

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS

Company No: SC 2284

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2008



COHEN ARNOLD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON NW11 0PU

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
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FOR THE YEAR ENDED 31 MARCH 2008

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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 2008.

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 2008 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 (2007: £Nil).

PROPERTIES

The Group's trading portfolio was professionally valued by the Group's Valuers, Colliers CRE, at 31 March 2007 on the basis of open market value and it had a surplus over book value of £13,872,408 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 £18,118,215. The directors have carefully considered the value of the properties having regard to the economic downturn and are of the opinion that they still have an open market value at least equal to the figure at which they are stated in the financial statements.

DIRECTORS AND THEIR INTEREST IN SHARE CAPITAL

The Directors who served during the year 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.

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS
DIRECTORS' REPORT

DIRECTORS AND THEIR INTEREST IN SHARE CAPITAL *(Continued)*

At 31 March 2008, 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.

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.

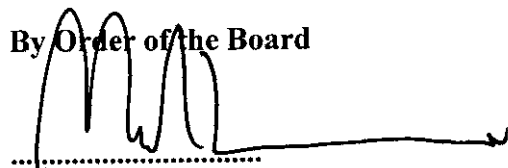
DONATIONS

During the year the Group made no charitable donation or political contribution (2007: £Nil).

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

26 January 2009

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

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 2008 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 2008 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

26 January 2009

CRAIGTON COMBINED SECURITIES LIMITED
AND SUBSIDIARY UNDERTAKINGS
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	<u>2008</u> £	<u>2007</u> £
Net Rental Income	3	393,594	408,538
Administrative and Other Expenses	4	(18,918)	(17,871)
		<hr/>	<hr/>
OPERATING PROFIT		374,676	390,667
Interest Receivable		6,058	3,388
Interest Payable	5	(128)	(372)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		380,606	393,683
Taxation	6	(112,000)	(118,000)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		268,606	275,683
Retained Profit Brought Forward		3,164,914	2,889,231
		<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD	12	3,433,520	3,164,914
		<hr/>	<hr/>

None of the Group's activities was acquired or discontinued during the financial year or in the previous year.

The Group has no recognised gains or losses other than those reflected in the above Profit and Loss Account neither 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 2008

	Note	<u>2008</u> £	<u>2007</u> £
CURRENT ASSETS			
Stocks - Properties Held for Trading	1	1,314,992	1,314,992
Debtors	8	3,251,183	3,010,921
Cash at Bank		58,733	32,740
		<hr/>	<hr/>
		4,624,908	4,358,653
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(379,101)	(381,452)
		<hr/>	<hr/>
NET ASSETS		4,245,807	3,977,201
		<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	3,433,520	3,164,914
		<hr/>	<hr/>
		4,245,807	3,977,201
		<hr/>	<hr/>

The Financial Statements were approved by the Board on 26 January 2009
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 2008

	Note	£	2008	£	£	2007	£
FIXED ASSETS							
Investment in Subsidiary Undertakings	10			200			200
CURRENT ASSETS							
Debtors	8	3,455,224			3,233,594		
Cash at Bank		8,955			17,256		
			3,464,179		3,250,850		
CREDITORS: Amounts falling due within one year	9	(2,683,937)			(2,462,365)		
NET CURRENT ASSETS				780,242			788,485
NET ASSETS				780,442			788,685
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		(31,845)			(23,602)	
				780,442			788,685

The Financial Statements were approved by the Board on 26 January 2009.....
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 2008

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 2008. 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 is exempt from the requirement to prepare a cash flow statement (in accordance with Financial Reporting Standard No.1) on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England and Wales which prepares consolidated Financial Statements that include a consolidated cash flow statement.

1.6 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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.

1.7 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 Related Party Disclosures in order to dispense with the requirement to disclose transactions with other Highdorn Co. Limited group companies.

CRAIGTON COMBINED SECURITIES LIMITED

AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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.

3. GROUP TURNOVER

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

	<u>2008</u> £	<u>2007</u> £
Rents and Charges Receivable	919,221	940,035
Property Outgoings	(525,627)	(531,497)
	<hr/>	<hr/>
NET RENTAL INCOME	393,594	408,538
	<hr/>	<hr/>

4. ADMINISTRATIVE EXPENSES

	<u>2008</u> £	<u>2007</u> £
Auditors' Remuneration	18,683	17,507
Legal and Professional Fees	235	364
	<hr/>	<hr/>
	18,918	17,871
	<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 2008

5. INTEREST PAYABLE

	<u>2008</u>	<u>2007</u>
	£	£
On loans repayable within 5 years:		
Bank Loans and Overdrafts	128	108
Interest on Overdue Taxation	-	264
	<hr/>	<hr/>
	128	372
	<hr/>	<hr/>

6. TAXATION

	<u>2008</u>	<u>2007</u>
	£	£
Consideration Payable for Group Relief	112,000	118,000
	<hr/>	<hr/>
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	380,606	393,683
	<hr/>	<hr/>
Corporation tax payable at the standard rate of 30% (2007: 30%)	114,182	118,105
Land remediation relief	(2,222)	-
Other differences	40	(105)
	<hr/>	<hr/>
	112,000	118,000
	<hr/>	<hr/>

7. GROUP PROFIT

Of the Group Profit after Taxation for the Financial Year a loss of £8,243 (2007: £7,192) 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 2008

8. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
Rents and Charges Due and Accrued	246,432	268,486	-	-
Amounts Due from Parent Undertaking (see below)	2,677,119	2,400,872	2,962,055	2,672,879
Amounts Due from Subsidiary Undertakings	-	-	490,169	557,715
Consideration Receivable for Group Relief	-	-	3,000	3,000
Other Debtors and Prepayments	327,632	341,563	-	-
	3,251,183	3,010,921	3,455,224	3,233,594

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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	£	£	£	£
Rents and Service Charges Charged and Paid in Advance	109,876	103,930	-	-
Amount Due to Subsidiary Undertaking	-	-	2,656,300	2,433,643
Amount due to Fellow Subsidiary Undertaking	42,800	42,800	-	-
Corporation Tax Payable	-	-	-	-
Consideration Payable for Group Relief	112,000	118,000	-	-
Other Creditors and Accruals	114,425	116,722	27,637	28,722
	379,101	381,452	2,683,937	2,462,365

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 2008

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>2008</u>	<u>2007</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 under mentioned 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 2007 and 31 March 2008	10,000,000	1,250,000
	<hr/>	<hr/>
Issued and Fully Paid at 1 April 2007 and 31 March 2008	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 2008

12. RESERVES

	<u>The Group</u>	<u>The Company</u>
	£	£
Share Premium Account:		
At 1 April 2007 and 31 March 2008	267,872	267,872
Profit and Loss Account:		
At 1 April 2007	3,164,914	(23,602)
Profit/(Loss) for the Year after Taxation	268,606	(8,243)
	<hr/>	<hr/>
	3,433,520	(31,845)
	<hr/>	<hr/>
At 31 March 2008	3,701,392	236,027
	<hr/>	<hr/>

13. DIRECTORS' INTERESTS IN CONTRACTS

Day-to-day management of the Group and the Company is carried out by the 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 £28,595 (2007: £27,123) in the case of the Group and £Nil (2007: £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 2008

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 2008 was £Nil (2007: £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>2008</u>	<u>2007</u>
	£	£
Companies connected with a director	3,979	94,577
Third Parties	123,400	74,215
	<hr/>	<hr/>
	127,379	168,792
	<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.