

COMPANIES REGISTRY COPY

Manorstore Limited
Financial Statements
For the year ended
31 December 2004

Company Registration Number 4295559



Manorstore Limited

Financial Statements

Year ended 31 December 2004

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Manorstore Limited

Company Information

The Board of Directors

Mr P. Shalson
Mr D. R. Lister
Mr S. J. Pollins

Company Secretary

Mr J. Menell

Registered Office

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

Auditors

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

Bankers

Lloyds Bank Plc
190 Great Portland Street
London
W1A 4LN

Manorstore Limited

The Directors' Report

Year ended 31 December 2004

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

Principal Activities and Business Review

The principal activity of the company during the year continued to be that of a property dealer.

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. There are no current plans for the diversification of activities or major organisational change.

Results and Dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

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

Mr P. Shalson

Mr D. R. Lister

Mr S. J. Pollins (Appointed 5 July 2004)

Mr D. Wolinsky (Resigned 5 July 2004)

The director Mr. P. Shalson has 2 shares in the ultimate parent undertaking, SGI Limited, which represents a 100% shareholding.

Directors' Responsibilities

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 of the profit or loss of the company for that year.

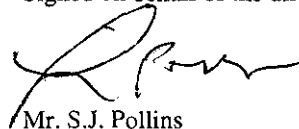
In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the 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 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 and other irregularities.

Auditors

A resolution to re-appoint Landau Morley as auditors for the ensuing year will be proposed at the 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 27.10.05

Manorstore Limited

Independent Auditors' Report to the Shareholders of Manorstore Limited

Year ended 31 December 2004

We have audited the financial statements of Manorstore Limited for the year ended 31 December 2004 on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

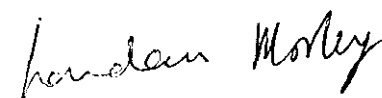
Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



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

2.11.05

LANDAU MORLEY
Chartered Accountants
& Registered Auditors

Manorstore Limited
Profit and Loss Account
Year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	–	–
Administrative expenses		7,493	4,257
Operating Loss	3	(7,493)	(4,257)
Interest payable and similar charges	5	27,986	19,414
Loss on Ordinary Activities Before Taxation		(35,479)	(23,671)
Tax on loss on ordinary activities	6	–	–
Loss for the Financial Year		(35,479)	(23,671)
Balance brought forward		(18,075)	5,596
Balance carried forward		(53,554)	(18,075)

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 7 to 10 form part of these financial statements.

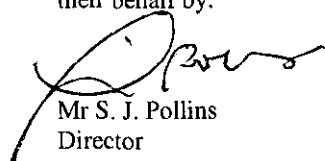
Manorstore Limited

Balance Sheet

31 December 2004

	Note	2004 £	£	2003 £	£
Current Assets					
Stocks	7	595,303		452,600	
Cash at bank		1,615		1,084	
		<u>596,918</u>		<u>453,684</u>	
Creditors: Amounts Falling due Within One Year	8	<u>650,372</u>		<u>471,659</u>	
Net Current Liabilities			(53,454)		(17,975)
Total Assets Less Current Liabilities			<u>(53,454)</u>		<u>(17,975)</u>
Capital and Reserves					
Called-up equity share capital	10		100		100
Profit and loss account			(53,554)		(18,075)
Deficiency	11		<u>(53,454)</u>		<u>(17,975)</u>

These financial statements were approved by the directors on the 27.12.05 and are signed on their behalf by:



Mr S. J. Pollins
Director

The notes on pages 7 to 10 form part of these financial statements.

Manorstore Limited**Cash Flow Statement****Year ended 31 December 2004**

		2004		2003	
	Note	£	£	£	£
Net Cash Inflow/(Outflow) From Operating Activities	12		18,659		(245,909)
Returns on Investments and Servicing of Finance	13		(27,986)		(19,414)
Equity Dividends Paid			—		(30,000)
Cash Outflow Before Financing			(9,327)		(295,323)
Financing	14		9,858		296,407
Increase in Cash	15		531		1,084

The notes on pages 7 to 10 form part of these financial statements.

Manorstore Limited

Notes to the Financial Statements

Year ended 31 December 2004

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

Going Concern

The Financial Statements have been prepared on a going concern basis as support has been arranged which will enable the company to pay its debts as they fall due.

Stocks

Stocks, which consist of freehold properties held for resale, are stated at cost plus legal expenses incurred on acquisition or market value, whichever is the lower.

Deferred Taxation

Deferred tax is recognised in respect of all material 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, with the following exception:

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.

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 or substantively enacted at the balance sheet date.

2. Turnover

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

3. Operating Loss

Operating loss is stated after charging:

	2004	2003
	£	£
Auditors' remuneration		
- as auditors	2,370	2,350

4. Particulars of Employees

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

5. Interest Payable

	2004	2003
	£	£
Interest payable on bank borrowing	27,986	19,414

Manorstore Limited

Notes to the Financial Statements

Year ended 31 December 2004

6. Taxation on Ordinary Activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Loss on ordinary activities before taxation	(35,479)	(23,671)
Profit/(loss) on ordinary activities by rate of tax	(10,644)	(7,101)
Group relief	10,644	7,101
Total current tax	—	—

7. Stocks

	2004 £	2003 £
Stock of property	595,303	452,600

8. Creditors: Amounts Falling due Within One Year

	2004 £	2003 £
Bank loans and overdrafts	306,265	296,407
Amounts owed to group undertakings	329,407	151,293
Other creditors	10,000	10,000
Accruals and deferred income	4,700	13,959
	650,372	471,659

Amounts due to group undertakings relate to amounts due to the parent undertaking, SGI Limited.

Other creditors relates to amounts due to Mr D. Lister, one of the directors.

The bank overdraft is secured against the company's stock and is repayable on demand. Interest is charged at the greater of 6.5% per annum above the three month LIBOR and 10.5% per annum.

9. Controlling Party

The company is controlled by Mr P. Shalson.

10. Share Capital

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	2004		2003	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Manorstore Limited

Notes to the Financial Statements

Year ended 31 December 2004

11. Reconciliation of Movements in Shareholders' Funds

	2004 £	2003 £
Loss for the financial year	(35,479)	(23,671)
Opening shareholders' equity (deficit)/funds	(17,975)	5,696
Closing shareholders' equity deficit	<u>(53,454)</u>	<u>(17,975)</u>

12. Reconciliation of Operating Loss to Net Cash Inflow/(Outflow) From Operating Activities

	2004 £	2003 £
Operating loss	(7,493)	(4,257)
Increase in stocks	(142,703)	(250,145)
Decrease in debtors	—	101,228
Increase/(decrease) in creditors	168,855	(92,735)
Net cash inflow/(outflow) from operating activities	<u>18,659</u>	<u>(245,909)</u>

13. Returns on Investments and Servicing of Finance

	2004 £	2003 £
Interest paid	(27,986)	(19,414)
Net cash outflow from returns on investments and servicing of finance	<u>(27,986)</u>	<u>(19,414)</u>

14. Financing

	2004 £	2003 £
Increase in bank loans	9,858	296,407
Net cash inflow from financing	<u>9,858</u>	<u>296,407</u>

15. Reconciliation of Net Cash Flow to Movement in Net Debt

	2004 £	2003 £
Increase in cash in the period	531	1,084
Net cash (inflow) from bank loans	<u>(9,858)</u>	<u>(296,407)</u>
Change in net debt	(9,327)	(295,323)
Net debt at 1 January 2004	(295,323)	—
Net debt at 31 December 2004	<u>(304,650)</u>	<u>(295,323)</u>

Manorstore Limited

Notes to the Financial Statements

Year ended 31 December 2004

16. Analysis of Changes in Net Debt

	At 1 Jan 2004 £	Cash flows £	At 31 Dec 2004 £
Net cash:			
Cash in hand and at bank	<u>1,084</u>	<u>531</u>	<u>1,615</u>
Debt:			
Debt due within 1 year	<u>(296,407)</u>	<u>(9,858)</u>	<u>(306,265)</u>
Net debt	<u><u>(295,323)</u></u>	<u><u>(9,327)</u></u>	<u><u>(304,650)</u></u>

17. Ultimate Parent Company

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