 | 3,716,101 |
| Prepayments and accrued income | 369,094 | 590,774 |
| | <u>8,240,844</u> | <u>7,791,219</u> |

Included within other debtors are amounts of £2,846,356 (2005 - £3,362,371) due from businesses with which the company is undertaking joint venture projects and within prepayments and accrued income interest receivable of £332,697 (2005 - £212,100)

Included within prepayments and accrued income is interest receivable of £NIL (£2005 - £47,388) from Tiltvend Limited

An amount of £126,890 (2005 - £126,890) is also due from Tigerlink Limited (a fellow subsidiary undertaking) A full provision has been made against this amount

12. Creditors: Amounts Falling due Within One Year

| | 2006 £ | 2005 £ |
|------------------------------------|-------------------|-------------------|
| Bank loans and overdrafts | 7,201,544 | 7,642,979 |
| Trade creditors | 2,905,928 | — |
| Amounts owed to group undertakings | 6,298,598 | 7,138,644 |
| Corporation tax | 647,894 | — |
| Other creditors | 642,613 | 146,984 |
| Accruals and deferred income | 259,901 | 503,499 |
| | <u>17,956,478</u> | <u>15,432,106</u> |

At the balance sheet date, the following amounts were due to related parties

| | | |
|---|----------------|-----------|
| SGI Limited | 6,047,640 | 7,130,865 |
| Bravesign Limited | 833 | 833 |
| Dealguide Limited | 1,923 | 1,923 |
| Dialcraft Limited | 77 | 77 |
| Gainsite Limited | — | 75 |
| Globeddeal Limited | — | 769 |
| Hoopstore Limited | 769 | 769 |
| Laceway Limited | 769 | 769 |
| Oceanrange Limited | 1,731 | 1,731 |
| Milesign Limited | 833 | 833 |
| Consolidated Equity Funding (No 1) Limited | <u>244,023</u> | <u>—</u> |

Included within other creditors are amounts of £38,670 (2005 - £38,670) due to Green Park (Larnaca works) Limited, a company with which a joint venture is being undertaken and £588,998 (2005 - £61,649) due to Brooksplace Limited, a fellow investor in joint venture projects

Charged during the year and included within accruals and deferred income are Management fees of £88,125 (2005 - £264,375) payable to SGI Limited

The bank loans and overdrafts are secured against the company's stock of properties

Aspenmill Limited

Notes to the Financial Statements

Year ended 31 December 2006

13. Creditors: Amounts Falling due after More than One Year

| | 2006 £ | 2005 £ |
|---------------------------|-----------|-----------|
| Bank loans and overdrafts | — | 1,224,633 |

14. Related Party Transactions

The company is controlled by Mr P Shalson

The Profit and Loss account includes interest receivable of £3,461 (2005 - £62,707) from Tiltvend Limited, a fellow subsidiary undertaking, £217,883 (2005 - £132,427) from partners with which the company is undertaking joint venture projects and £92,083 (2005 - £63,777) from fellow investors in those joint venture projects

15. Share Capital

Authorised share capital:

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Equity Shares 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |

Allotted, called up and fully paid:

| | 2006 No. | £ | 2005 No. | £ |
|----------------------------|-------------|-----|-------------|-----|
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

16. Reserves

| | Profit and loss account £ |
|-------------------------|---------------------------------|
| Balance brought forward | (134,266) |
| Profit for the year | 1,511,754 |
| Equity dividends | (1,360,000) |
| Balance carried forward | 17,488 |

17. Reconciliation of Movements in Shareholders' Funds

| | 2006 £ | 2005 £ |
|---------------------------------------|-------------|-----------|
| Profit for the financial year | 1,511,754 | 8,309 |
| Equity dividends paid | (1,360,000) | — |
| Net addition to shareholders' deficit | 151,754 | 8,309 |
| Opening shareholders' deficit | (134,166) | (142,475) |
| Closing shareholders' funds/(deficit) | 17,588 | (134,166) |

18. Ultimate Parent Company

The ultimate parent undertaking, SGI Limited, owns 100% of the company, being 100 ordinary shares of £1 each SGI Limited is registered in England, is an investment holding company and trades as management consultants