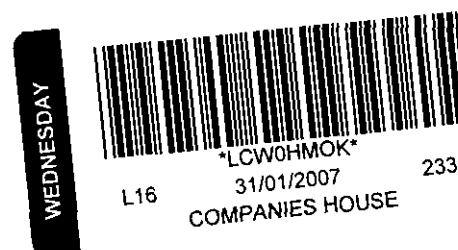


**WILLOW PLACE PROPERTIES LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2005**



**SLAVEN JEFFCOTE LLP**  
Chartered Certified Accountants & Registered Auditors  
1 Lumley Street  
Mayfair  
London  
W1K 6TT

# **WILLOW PLACE PROPERTIES LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2005**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2</b>
Independent auditor's report to the shareholders	<b>4</b>
Profit and loss account	<b>6</b>
Statement of total recognised gains and losses	<b>7</b>
Balance sheet	<b>8</b>
Notes to the financial statements	<b>9</b>
<b>The following page does not form part of the financial statements</b>	
Detailed profit and loss account	<b>10</b>

# **WILLOW PLACE PROPERTIES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	Mr B Choudhrie Mr V Gole Lumley Management Limited Mr C P Thomas
<b>Company secretary</b>	JD Secretariat Limited
<b>Registered office</b>	1 Lumley Street Mayfair London W1K 6TT
<b>Auditor</b>	Slaven Jeffcote LLP Chartered Certified Accountants & Registered Auditors 1 Lumley Street Mayfair London W1K 6TT
<b>Bankers</b>	The Royal Bank of Scotland plc 5 Market Place Leicester LE1 6DN

# **WILLOW PLACE PROPERTIES LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was that of a property investment company.

#### **DIRECTORS**

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

Mr B Choudhrie  
Mr V Gole  
Lumley Management Limited  
Mr C P Thomas

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Mr V Gole retired as a director on 24 April 2006.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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. 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.

#### **AUDITOR**

A resolution to re-appoint Slaven Jeffcote LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

# WILLOW PLACE PROPERTIES LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

1 Lumley Street

Mayfair

London

W1K 6TT

Signed by order of the directors



JD SECRETARIAT LIMITED

Company Secretary

Approved by the directors on 31/01/07

**WILLOW PLACE PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**WILLOW PLACE PROPERTIES LIMITED**  
**YEAR ENDED 31 DECEMBER 2005**

We have audited the financial statements of Willow Place Properties Limited for the year ended 31 December 2005 on pages 6 to 10, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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 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 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.

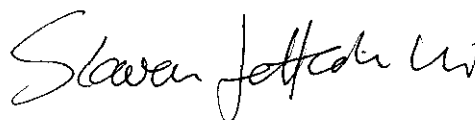
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**WILLOW PLACE PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**WILLOW PLACE PROPERTIES LIMITED** *(continued)*  
**YEAR ENDED 31 DECEMBER 2005**

**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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



1 Lumley Street  
Mayfair  
London  
W1K 6TT

SLAVEN JEFFCOTE LLP  
Chartered Certified Accountants  
& Registered Auditors

3.1.07.....

# WILLOW PLACE PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>		<b>301,093</b>	359,788
Cost of sales		<u>72,996</u>	<u>97,639</u>
<b>GROSS PROFIT</b>		<b>228,097</b>	262,149
Administrative expenses		<u>8,808</u>	<u>7,582</u>
<b>OPERATING PROFIT</b>	2	<b>219,289</b>	254,567
Interest receivable		<u>1,200</u>	<u>1,697</u>
Interest payable and similar charges	3	<u>(114,077)</u>	<u>(120,137)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>106,412</b>	136,127
Tax on profit on ordinary activities	4	<u>31,924</u>	<u>40,125</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>74,488</u></b>	<b><u>96,002</u></b>

All of the activities of the company are classed as continuing.

The notes on pages 9 to 10 form part of these financial statements.



**WILLOW PLACE PROPERTIES LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2005**

	2005 £	2004 £
Profit for the financial year attributable to the shareholders	74,488	96,002
Unrealised profit on revaluation of certain fixed assets	—	91,833
Total gains and losses recognised since the last annual report	<u>74,488</u>	<u>187,835</u>

*The notes on pages 9 to 10 form part of these financial statements.*

# WILLOW PLACE PROPERTIES LIMITED

## BALANCE SHEET

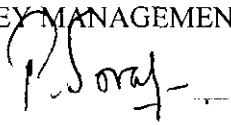
31 DECEMBER 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	5	<u>3,585,000</u>	<u>3,585,000</u>
<b>CURRENT ASSETS</b>			
Debtors	6	130,701	58,412
Cash at bank		<u>62,593</u>	<u>182,493</u>
		193,294	240,905
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>299,134</u>	<u>305,033</u>
<b>NET CURRENT LIABILITIES</b>		<u>(105,840)</u>	<u>(64,128)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,479,160</u>	<u>3,520,872</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	8	<u>3,125,143</u>	<u>3,241,343</u>
		<u>354,017</u>	<u>279,529</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	11	1,000	1,000
Revaluation reserve		91,833	91,833
Profit and loss account	12	<u>261,184</u>	<u>186,696</u>
<b>SHAREHOLDERS' FUNDS</b>	13	<u>354,017</u>	<u>279,529</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 31/01/2006 and are signed on their behalf by:

.....  
LUMLEY MANAGEMENT LIMITED

  
FOR AND ON BEHALF OF  
LUMLEY MANAGEMENT LTD.  
DIRECTOR TO THE COMPANY

The notes on pages 9 to 10 form part of these financial statements.

# **WILLOW PLACE PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2005**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

#### **Changes in accounting policies**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'; and

-the presentation requirements of FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'.

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The company has not declared a dividend for the current or previous period, therefore the adoption of this standard has had no effect on the financial statements.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

The adoption of the presentation requirements of FRS 25 has resulted in a change to the presentation of the company's profit and loss reserve. The profit and loss reserve working is now shown in the notes to the financial statements as opposed to its previous presentation on the face of the profit and loss account.

#### **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**

Turnover represents the amounts receivable, by the company for services provided during the year, exclusive of value added tax.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

# WILLOW PLACE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

### 1. ACCOUNTING POLICIES *(continued)*

#### Investment properties

Investment properties are valued annually and shown in the accounts at open market value. Gains or losses in respect of revaluing properties are recognised in the Statement of Total Recognised Gains and Losses, except in the case where the loss is deemed to be a permanent diminution in value, in which case it is charged to the profit and loss account. No depreciation is charged on this class of fixed asset. This treatment follows the principles outlined in the Standard Statement of Accounting Practice 19 (Accounting for Investment Properties) and is a departure from Financial Reporting Standard 15 (Tangible Fixed Assets), which requires all tangible fixed assets to be depreciated. This departure is necessary to give a true and fair view.

#### 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. OPERATING PROFIT

Operating profit is stated after charging:

	2005 £	2004 £
Directors' emoluments	—	—
Auditor's fees	<u>2,500</u>	<u>2,500</u>

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Finance charges	16	—
Other interest and similar charges	<u>114,061</u>	<u>120,137</u>
	<u>114,077</u>	<u>120,137</u>

### 4. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	31,924	40,838
Over/under provision in prior year	—	(713)
Total current tax	<u>31,924</u>	<u>40,125</u>

# WILLOW PLACE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

### 4. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (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% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>106,412</u>	<u>136,127</u>
Profit/(loss) on ordinary activities by rate of tax	31,924	40,838
Adjustments to tax charge in respect of previous periods	-	(713)
Total current tax (note 4(a))	<u>31,924</u>	<u>40,125</u>

### 5. TANGIBLE FIXED ASSETS

	Freehold Property £
<b>COST OR VALUATION</b>	
At 1 January 2005 and 31 December 2005	<u>3,585,000</u>
<b>DEPRECIATION</b>	
At 1 January 2005 and 31 December 2005	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 December 2005	<u>3,585,000</u>
At 31 December 2004	<u>3,585,000</u>

The above represents an investment property and as such no depreciation has been provided. The property has been included in the accounts at open market value which was deemed to be £3,585,000 as at 31 December 2005 (2004 - £3,585,000). This valuation was carried out by the directors of the company.

# WILLOW PLACE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

### 5. TANGIBLE FIXED ASSETS *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005 £	2004 £
<b>Historical cost</b>	<b>3,493,167</b>	<b>3,493,167</b>
<b>Depreciation:</b>		
At 1 January 2005	139,726	69,863
Aggregate depreciation on assets revalued in year	69,863	69,863
At 31 December 2005	<u>209,589</u>	<u>139,726</u>
<b>Net historical cost value:</b>		
At 31 December 2005	<u>3,283,578</u>	<u>3,353,441</u>
At 1 January 2005	<u>3,353,441</u>	<u>3,423,304</u>

### 6. DEBTORS

	2005 £	2004 £
Trade debtors	119,283	51,173
Amounts owed by group undertakings	3,636	3,636
Other debtors	7,782	3,603
	<u>130,701</u>	<u>58,412</u>

### 7. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	98,201	92,083
Corporation tax	31,924	40,838
Other taxation	28,701	38,972
Other creditors	140,308	133,140
	<u>299,134</u>	<u>305,033</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Amounts owed to group undertakings	<u>98,201</u>	<u>92,083</u>

### 8. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	<u>3,125,143</u>	<u>3,241,343</u>

# WILLOW PLACE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

### 8. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004
	£	£
Amounts owed to group undertakings	<u>1,622,712</u>	<u>1,720,913</u>

C&C Estates Limited, the immediate parent company has taken out a loan of £1,980,000 with Royal Bank of Scotland plc, and Willow Place Properties Limited has pledged its assets as security for the loan. C&C Estates Limited has lent the £1,980,000 on the same terms plus 0.5% margin to Willow Place Properties Limited.

### 9. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2005	2004
	£	£
Amounts repayable:		
In one year or less or on demand	98,201	82,083
In more than one year but not more than two years	104,725	98,201
In more than two years but not more than five years	357,488	335,216
In more than five years	<u>1,160,498</u>	<u>1,287,495</u>
	<u>1,720,912</u>	<u>1,802,995</u>

### 10. RELATED PARTY TRANSACTIONS

In the opinion of the directors there is no one controlling party.

The company has taken advantage of the exemption from reporting related party transactions between Willow Places Properties Limited and other members of the C&C Business Solutions (formerly C&C Sons) group, conferred by Financial Reporting Standard No. 8, on the grounds that the company is a wholly owned subsidiary and the parent undertaking prepares consolidated financial statements which include the company.

### 11. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

# WILLOW PLACE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

### 12. PROFIT AND LOSS ACCOUNT

	2005	2004
	£	£
Balance brought forward	186,696	90,694
Profit for the financial year	74,488	96,002
Balance carried forward	<u>261,184</u>	<u>186,696</u>

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	74,488	96,002
Other net recognised gains and losses	—	91,833
Net addition to shareholders' funds	74,488	187,835
Opening shareholders' funds	279,529	91,694
Closing shareholders' funds	<u>354,017</u>	<u>279,529</u>

### 14. GUARANTEE

The company has provided its major asset the freehold property known as Willow House, as collateral for a bank loan to its immediate parent company.

### 15. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking at the balance sheet date is Harberry Investments Limited, a company incorporated in the British Virgin Islands.

The parent undertaking of the largest group for which group accounts including Willow Place Properties Limited are drawn up is C&C Business Solutions Limited (formerly C&C Sons Limited), a company registered in England and Wales.

The parent undertaking of the smallest group for which group accounts including Willow Place Properties Limited are drawn up is C&C Estates Limited, a company incorporated in England and Wales.

Copies of these accounts can be obtained from the company's registered office:

1 Lumley Street  
Mayfair  
London  
W1K 6TT