

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

Company No SC 2284

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2006

**COHEN ARNOLD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON NW11 0PU**

SATURDAY



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COMPANIES HOUSE

CRAIGTON COMBINED SECURITIES LIMITED

DIRECTORS

B S E Freshwater
L. Stempel

SECRETARY

M.R M Jenner F C.I.S

REGISTERED OFFICE

50 Lothian Road
Festival Square
Edinburgh EH3 9WJ
SCOTLAND

AUDITORS

Cohen Arnold
New Burlington House
1075 Finchley Road
LONDON NW11 0PU

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Page

1	2	Directors' Report
3	4	Independent Auditors' Report
5		Consolidated Profit and Loss Account
6		Consolidated Balance Sheet
7		Balance Sheet
8	14	Notes to the Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements of the Company and of the Group for the year ended 31 March 2006

BUSINESS REVIEW

The Company is a Parent Undertaking only. The principal activity carried on through wholly owned Subsidiary Undertakings is Property Trading.

Throughout the year the Company and its Subsidiary Undertakings have pursued their traditional activities and there has been no significant change in the nature of the business, nor is any envisaged in the immediate future.

RESULTS AND DIVIDEND

The financial results of the Group's activities for the year ended 31 March 2006 are fully reflected in the attached Financial Statements together with the Notes thereon.

The Directors do not recommend the payment of a dividend for the year under review (2005: £Nil).

PROPERTIES

The Group's trading portfolio was professionally valued by the Group's Valuers, Cardales, at 31 March 2002 on the basis of open market value and, at that time, it had a surplus over book value of £7,063,358 which related to property still held at 31 March 2006 which was not incorporated into the Financial Statements. Had this surplus been incorporated into the Financial Statements the Group would have had a net asset position of approximately £10,764,000. The Directors are satisfied that at 31 March 2006 property held for trading still had a value considerably in excess of their book value.

DIRECTORS AND THEIR INTEREST IN SHARE CAPITAL

The Directors who served during the year and their interest in the Share Capital of the Company are as follows:

Mr B.S.E Freshwater

Mr L. Stempel

The Articles of Association do not require Directors to retire by rotation.

The Directors do not have service contracts nor do they receive any emoluments from the Company or any of its Subsidiary Undertakings.

The whole of the issued share capital of the Company is owned by Highdorn Co. Limited, a Company of which Mr B S E Freshwater is also a Director and in which he has a non beneficial interest in fifty shares out of the total issued ordinary share capital of one hundred shares. The Estate of another member of the Freshwater Family is beneficially interested in the remaining fifty shares. Mr L. Stempel is also a Director of Highdorn Co. Limited but has no interest in its share capital. Day to-day management of the Group is carried out by Highdorn Co. Limited.

At 31 March 2006, neither of the Directors had any interest in the share capital of the Company, the Company's Parent Undertaking or any Subsidiary of the Company's Parent Undertaking, save as disclosed above.

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS
DIRECTORS' REPORT

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 Group and Company and of the profit or loss of the Group and Company for that year

In preparing those Financial Statements, the Directors are required to select suitable accounting policies, as described on page 8 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 Group 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 Group and 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 Group 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 Group's auditors are 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 auditors are aware of that information

DONATIONS

During the year the Group made no charitable donation nor political contribution (2005 £Nil)

TAXATION STATUS

The Company is a "close company" within the meaning of Section 414 of the Income and Corporation Taxes Act 1988

AUDITORS

The Auditors, Cohen Arnold, are willing to continue in office and a resolution re appointing them in accordance with Section 385 of the Companies Act 1985 and authorising the Board to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



M.R.M. Jenner Secretary

HEAD OFFICE
Freshwater House
158 162 Shaftesbury Avenue
LONDON WC2H 8HR

.....11 JANUARY 2007

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS
OF
CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS

We have audited the Financial Statements of Craigton Combined Securities Limited for the year ended 31st March 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets and the related notes. The Financial Statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 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 judgments 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

TO THE SHAREHOLDERS

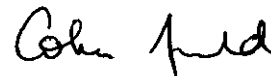
OF -

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS

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 affairs of the Group and Company as at 31st March 2006 and of the results of the Group 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



New Burlington House
1075 Finchley Road
London NW11 0PU

COHEN ARNOLD
Chartered Accountants and
Registered Auditors

Our audit was completed on 11 JAN 2007 and our opinion was expressed at that date

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006

	Note	<u>2006</u> £	<u>2005</u> £
Net Rental Income	3	306,529	417,919
Administrative and Other Expenses	4	(16,715)	(15,590)
OPERATING PROFIT		289,814	402,329
Interest Receivable		2,294	2,449
Interest Payable	5	(2,934)	(1,490)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,174	403,288
Taxation	6	(82,345)	(121,205)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		206,829	282,083
Retained Profit Brought Forward		2,682,402	2,400,319
RETAINED PROFIT CARRIED FORWARD	12	2,889,231	2,682,402

None of the Group's activities was acquired or discontinued during the financial year nor in the previous year.

The Group has no recognised gains or losses other than those reflected in the above Profit and Loss Account for the financial year nor for the previous year

The notes on pages 8 to 14 form part of these Financial Statements.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

	Note	<u>2006</u> £	<u>2005</u> £
CURRENT ASSETS			
Stocks Properties Held for Trading	1	1,314,992	1,314,992
Debtors	8	2,838,337	2,584,237
Cash at Bank		67,021	44,840
		<hr/>	<hr/>
		4,220,350	3,944,069
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(518,832)	(449,380)
		<hr/>	<hr/>
NET ASSETS		3,701,518	3,494,689
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up Share Capital	11	544,415	544,415
Share Premium Account	12	267,872	267,872
Profit and Loss Account	12	2,889,231	2,682,402
		<hr/>	<hr/>
		3,701,518	3,494,689
		<hr/>	<hr/>

The Financial Statements were approved by the Board on 11 January 2007
and signed on its behalf by

.....
B S E FRESHWATER DIRECTOR

The notes on pages 8 to 14 form part of these Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED

BALANCE SHEET AS AT 31 MARCH 2006

	Note	<u>2006</u>	<u>2005</u>
		£	£
FIXED ASSETS			
Investment in Subsidiary Undertakings	10	200	200
CURRENT ASSETS			
Debtors	8	2,997,235	2,744,486
Cash at Bank		17,802	11,048
		<hr/>	<hr/>
		3,015,037	2,755,534
CREDITORS: Amounts falling due within one year	9	(2,219,360)	(1,953,810)
		<hr/>	<hr/>
NET CURRENT ASSETS		795,677	801,724
		<hr/>	<hr/>
NET ASSETS		795,877	801,924
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up Share Capital	11	544,415	544,415
Share Premium Account	12	267,872	267,872
Profit and Loss Account	12	(16,410)	(10,363)
		<hr/>	<hr/>
		795,877	801,924
		<hr/>	<hr/>

The Financial Statements were approved by the Board on 11 JANUARY 2007 and signed on its behalf by

.....
B S E FRESHWATER DIRECTOR

The notes on pages 8 to 14 form part of these Financial Statements

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

The following Accounting Policies have been used consistently in the preparation of the Group's Financial Statements

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.2 BASIS OF CONSOLIDATION

The Consolidated Group Financial Statements deal with the results of Craigton Combined Securities Limited and all of its Subsidiary Undertakings for the year ended 31 March 2006. In accordance with Section 230(4) of the Companies Act 1985 the Financial Statements do not include a separate Profit and Loss Account for the Company.

1.3 STOCKS

Properties Held for Trading are stated at the lower of cost and estimated net realisable value

1.4 ACQUISITIONS AND DISPOSALS OF PROPERTIES

Acquisitions and Disposals are considered to have taken place at the date of legal completion and are included in the Financial Statements accordingly

1.5 CASH FLOW STATEMENT

The Company and its Subsidiary Undertakings are exempted from the requirement to prepare a Cash Flow Statement (in accordance with Financial Reporting Standard No 1) on the basis their being regarded as a "small group" as defined by Section 247 Companies Act 1985

1.6 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. FORMAT OF FINANCIAL STATEMENTS

The Financial Statements are presented in accordance with the format prescribed by Schedule 4 Companies Act 1985 with suitable adaptation thereof which the Directors consider to be appropriate having regard to the nature of the Group's activities

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

3. GROUP TURNOVER

The Turnover of the Group is represented by Rent and Charges Receivable in respect of the properties.

	<u>2006</u> £	<u>2005</u> £
Rents and Charges Receivable	878,850	874,625
Property Outgoings	(572,321)	(456,706)
	<hr/>	<hr/>
NET RENTAL INCOME	306,529	417,919
	<hr/>	<hr/>

4. ADMINISTRATIVE EXPENSES

	<u>2006</u> £	<u>2005</u> £
Auditors' Remuneration	16,450	15,275
Legal and Professional Fees	265	315
	<hr/>	<hr/>
	16,715	15,590
	<hr/>	<hr/>

The Directors received no emoluments during the year or in the previous year

Apart from the Directors, there were no other employees during the year or in the previous year

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

5. INTEREST PAYABLE

	<u>2006</u> £	<u>2005</u> £
On loans repayable within 5 years.		
Bank Loans and Overdrafts	160	137
Interest on Overdue Taxation	2,774	1,353
	<u>2,934</u>	<u>1,490</u>

6. TAXATION

	<u>2006</u> £	<u>2005</u> £
Consideration Payable for Group Relief	83,000	6,600
Corporation Tax Payable		115,000
Prior Year Adjustment	(655)	(395)
	<u>82,345</u>	<u>121,205</u>
Factors affecting the tax charge for the year :		
Profit on ordinary activities before taxation	289,174	403,288
Corporation Tax payable at the standard rate of 30% (2005 30%)	86,752	120,986
Prior Year Adjustment	(655)	(395)
Land Remediation Relief	(2,715)	
Other differences	(1,037)	614
	<u>82,345</u>	<u>121,205</u>

7. GROUP PROFIT

Of the Group Profit after Taxation for the Financial Year a loss of £6,047 (2005: £5,912) has been dealt with in the Financial Statements of the Company.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

8. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
Rents and Charges Due and Accrued	256,891	305,603		
Amounts Due from Parent Undertaking (see below)	2,352,929	2,125,196	2,492,265	2,205,042
Amounts Due from Subsidiary Undertakings			501,970	537,444
Consideration Receivable for Group Relief			3,000	2,000
Other Debtors and Prepayments	228,517	153,438	-	
	<u>2,838,337</u>	<u>2,584,237</u>	<u>2,997,235</u>	<u>2,744,486</u>

Amounts due from Parent and Subsidiary Undertakings are interest free and effectively repayable on demand

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
Rents and Service Charges Charged and Paid in Advance	97,061	93,447	-	-
Amount Due to Subsidiary Undertaking			2,191,813	1,926,298
Amount due to Fellow Subsidiary Undertaking	42,800	42,800		
Corporation Tax Payable	114,345	188,605		
Consideration Payable for Group Relief	83,000	6,600		
Other Creditors and Accruals	181,626	117,928	27,547	27,512
	<u>518,832</u>	<u>449,380</u>	<u>2,219,360</u>	<u>1,953,810</u>

The Amount Due to Subsidiary Undertaking is interest free and effectively repayable on demand

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Shares at Cost	200	200
	<hr/>	<hr/>

The Company, which is incorporated in Scotland, controls the whole of the issued share capital in the undermentioned Companies, which are incorporated in England unless otherwise stated.

Cliftvyllle Properties Limited
Craigton (Properties) Limited (incorporated in Scotland)
Cliftvyllle (Hyde Park) Limited *
Cliftvyllle (PF) Limited *

* Indirectly owned

11. CALLED UP SHARE CAPITAL

	<u>Number</u>	<u>£</u>
Ordinary Shares of 12 5p		
Authorised at 1 April 2005 and 31 March 2006	10,000,000	1,250,000
	<hr/>	<hr/>
Issued and Fully Paid at 1 April 2005 and 31 March 2006	4,355,322	544,415
	<hr/>	<hr/>

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

12. RESERVES

	<u>£</u>	<u>The Group</u>	<u>£</u>	<u>The Company</u>	<u>£</u>
Share Premium Account					
At 1 April 2005 and 31 March 2006			267,872		267,872
Profit and Loss Account					
At 1 April 2005	2,682,402			(10,363)	
Profit/(loss) for the Year after Taxation	206,829			(6,047)	
			<hr/>	<hr/>	
			2,889,231		(16,410)
			<hr/>	<hr/>	
At 31 March 2006			3,157,103		251,462
			<hr/>	<hr/>	

13. DIRECTORS' INTERESTS IN CONTRACTS

Day to-day management of the Group and the Company is carried out by the Ultimate Parent Undertaking, Highdorn Co Limited. Mr B S E Freshwater and Mr L Stempel are directors of Highdorn Co Limited and Mr B S E Freshwater also has a non beneficial interest in the share capital thereof

During the year £32,756 (2005: £24,052) in the case of the Group and £Nil (2005: £Nil) in the case of the Company was paid to Highdorn Co Limited for the full range of management services which were charged for at normal commercial rates

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

14. CONTINGENT LIABILITIES

The Company and its Subsidiary Undertakings have given unlimited guarantees to the bankers of the Ultimate Parent Undertaking, Highdorn Co Limited, in respect of which the amount outstanding at 31st March 2006 was £Nil (2005. £Nil). The aforementioned guarantee is in support of an unlimited guarantee given by Highdorn Co. Limited for bank loan and overdraft facilities granted to the following:

	<u>2006</u>	<u>2005</u>
	£	£
Companies connected with a director	84,081	128,475
Third Parties	107,468	3,899
	<hr/>	<hr/>
	191,549	132,374
	<hr/>	<hr/>

15. PARENT UNDERTAKING AND CONTROL

The Company is controlled by its Parent Undertaking, Highdorn Co Limited, a Company incorporated in England. Highdorn Co Limited does not have a controlling party