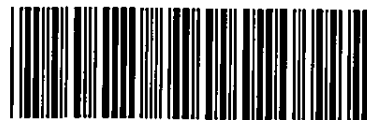


COMPANY REGISTRATION NUMBER 4669592

**SOHO ESTATES HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 DECEMBER 2007**

THURSDAY



\*LG3744EX\*

LD3

30/10/2008

258

COMPANIES HOUSE

# **SOHO ESTATES HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2007**

The directors submit their report and the audited group financial statements for the year ended 31st December 2007

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity of the group comprises investment in properties in central London substantially, but not exclusively, in the W1 postal district. The group finances its growth from funds generated from its operations, consequently there is no gearing.

There were no significant changes in the group'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 group's activity in the next year.

The directors are satisfied with the results for the year.

As shown in the group's profit and loss account on page 5, the group's turnover has increased by 6% in comparison to turnover recorded for 2006. This increase in turnover is attributable to improved occupancy, rent reviews and the acquisition of a new property.

The group recorded a profit before taxation of £18,045,674 for the year, compared to a profit of £16,917,748 in the prior year.

The balance sheet on page 6 indicates that the group's financial position at the year end, both in terms of net assets and net current assets, remains strong.

Particulars of dividends paid are detailed in note 8 to the financial statements.

### **RISKS AND UNCERTAINTIES**

The group is faced with risks associated with the property sector, including market fluctuations in property prices, rents and yields. The group has no borrowings, and is not therefore subject to any interest rate risk.

### **DIRECTORS**

The directors who served during the year were as follows:

P Raymond (deceased 2 March 2008)  
M P W Quinn  
J James  
K J P Sullivan  
F I James (appointed 18 September 2007)

# SOHO ESTATES HOLDINGS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

### 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 the group and of the profit or loss of the group 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 the group to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The information given in the Directors' Report is consistent with the financial statements.


In so far as the directors are aware

- there is no relevant audit information of which the company's and the group'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.

### AUDITOR

At 31st December 2007, Mr M J Bostelmann, a partner in Messrs Arnold Hill & Co, the company's and the group's auditor, was a trustee with no beneficial interest in certain trusts which held 83.17% of the company's share capital.

Signed on behalf of the directors

  
KEVIN SULLIVAN BA FCA  
Secretary

Date 24/10/08

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF**  
**SOHO ESTATES HOLDINGS LIMITED**  
**YEAR ENDED 31 DECEMBER 2007**

We have audited the financial statements on pages 5 to 16, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and 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 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**

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 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 group's and 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.

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF**

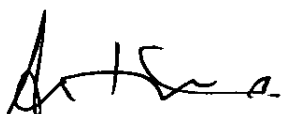
**SOHO ESTATES HOLDINGS LIMITED**

**YEAR ENDED 31 DECEMBER 2007**

**QUALIFIED OPINION**

As explained in note 1 the group's investment properties have not been revalued in accordance with Statement of Standard Accounting Practice 19, but have been included at the revalued amount as determined at 31 December 2003 and acquisitions subsequent to 31 December 2003 have been recorded at cost. In addition, development expenditure incurred in the year of £1,587,352 in relation to conversion and improvement of investment properties, has been written off in the year, rather than being capitalised. Accordingly we believe that fixed asset additions in the year are understated by £1,587,352. We are unable to determine the financial impact on these accounts of the non-revaluation of the investment property portfolio.

Except for the non-compliance with SSAP 19 and non capitalisation of capital expenditure incurred in the year, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2007 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985. The information given in the Directors' Report is consistent with the financial statements.



**Arnold Hill & Co**

Chartered Accountants and Registered Auditors

Craven House

16 Northumberland Avenue

London WC2N 5AP

Date

29 October 2008

**SOHO ESTATES HOLDINGS LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<u>Notes</u>	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
<b>TURNOVER</b>		24,313,314	22,861,707
Administrative Expenses			
-Recurring		(7,842,657)	(5,750,282)
-Exceptional Item	2	<u>-</u>	<u>(1,162,846)</u>
<b>OPERATING PROFIT</b>	2	16,470,657	15,948,579
Interest Receivable and Similar Income	5	1,582,209	969,169
Interest Payable and Similar Charges	6	<u>(7,192)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		18,045,674	16,917,748
Tax on Profit on Ordinary Activities	7	<u>(6,173,939)</u>	<u>(4,104,358)</u>
<b>PROFIT FOR THE YEAR</b>	16	<u>£ 11,871,735</u>	<u>£ 12,813,390</u>

All the group's activities are classed as continuing

The group had no recognised gains or losses other than the profit for the year

The notes on pages 8 to 16 form part of these financial statements

# SOHO ESTATES HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2007

	<u>Notes</u>	<u>GROUP</u> <u>2007</u> £	<u>PARENT</u> <u>2007</u> £	<u>GROUP</u> <u>2006</u> £	<u>PARENT</u> <u>2006</u> £
<b>FIXED ASSETS</b>					
Investment Properties	9	292,448,694	-	290,449,780	-
Investments in Subsidiary Undertakings	10	-	1,169,000	-	1,169,000
		<u>292,448,694</u>	<u>1,169,000</u>	<u>290,449,780</u>	<u>1,169,000</u>
<b>CURRENT ASSETS</b>					
Debtors	11	3,639,684	7,436,833	2,646,248	7,440,693
Cash at Bank and in Hand		<u>34,867,544</u>	<u>-</u>	<u>27,148,196</u>	<u>-</u>
		38,507,228	7,436,833	29,794,444	7,440,693
<b>CREDITORS</b> Amounts Falling Due Within One Year	12	<u>(18,391,510)</u>	<u>(16,467)</u>	<u>(17,759,615)</u>	<u>(5,200)</u>
<b>NET CURRENT ASSETS</b>		<u>20,115,718</u>	<u>7,420,366</u>	<u>12,034,829</u>	<u>7,435,493</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		312,564,412	8,589,366	302,484,609	8,604,493
<b>PROVISIONS FOR LIABILITIES</b>					
Pensions	13	-	-	(813,992)	-
Retirement benefits	13	<u>(375,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>£ 312,189,352</u>	<u>£ 8,589,366</u>	<u>£ 301,670,617</u>	<u>£ 8,604,493</u>
<b>CAPITAL AND RESERVES</b>					
Called Up Share Capital	15	41,000	41,000	41,000	41,000
Consolidation Reserve	16	268,969,399	-	268,969,399	-
Profit and Loss Account	16	<u>43,178,953</u>	<u>8,548,366</u>	<u>32,660,218</u>	<u>8,563,493</u>
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	17	<u>£ 312,189,352</u>	<u>£ 8,589,366</u>	<u>£ 301,670,617</u>	<u>£ 8,604,493</u>

Approved by the Board for signing on

24/6/08



MARK QUINN  
Director



KEVIN SULLIVAN BA FCA  
Director

The notes on pages 8 to 16 form part of these financial statements

**SOHO ESTATES HOLDINGS LIMITED**  
**GROUP CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<u>Notes</u>	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
<b>Net Cash Inflow from Operating Activities</b>	21	15,438,367	17,650,874
<b>Returns on Investments and Servicing of Finance</b>	22	1,575,017	969,169
<b>Taxation</b>		(5,942,122)	(4,183,485)
<b>Capital Expenditure and Financial Investment</b>	22	(1,998,914)	(16,663,518)
<b>Dividends</b>		(1,353,000)	(1,353,000)
<b>Increase /(Decrease) in Cash in the Year</b>	23	<u>£ 7,719,348</u>	<u>£ (3,579,960)</u>

**Reconciliation of Net Cash Flow to Movement in Net Funds for Year Ended 31 December 2007**

	<u>Notes</u>	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
<b>Increase /(Decrease) in Cash in the Year</b>	23	<u>7,719,348</u>	<u>(3,579,960)</u>
<b>Movement in Net Funds in the Year</b>		7,719,348	(3,579,960)
<b>Net Funds as at 1st January</b>		<u>27,148,196</u>	<u>30,728,156</u>
<b>Net Funds as at 31st December</b>	23	<u>£ 34,867,544</u>	<u>£ 27,148,196</u>

The notes on pages 8 to 16 form part of these financial statements



# **SOHO ESTATES HOLDINGS LIMITED**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **1. ACCOUNTING POLICIES**

##### **Basis of Accounting**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable Accounting Standards, except as noted under Investment Properties below

##### **Basis of Consolidation**

The group financial statements consolidate the accounts of Soho Estates Holdings Limited and all of its subsidiaries to 31 December 2007 using the acquisition method

The assets and liabilities of subsidiary undertakings acquired have been included in the consolidation at the fair value at the date of acquisition

##### **Turnover**

Turnover represents the amount of property income receivable in the year, derived wholly in the United Kingdom, exclusive of Value Added Tax

##### **Investment Properties**

Investment properties acquired prior to 31 December 2003 were independently valued on an open market value basis as at the date of the last external valuation in 2003, and investment properties acquired since then have been included in the financial statements at cost. The surplus arising from the revaluation was transferred to the revaluation reserve

Depreciation is not provided on investment properties

##### **Pension Costs**

A self-administered defined contribution pension scheme is operated for some employees. Contributions to the scheme are charged to the profit and loss account in the year in which they are paid. The group also previously operated a defined benefits multi-employer pension scheme, the decision to close that scheme was taken in 2006 and the final scheme deficit was provided for in that year

##### **Deferred Taxation**

Deferred tax is recognised in respect of timing differences that had originated but had 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 tax

In respect of deferred tax assets, these 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 substantially enacted at the balance sheet date

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 2 GROUP OPERATING PROFIT

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
This is stated after charging		
Directors' Emoluments	1,136,082	2,225,599
Auditors' Remuneration - Audit	104,610	94,054
Exceptional item		
- Pension Contribution (note – 1)	-	1,162,846

#### (i) Pension Contribution

As a result of a decision taken during the prior year to close the multi-employer final salary pension scheme, a liability arose to fund the pension scheme deficit. Based on actuarial advice the directors anticipated a requirement for the group to contribute £1,162,846 to meet the pension scheme deficit. This sum was provided for in 2006. The actual pension liability of £1,057,141 was paid in full in December 2007 and the over provision of £105,705 released to the profit and loss account.

### 3. DIRECTORS' EMOLUMENTS

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Emoluments Receivable	1,044,392	1,097,750
Pension Contributions	91,690	1,127,849
	<u>£ 1,136,082</u>	<u>£ 2,225,599</u>

#### Emoluments of Highest Paid Director:

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Total Emoluments (excluding pension contributions)	<u>£ 413,926</u>	<u>£ 386,251</u>

The number of directors who accrued benefits under company pension schemes was as follows

	<u>2007</u>	<u>2006</u>
	<u>No</u>	<u>No</u>
Defined Benefit Scheme	<u>-</u>	<u>4</u>

The highest paid director received pension contributions of £nil (2006 £nil)

**SOHO ESTATES HOLDINGS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the group during the financial year amounted to

	<u>2007</u> <u>No</u>	<u>2006</u> <u>No</u>
Number of Management Staff	<u>22</u>	<u>22</u>

The aggregate payroll costs of the above were

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Wages and Salaries	1,663,007	1,646,027
Social Security Costs	209,573	208,453
Pension Costs	544,198	1,313,394
Other Benefits	<u>28,846</u>	<u>52</u>
	<u>£ 2,445,624</u>	<u>£ 3,167,926</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Bank Interest Receivable	1,569,483	968,015
Other Interest Receivable	<u>12,726</u>	<u>1,154</u>
	<u>£ 1,582,209</u>	<u>£ 969,169</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Bank Interest Payable	3,672	-
Other Interest Payable	<u>3,520</u>	<u>-</u>
	<u>£ 7,192</u>	<u>£ -</u>

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 7. TAX ON ORDINARY ACTIVITIES

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

	<u>GROUP</u> <u>2007</u> <u>£</u>	<u>GROUP</u> <u>2006</u> <u>£</u>
Current Tax		
UK Corporation Tax Based on the Results for the Year at 30% (2006 – 30%)	5,645,365	4,901,398
Under/(Over) Provision in Prior Year	313,451	(448,186)
Total Current Tax	<u>5,958,816</u>	<u>4,453,212</u>
Deferred Tax		
Origination of Timing Differences	215,123	(348,854)
Tax on Profit on Ordinary Activities	<u>£ 6,173,939</u>	<u>£ 4,104,358</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 – 30%)

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Profit on Ordinary Activities Before Taxation	<u>18,045,674</u>	<u>16,917,748</u>
Profit on Ordinary Activities by Rate of Tax	5,413,702	5,075,324
Under/(Over) Provision in Prior Year	313,451	(448,186)
Disallowable Items	670,511	80,039
Capital Allowances for Year in Excess of Depreciation	(248,010)	(254,026)
Pension Settlement Deduction	(183,412)	-
Other Adjustments	(7,426)	61
Current Tax Charge for the Year	<u>£ 5,958,816</u>	<u>£ 4,453,212</u>

### 8. DIVIDENDS

#### Equity Dividends

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Paid		
Equity Dividends on Ordinary Shares	<u>£ 1,353,000</u>	<u>£ 1,353,000</u>

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 9. INVESTMENT PROPERTIES

<u>GROUP</u>	<u>Freehold Land and Buildings £</u>
<b>Cost or Valuation</b>	
At 1 <sup>st</sup> January 2007	290,449,780
Additions	<u>1,998,914</u>
At 31 <sup>st</sup> December 2007	<u>292,448,694</u>
<b>Depreciation</b>	
At 1 <sup>st</sup> January 2007 and 31 <sup>st</sup> December 2007	<u>-</u>
<b>Net Book Value</b>	
At 31 <sup>st</sup> December 2007	<u>£ 292,448,694</u>
At 31 <sup>st</sup> December 2006	<u>£ 290,449,780</u>

The fixed asset investment properties were valued by Gerald Eve, Chartered Surveyors & Property Consultants, in 2003 at Open Market Value. The historical cost of investment properties is £212,409,427 (2006 £210,410,513) and the aggregate depreciation charged under historical cost accounting is £nil (2006 £nil).

### 10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

<u>PARENT</u> <u>£</u>
<b>Cost and Net Book Value</b>
At 1 <sup>st</sup> January 2007 and 31 <sup>st</sup> December 2007
<u>£ 1,169,000</u>

The group undertakings owned at the year-end and included in the above are set out below. All the shareholdings are of £1 ordinary shares and the country of registration is England and Wales.

<u>Company</u>	<u>Percentage Held</u>	<u>Activity</u>
Paul Raymond Organisation Limited	100	Property
Soho Estates Limited*	100	Property
Victor Green Properties Limited*	100	Property
20/21 Leicester Square Limited*	100	Dormant
* Held by subsidiary undertaking		

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 11. DEBTORS

	<u>GROUP</u>	<u>PARENT</u>	<u>GROUP</u>	<u>PARENT</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade Debtors	2,432,248	-	2,325,866	-
Amount Due from Subsidiaries	-	7,434,689	-	7,440,256
Other Debtors	139,301	2,144	61,518	437
Deferred Tax Asset	133,731	-	-	-
Prepayments and Accrued Income	934,404	-	258,864	-
	<u>£ 3,639,684</u>	<u>£ 7,436,833</u>	<u>£ 2,646,248</u>	<u>£ 7,440,693</u>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>GROUP</u>	<u>PARENT</u>	<u>GROUP</u>	<u>PARENT</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade Creditors	234,650	11,163	170,273	-
Corporation Tax	2,655,225	-	2,423,408	-
Other Taxes and Social Security Costs	765,160	-	468,616	-
Other Creditors	10,211,256	-	10,300,276	-
Accruals and Deferred Income	4,525,219	5,304	4,397,042	5,200
	<u>£ 18,391,510</u>	<u>£ 16,467</u>	<u>£ 17,759,615</u>	<u>£ 5,200</u>

#### 13. PROVISIONS FOR LIABILITIES

##### Pension Commitments

In prior years the company contributed to a multi-employer pension scheme, a scheme as defined by FRS 17 where there is more than one participating employer. The company was unable to identify its share of the underlying assets and liabilities in the scheme and on this basis the company accounted for the contributions to the scheme as if it were a defined contribution scheme.

During the year to 31 December 2006, a decision was taken to close down the multi-employer final salary pension scheme. Based on actuarial advice the directors anticipated a requirement for the company to contribute £1,162,846 to meet the company's share of the pension scheme deficit. During the year to 31 December 2007 a total of £169,138 (2006 £1,313,394), including a credit of £105,705 in respect of a prior year over provision for funding the above deficit, was charged to the profit and loss account in respect of the above scheme.

The pension liability of £1,057,141 was paid in full in December 2007 and the over provision of £105,705 released to the profit and loss account.

##### Retirement Benefits

During the year a provision of £375,060 was made in respect of retirement benefits of a former director.

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 14. DEFERRED TAXATION

A deferred tax asset of £348,854 arose in 2006 in respect of the pension provision and was offset against the pension liability at 31 December 2006, in accordance with FRS 17. The pension liability was paid in December 2007. Consequently the deferred tax asset of £348,854 reduced to £133,731 at 31 December 2007, and is included within Other Debtors (note 11). The remaining deferred tax asset arises as a result of the requirement to spread tax relief for large pension contributions over more than one accounting period.

#### 15. SHARE CAPITAL

	<u>2007</u> £	<u>2006</u> £
<b>Authorised</b>		
500,000 Ordinary Shares of £1 each	£ 500,000	£ 500,000
<b>Allotted, Called Up and Fully Paid</b>		
41,000 Ordinary Shares of £1 each	£ 41,000	£ 41,000

#### 16. RESERVES

<u>GROUP</u>	<u>PROFIT &amp; LOSS</u> <u>ACCOUNT</u> <u>2007</u> £	<u>CONSOLIDATION</u> <u>RESERVE</u> <u>2007</u> £
Balance Brought Forward	32,660,218	268,969,399
Profit for the Year	11,871,735	-
Equity Dividends Paid	(1,353,000)	-
Balance Carried Forward	£ 43,178,953	£ 268,969,399
 <u>PARENT</u>	 <u>PROFIT &amp; LOSS</u> <u>ACCOUNT</u> <u>2007</u> £	 <u>PROFIT &amp; LOSS</u> <u>ACCOUNT</u> <u>2006</u> £
Balance Brought Forward	8,563,493	8,574,096
Profit for the Year	1,337,873	1,342,397
Equity Dividends Paid	(1,353,000)	(1,353,000)
Balance Carried Forward	£ 8,548,366	£ 8,563,493

The parent company has taken advantage of the exemptions conferred under the Companies Act 1985 not to prepare its own profit and loss account. The profit for the year attributable to the parent was £1,337,873 (2006 £1,342,397).

# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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

	<u>GROUP</u> <u>2007</u> <u>£</u>	<u>PARENT</u> <u>2007</u> <u>£</u>	<u>GROUP</u> <u>2006</u> <u>£</u>	<u>PARENT</u> <u>2006</u> <u>£</u>
Profit for the Financial Year	11,871,735	1,337,873	12,813,390	1,342,397
Dividends Paid	(1,353,000)	(1,353,000)	(1,353,000)	(1,353,000)
Net Addition/(Reduction) to Shareholders' Funds	10,518,735	(15,127)	11,460,390	(10,603)
Opening Shareholders' Funds	301,670,617	8,604,493	290,210,227	8,615,096
Closing Shareholders' Funds	<u>£ 312,189,352</u>	<u>£ 8,589,366</u>	<u>£ 301,670,617</u>	<u>£ 8,604,493</u>

### 18. RELATED PARTY TRANSACTIONS

In accordance with the requirements of Financial Reporting Standard 8, the group has the following related party disclosures

During the year management fees of £101,810 (2006 £112,618) were charged to Iona House Securities Limited by the Soho Estates Limited, a subsidiary of Soho Estates Holdings Limited. At 31<sup>st</sup> December 2007 Iona House Securities Limited owed £26,793 (2006 £25,987) to Soho Estates Limited.

At 31<sup>st</sup> December 2007, Soho Estates Holdings Limited and its group was owed £28,380 (2006 £nil) by Paul Raymond Publications Holdings Limited and its group, a group controlled by Paul Raymond. A management charge of £1,290,000 (2006 £804,000) was charged to Paul Raymond Publications Limited by Soho Estates Limited for administration services provided in the year. Rent of £31,728 (2006 £27,000) was paid in the year by Soho Estates Limited to Paul Raymond Publications Holdings Limited. Insurance of £28,380 (2006 £nil) was recharged during the year to Paul Raymond Publications Limited by Paul Raymond Organisation Limited.

At the year end, Soho Estates Limited owed £nil (2006 £10,000,000) to Paul Raymond. At the year end the company has outstanding loans of £5,000,000 (2006 £nil) to Fawn James and £5,000,000 (2006 £nil) to India James, beneficiaries of certain trusts with an interest in the share capital of the ultimate parent company. The loans are interest free and repayable on demand. A repayment of £4,000,000 was made to Fawn James in January 2008, followed by repayments of £1,000,000 to Fawn James and £2,000,000 to India James in August 2008.

### 19. CONTINGENT LIABILITIES

Under agreements existing prior to the balance sheet date, the group was committed to make bonus payments to key directors on the occurrence of certain contingencies. Since the year end these contingencies have been met and as a consequence the liabilities fell due in 2008. The liabilities, which have been paid by Soho Estates Limited after the Balance Sheet date, amounted to £4,008,865 plus National Insurance of £513,135. Of the above sums a total of £1,873,400 is recoverable from Paul Raymond Publications Limited. These liabilities are not reflected in the Balance Sheet as 31 December 2007 as they are regarded as a non-adjusting event under the Financial Reporting Standard 21 and will be accounted for in the year to 31 December 2008.



# SOHO ESTATES HOLDINGS LIMITED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 20. CONTROL

Throughout the year, the group and the company were controlled by Paul Raymond and his family trusts

### 21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Operating Profit	16,470,657	15,948,578
(Increase)/Decrease in Debtors	(993,436)	969,655
(Decrease)/Increase in Creditors	(38,854)	732,641
Net Cash Inflow from Operating Activities	<u>£ 15,438,367</u>	<u>£ 17,650,874</u>

### 22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Returns on Investments and Servicing of Finance		
Interest Received	1,582,209	969,169
Interest Paid	(7,192)	-
Net Cash Inflow from Returns on Investments and Servicing of Finance	<u>£ 1,575,017</u>	<u>£ 969,169</u>

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
Capital Expenditure and Financial Investment		
Purchase of Investment Properties	(1,998,914)	(16,663,518)
Net Cash Outflow from Capital Expenditure	<u>£ (1,998,914)</u>	<u>£ (16,663,518)</u>

### 23. CHANGES IN CASH

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
At 1 <sup>st</sup> January	27,148,196	30,728,156
Net Cash Inflow/(Outflow)	7,719,348	(3,579,960)
At 31 <sup>st</sup> December	<u>£ 34,867,544</u>	<u>£ 27,148,196</u>

### 24. ANALYSIS OF CHANGES IN NET FUNDS

	<u>AT 1 JANUARY</u>	<u>CASHFLOW</u>	<u>AT 31</u>
	<u>2007</u>	<u>2007</u>	<u>DECEMBER</u>
	<u>£</u>	<u>£</u>	<u>2007</u>
Cash at Bank and in Hand	<u>£ 27,148,196</u>	<u>£ 7,719,348</u>	<u>£ 34,867,544</u>

**SOHO ESTATES HOLDINGS LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<u>2007</u> <u>£</u>	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>	<u>2006</u> <u>£</u>
<b>Administration Expenses</b>				
Audit Fees	15,104		5,200	
Bank Charges and Interest	23		153	
Insurance	-		5,250	
		15,127		10,603
<b>Net Loss For The Year Before Tax</b>		(15,127)		(10,603)
 Dividend Received		1,353,000		1,353,000
<b>Profit for the Year</b>		<u>£ 1,337,873</u>		<u>£ 1,342,397</u>

24 October 2008

TJS/SR

***Private and Confidential***

Kevin Sullivan  
Soho Estates Holdings Limited  
Queen's House  
1 Leicester Place  
WC2H 7BP

Dear Kevin,

<b>Soho Estates Holdings Limited</b>	}	
<b>Soho Estates Limited</b>	}	
<b>Paul Raymond Publications Limited</b>	}	
<b>Victor Green Properties Limited</b>	}	
<b>21/22 Leicester Square Limited</b>	}	<b>Accounts to 31 December 2007</b>

Further to your email yesterday, please find enclosed three sets of 2007 accounts for each of the above companies. If approved by the Directors I would be grateful if you could arrange for all three sets to be signed on the Directors Reports and Balance Sheets. I would be grateful if all sets could be returned to me with the signed engagement letters and the board meeting minutes, as per my email yesterday.

If you have any comments or queries regarding the enclosed please do not hesitate to contact me.

Kind Regards,

Yours sincerely

Tim Straw

Enc