MILLARD ESTATES LIMITED

ABBREVIATED ACCOUNTS AND

AUDITORS' REPORT

FOR THE YEAR ENDED 31ST MARCH 2005

CONTENTS

The Company's Incorporation No. is: 238475

AUDITORS' REPORT TO MILLARD ESTATES LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 6, together with the accounts of the company for the year ended 31st March 2005 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion
We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 7 are properly prepared in accordance with those provisions.

Other information
On 26th October 2005 we reported, as auditors of Millard Estates Limited, to the members on the accounts prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 2005 and our audit report was as follows:

"We have audited the accounts of Millard Estates Limited for the year ended 31st March 2005 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes numbered 1 to 14. These accounts have been prepared under the historical cost convention and 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 directors and auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the 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.

AUDITORS' REPORT TO MILLARD ESTATES LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

Basis of audit opinion
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Qualified opinion arising from departure from an accounting standard
Freehold and long leasehold land and buildings owned by the company for investment purposes are included in the financial statements at historical cost less amortisation, in the sum of £7,298,710. The historical cost basis is not in accordance with Statement of Standard Accounting Practice No 19 *Accounting for investment properties* which requires investment properties to be included at open market value at the balance sheet date. We are unable to evaluate the quantum of the revaluation surplus that would arise if the properties had been revalued.

Except for the inclusion of investment properties at cost, in our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st March 2005 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the subject matter of the above qualification is not material for determining, by reference to the accounts, whether the distribution of £429,000 made by the company is permitted under section 263 of the Companies Act 1985."

Nexia Audit Limited

Nexia Audit Limited
Chartered Accountants
Registered Auditors
25 Moorgate
London
EC2R 6AY

26th October 2005

MILLARD ESTATES LIMITED

ABBREVIATED BALANCE SHEET

31ST MARCH 2005

Fixed assets	Note	2005 £	2004 £
Tangible assets	(2)	**7,298,710**	10,999,611
Investments	(3)	**631,689**	593,929
		7,930,399	11,593,540
Current assets			
Stock		**1,152,100**	5,285,000
Debtors		**3,257,932**	286,355
Cash at bank and in hand		**182,826**	1,990,119
		4,592,858	7,561,474
Creditors: amounts falling due within one year		**(1,106,542)**	(8,924,901)
Net current assets/(liabilities)		**3,486,316**	(1,363,427)
Total assets less current liabilities		**11,416,715**	10,230,113
Creditors: amounts falling due after more than one year	(4)	**(3,162,500)**	(3,212,500)
Provision for liabilities and charges		**(164,816)**	(254,400)
Net assets		**£8,089,399**	£6,763,213
Capital and reserves			
Called up share capital	(5)	**91,500**	91,500
Profit and loss account		**7,997,899**	6,671,713
Shareholders' funds, including non-equity interests		**£8,089,399**	£6,763,213

The accounts have been prepared in accordance with special provisions of Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the board of directors on 25th October 2005

....
J.R. Millard

....
W.J.B. Payne

The accompanying notes are an integral part of this balance sheet.

MILLARD ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

1. **Accounting policies**

The principal accounting policies, which have been consistently applied, are:-

a) **Basis of accounting**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards with the exception of Statement of Standard Accounting Practice No. 19, "Accounting for Investment Properties".

b) **Consolidation**

The company and its subsidiary comprise a small group. The company has taken advantage of the exemption provided by S248 of the Companies Act 1985 not to prepare group accounts.

c) **Tangible fixed assets**

Investment properties

The investment properties, which comprise freehold and long leasehold properties, are included in the balance sheet at historical cost less lease amortisation, and not at their open market value as required by Statement of Standard Accounting Practice No. 19 (SSAP 19), because the directors believe that the costs of such a valuation would outweigh any benefits which might be received by the shareholders.

No depreciation has been provided in respect of the freehold investment properties. Amortisation is provided in respect of leasehold properties. Although this is in accordance with SSAP 19 it represents a departure from the Companies Act 1985 which requires the systematic annual depreciation of fixed assets. The directors believe that it is inappropriate to charge depreciation because the properties are held for their investment potential.

Other tangible fixed assets

Other tangible fixed assets consisting of furniture and equipment are stated at cost less aggregate depreciation. Depreciation is provided at a rate of 25% on a straight line basis.

d) **Investments**

Investments are stated at cost less provision for impairment. Profits and losses on sales of investments, together with taxation thereon, and provision for unrealised losses on investments, or release of earlier such provisions, are included in the profit and loss account.

e) **Stocks**

Stocks are stated at the lower of cost and net realisable value.

f) **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at current rates for tax deferred in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable. The company has not adopted a policy of discounting deferred tax assets and liabilities.

MILLARD ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

g) **Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from producing a cash flow statement on the grounds that it is a small company.

2. **Tangible fixed assets**

	2005	2004
Cost		
At beginning of year	**11,106,594**	11,273,049
Additions	**(3,698,663)**	(166,455)
Disposals		
At end of year	**7,407,931**	11,106,,594
Depreciation		
At beginning of year	**106,983**	104,745
Charge for year	**2,238**	2,238
At end of year	**109,221**	106,983
Net book value		
At end of year	**£7,298,710**	£10,999,611
At beginning of year	**£10,999,611**	£11,168,304

The directors consider that a revaluation of the investment properties would show a significant excess over book value.

3. **Investments**

	2005	2004
Cost		
At beginning of year	**705,249**	707,759
Additions	**125,090**	191,813
Disposals	**(97,055)**	(194,323)
At end of year	**733,284**	705,249
Impairment		
At beginning of year	**111,320**	202,215
Provision for year	**(9,725)**	(84,155)
Disposals	-	(6,740)
At end of year	**101,595**	111,320
Net book value		
At end of year	**£631,689**	£593,929
At beginning of year	**£593,929**	£505,544

MILLARD ESTATES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005

3. **Investments (continued)**

Listed investments

Listed investments comprise investments which are listed on the London Stock Exchange. The market value of these investments at 31st March 2005 was £1,015,739 (2004 - £927,281).

Other investments

Other investments include an amount of £5,000 in respect of a 50% interest in an associated undertaking, Steeparches Limited, a property development and investment company incorporated in England and Wales. The audited accounts for the year ended 31st December 2004 disclose a retained loss for the year of £(125,873) (2003 - profit £8,430) and net assets at the balance sheet date of £1,519,930 (2003 - £1,407,568), including revaluation reserve of £1,518,669 (2003 - £1,280,434).

Subsidiary undertakings

Details of the company's investments in subsidiary undertakings are shown below. The subsidiary undertaking is registered in England and Wales, is a wholly-owned subsidiary and has one ordinary shares in issue.

Name	Activity	Capital and reserves	Profit
Millard Properties Limited	Dormant	-	-

4. **Creditors: amounts falling due after more than one year**

	2005	2004
Bank loans	**£3,162,500**	£3,212,500

The bank loans are secured by assignments of rental income and by charges on the properties concerned and, in the case of loan ii) below, by a charge on one further property. Details of the loans are as follows:-

i) £862,500. Repayable by 13 quarterly instalments of £12,500 and by one payment of £750,000 in June 2009.

ii) £2,300,000. Repayable in full on 8th February 2010.

5. **Called up share capital**

	2005	2004
Authorised, allotted, called up and fully paid		
30,000 ordinary shares of 5p each	**1,500**	1,500
90,000 10% cumulative preference shares of £1 each	**90,000**	90,000
	£91,500	£91,500

The preference shares carry the right to a dividend of 10% (net) before any ordinary dividend is paid and also, on a winding up, to repayment at par before any distribution to ordinary shareholders. They do not carry the right to participate in any surplus either as regards dividends or capital and only carry the right to vote at general meetings of the company if preference dividends are in arrears by six months or more or if the business of the meeting includes any resolution affecting the rights attaching to the preference shares.