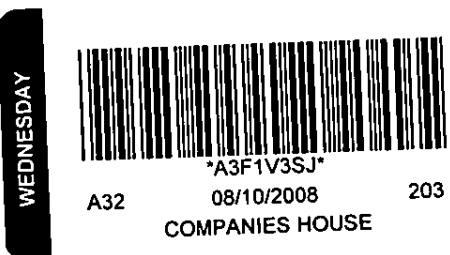




CIVVALS ELLAM

Chartered Accountants
Registered Auditors

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007
FOR
KEEL HOUSE PROPERTIES LIMITED
Registration No: 4771295**



Marble Arch House
66 - 68 Seymour Street
London W1H 5AF
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Keel House Properties Limited

Company information

Directors	M Goldmeier J Webber D Martin A Cooper L Curry
Secretary	CP Secretaries Limited
Company number	4771295
Registered office	87 Wimpole Street London W1G 9RL
Auditors	Civvals Ellam Limited Marble Arch House 66 - 68 Seymour Street London W1H 5AF

Keel House Properties Limited

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Keel House Properties Limited
Directors' report
for the year ended 31 December 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activity

The principal activity of the company is property investment and letting

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

	31/12/07	01/01/07
M Goldmeier	-	-
J Webber	-	-
D Martin	-	-
A Cooper	-	-
L Curry	-	-

The company is a wholly owned subsidiary of Pinton Investments Limited and the interests of the directors in that company are disclosed in its financial statements

Directors' responsibilities

The directors are responsible for preparing 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 the 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 and 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 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. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Keel House Properties Limited
Directors' report
for the year ended 31 December 2007

continued

Auditors

Civvals Ellam Limited were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 11 September 2008 and signed on its behalf by



CP Secretaries Limited
Secretary

Keel House Properties Limited

Independent auditors' report to the shareholders of Keel House Properties Limited

We have audited the financial statements of Keel House Properties Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act. 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 annual report and 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 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 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.

Keel House Properties Limited

Independent auditors' report to the shareholders of Keel House Properties Limited continued

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 2007 and of its profit for the year then ended, and

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 for the year ended 31 December 2007



Cival Ellam Limited
Chartered Accountants and
Registered Auditors
11 September 2008

Marble Arch House
66 - 68 Seymour Street
London W1H 5AF

Keel House Properties Limited

**Profit and loss account
for the year ended 31 December 2007**

		2007	2006
	Notes	£	£
Turnover	2	126,963	792 386
Property expenses		(44,388)	(210,845)
Gross profit		<u>82,575</u>	<u>581,541</u>
Administrative expenses		(4,678)	(13,877)
Operating profit	3	<u>77,897</u>	<u>567,664</u>
Profit on sale of fixed assets		<u>153,589</u>	<u>-</u>
Profit on ordinary activities before interest		231,486	567,664
Other interest receivable and similar income		10,318	1,818
Interest payable and similar charges		(58,161)	(283,181)
Profit on ordinary activities before taxation		183,643	286,301
Tax on profit on ordinary activities	4	<u>6,101</u>	<u>(80,802)</u>
Profit on ordinary activities after taxation		189,744	205,499
Dividends		(902,231)	-
(Loss)/retained profit for the year		<u>(712,487)</u>	<u>205,499</u>
Retained profit brought forward		<u>610,223</u>	<u>404,724</u>
Retained profit carried forward		<u><u>(102,264)</u></u>	<u><u>610,223</u></u>

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

Keel House Properties Limited

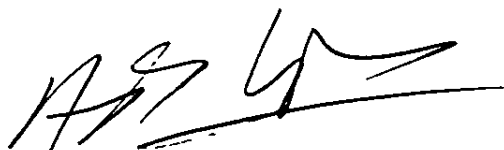
**Balance sheet
as at 31 December 2007**

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	5	-	6,800,000
Current assets			
Debtors	6	211,479	79,451
Cash at bank and in hand		1,484	168,239
		<u>212,963</u>	<u>247,690</u>
Creditors: amounts falling due within one year	7	<u>(3,525)</u>	<u>(553,537)</u>
Net current assets/(liabilities)		<u>209,438</u>	<u>(305,847)</u>
Total assets less current liabilities		209,438	6,494,153
Creditors: amounts falling due after more than one year	8	-	(5,566,127)
Provisions for liabilities and charges	9	-	(6,101)
Net assets		<u>209,438</u>	<u>921,925</u>
Capital and reserves			
Called up share capital	10	164,042	164,042
Other reserves	11	-	147,660
Profit and loss account	11	45,396	610,223
Shareholders' funds		<u>209,438</u>	<u>921,925</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the Board on 11 September 2008

**A Cooper
Director**



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

Keel House Properties Limited

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

1.2. Turnover

Turnover represents gross rental, service charge and insurance income

1.3. Investment properties

Investment properties are included in the balance sheet at their open market value as determined by the directors. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years. Surpluses and temporary deficits arising on valuation are taken to the revaluation reserve.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4. Deferred taxation

Deferred taxation is accounted for in accordance with the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3 Operating profit

	2007	2006
	£	£
Auditors' remuneration	<u>3,525</u>	<u>3,625</u>

Keel House Properties Limited

Notes to the financial statements for the year ended 31 December 2007

continued

4. Tax on profit on ordinary activities

Analysis of charge in period	2007 £	2006 £
Current tax		
UK corporation tax	-	68,489
Adjustments in respect of previous periods	-	8,054
	-	76,543
Total current tax charge	-	76,543
Deferred tax		
Timing differences, origination and reversal	(6,101)	4,259
Total deferred tax	(6,101)	4,259
Tax on profit on ordinary activities	(6,101)	80,802

5. Tangible fixed assets

Cost and valuation	Investment properties freehold £
At 1 January 2007	6,800,000
Disposals	(6,800,000)
At 31 December 2007	-
Net book values	
At 31 December 2007	-
At 31 December 2006	6,800,000

6 Debtors	2007 £	2006 £
Trade debtors	-	33,269
Amounts owed by group undertakings	134,779	-
Other debtors	74,050	9,364
Prepayments and accrued income	2,650	36,818
	211,479	79,451

Keel House Properties Limited

Notes to the financial statements for the year ended 31 December 2007

continued

7. Creditors: amounts falling due within one year	2007 £	2006 £
Bank loan	-	191,000
Trade creditors	-	13,259
Amounts owed to group undertaking	-	14,000
Corporation tax	-	68,489
Other creditors	-	9,363
Accruals and deferred income	3,525	257,426
	<u>3,525</u>	<u>553,537</u>
8. Creditors: amounts falling due after more than one year	2007 £	2006 £
Bank loans	-	4,074,123
Shareholder loans	-	1,492,004
	<u>-</u>	<u>5,566,127</u>
Loans		
Repayable in five years or more	-	5,166,127
	<u>-</u>	<u>-</u>
9. Provision for deferred taxation	2007 £	2006 £
Accelerated capital allowances	-	6,101
	<u>-</u>	<u>6,101</u>
Provision at 1 January 2007	6,101	-
Deferred tax charge in profit and loss account	(6,101)	-
	<u>-</u>	<u>-</u>
Provision at 31 December 2007	-	-

The deferred tax liability relates to capital allowances claimed on plant and machinery within investment properties. When the properties are sold the capital allowance provision would be released.

Keel House Properties Limited

Notes to the financial statements for the year ended 31 December 2007

continued

10. Share capital	2007 £	2006 £
Authorised		
250 000 Ordinary shares 'A' class of £1 each	250,000	250,000
125,000 Ordinary shares 'B' class of £1 each	125,000	125,000
125,000 Ordinary shares 'C' class of £1 each	125,000	125,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares 'A' class of £1 each	50,000	50,000
89,042 Ordinary shares 'B' class of £1 each	89,042	89,042
25,000 Ordinary shares 'C' class of £1 each	25,000	25,000
	<u>164,042</u>	<u>164,042</u>

All ordinary shares rank pari passu in all respects

11 Reserves	Profit and loss account £	Investment property reserve £	Total £
At 1 January 2007	610,223	147,660	757,883
Transfer of realised profit	147,660	(147,660)	-
(Loss)/retained profit for the year	<u>(712,487)</u>		<u>(712,487)</u>
At 31 December 2007	<u>45,396</u>	<u>-</u>	<u>45,396</u>

12. Related party transactions

During the year the company transferred an investment property at carrying value to the parent company for a consideration of £3,900,000

Cooper Chen, a firm of surveyors and property consultants in which A Cooper has an interest, charged fees of £36,836 Curry Popeck, a firm of solicitors in which L Curry has an interest, charged fees of £9,575 Cooper Martin Associates, a firm of surveyors in which D Martin has an interest, charged fees of £4,850

13 Ultimate parent undertaking

The company is a wholly owned subsidiary of Pinton Investments Limited, a company incorporated in England and Wales