

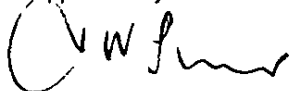
GLENSTONE PROPERTY INVESTMENT LIMITED

BALANCE SHEET

AS AT 31 JULY 2008

| | Notes | 31 July 2008 | | 31 Jan 2008 | |
|--|-------|--------------|--------------|-------------|---|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 3 | 83,509,116 | | 98,059,922 | |
| Investments | 4 | 100 | | 100 | |
| | | 83,509,216 | | 98,060,022 | |
| Current assets | | | | | |
| Debtors | 5 | 2,891,207 | 3,060,867 | | |
| Cash at bank and in hand | | 14,825 | 14,044 | | |
| | | 2,906,032 | 3,074,911 | | |
| Creditors, amounts falling due within one year | 6 | (26,229,235) | (26,216,373) | | |
| Net current liabilities | | (23,323,203) | (23,141,462) | | |
| Total assets less current liabilities | | 60,186,013 | 74,918,560 | | |
| Creditors, amounts falling due after more than one year | | - | - | | |
| | | 60,186,013 | 74,918,560 | | |
| Capital and reserves | | | | | |
| Called up share capital | 8 | 85,412 | 84,987 | | |
| Share premium account | 9 | 1,094,562 | 947,959 | | |
| Revaluation reserve | 9 | 23,398,640 | 37,938,640 | | |
| Other reserves | 9 | 18,163 | 18,163 | | |
| Profit and loss account | 9 | 35,589,236 | 35,928,811 | | |
| Shareholders' funds | 10 | 60,186,013 | 74,918,560 | | |

Approved by the Board and authorised for issue on 30 September 2008



J N Shaw
Director



D J Kennedy
Director

MONDAY



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COMPANIES HOUSE

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention except that freehold commercial investment properties are stated at open market value, and in accordance with the Companies Act 1985 and applicable Accounting Standards

1.2 Depreciation

Depreciation is provided to write off the cost of tangible fixed assets, other than investment properties, by equal annual instalments over their estimated useful lives as follows

| | |
|-------------------------|-----|
| Plant | 20% |
| Furniture and equipment | 10% |
| Motor vehicles | 25% |

1.3 Investment properties

Investment properties are revalued each year/period. The surpluses or deficiencies arising on revaluation are transferred to or from revaluation reserve. Profits or losses on disposal of investment properties are included in administrative expenses within profit on ordinary activities before tax.

1.4 Pensions

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contribution payable to the scheme in respect of the accounting period, at rates presently agreed between the Trustees and the Company.

1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred taxation is not recognised on timing differences arising on the revaluation of investment properties unless, by the balance sheet date, a binding agreement to sell the revalued asset has been entered into and recognised gains and losses are expected to arise on the sale.

1.6 Financial Instruments

The group does not trade in derivative financial instruments. Hedging instruments are used to fix interest rates over certain of the group's borrowings.

1.7 Valuation of development properties

Development properties and work in progress are stated at the lower of cost and net realisable value. Costs include all direct expenses attributable to property purchased for development. Overhead expenses have been written off.

1.8 Loan issue and hedging costs

Costs related to the raising of loan facilities, including costs associated with the purchase of hedging instruments, are written off to the profit and loss account, as part of the group's financing costs as they arise.

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

| | 31 July 2008 | 31 January 2008 |
|--|-----------------|--------------------|
| | £ | £ |

2 Dividends

| | | |
|-----------------------|-----------|-----------|
| Ordinary interim paid | 1,622,834 | 2,379,648 |
|-----------------------|-----------|-----------|

3 Tangible fixed assets

| | Investment Properties | Furniture and equipment | Motor vehicles | Total |
|--------------------------|--------------------------|-------------------------------|-------------------|--------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 February 2008 | 97,997,000 | 91,011 | 70,010 | 98,158,021 |
| Revaluation | (14,540,000) | - | - | (14,540,000) |
| At 31 July 2008 | 83,457,000 | 91,011 | 70,010 | 83,618,021 |
| Depreciation | | | | |
| At 1 February 2008 | - | 79,945 | 18,154 | 98,099 |
| Charge for the period | - | 2,054 | 8,752 | 10,806 |
| At 31 July 2008 | - | 81,999 | 26,906 | 108,905 |
| Net book value | | | | |
| At 31 July 2008 | 83,457,000 | 9,012 | 43,104 | 83,509,116 |
| At 31 January 2008 | 97,997,000 | 11,066 | 51,856 | 98,059,922 |

The investment properties were revalued by King Sturge LLP Chartered Surveyors, on an open market basis for existing use as at 12 August 2008. This revaluation has been reflected in this balance sheet.

The cost and net book value of the investment properties under the historical cost convention amounted to £60,102,883 (31 January 2008 - £60,102,883).

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

4 Fixed asset investments

The principal activity of the wholly owned subsidiary, Frankton House Limited, which is incorporated in England and Wales, is property development and trading

Frankton House Limited has one wholly owned subsidiary F H Fletcher Gate Limited, incorporated in England and Wales, whose principal activity is property development and trading

F H Fletcher Gate Limited has one wholly owned subsidiary F H Fletcher Gate Residential Limited which was dormant during the period

| 5 Debtors | 31 July 2008 £ | 31 January 2008 £ |
|---|----------------------|-------------------------|
| Trade debtors | 69,421 | 174,678 |
| Amounts owed by subsidiary undertakings | 2,559,473 | 2,654,076 |
| Other debtors | 262,313 | 232,113 |
| | <u>2,891,207</u> | <u>3,060,867</u> |

| 6 Creditors: amounts falling due within one year | 31 July 2008 £ | 31 January 2008 £ |
|--|----------------------|-------------------------|
| Bank loans and overdrafts - secured | 24,607,047 | 24,215,938 |
| Trade creditors | 988,694 | 1,013,252 |
| Corporation tax | 247,431 | 611,482 |
| Other taxes and social security costs | 151,610 | 172,666 |
| Other creditors | 234,453 | 203,035 |
| | <u>26,229,235</u> | <u>26,216,373</u> |

The bank loans and overdrafts are secured by a first mortgage debenture and supporting cross guarantee over certain of the assets of Glenstone Property Investment Limited, Frankton House Limited and F H Fletcher Gate Limited

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

7 Financial Instruments

The group's policy in respect of the use of financial instruments to manage risk is detailed in the accounting policies on page 4. Interest rates are hedged by the following instruments

| Instrument | Principal £ | Rate % | Expiry |
|------------|------------------|-----------|----------|
| SWAP | <u>2,000,000</u> | 4.430 | Feb 2010 |

| 8 Share capital | 31 July 2008 £ | 31 January 2008 £ |
|---|----------------------|-------------------------|
| Authorised | | |
| 5,500,000 Ordinary shares of 2p each | <u>110,000</u> | <u>110,000</u> |
| Allotted, called up and fully paid | | |
| 4,270,618 Ordinary shares of 2p each | <u>85,412</u> | <u>84,987</u> |

In accordance with the Articles of Association, Mr D J Kennedy, director, applied for and was allotted 21,247 Ordinary shares of 2p each on 28 February 2008 at £6.92 each, representing 0.5% of the Company's issued share capital.

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

9 Statement of movements on reserves

| | Share Premium Account £ | Revaluation Reserve £ | Capital Redemption Reserve £ | Profit and Loss Account £ |
|-------------------------------|----------------------------------|-----------------------------|---------------------------------------|------------------------------------|
| Balance at 1 February 2008 | 947,959 | 37,938,640 | 18,163 | 35,928,811 |
| Profit for the period | - | - | - | 1,283,259 |
| Issue of shares | 146,603 | - | - | - |
| Dividends paid | - | - | - | (1,622,834) |
| Revaluation during the period | - | (14,540,000) | - | - |
| Balance at 31 July 2008 | 1,094,562 | 23,398,640 | 18,163 | 35,589,236 |

The directors are of the opinion that all of the profit and loss account balance is available for distribution

In accordance with the Financial Reporting Standard No 19, the reporting of deferred taxation on revaluation gains and losses is now prohibited. Accordingly, no deferred taxation provision has been made at 31 July 2008.

If provision had been made at 31 July 2008, the shareholders' funds would have been reduced by £997,370 (31 January 2008 - £5,105,276)

10 Reconciliation of movements in shareholders' funds

| | 31 July 2008 £ | 31 January 2008 £ |
|---|----------------------|-------------------------|
| Profit for the financial period | 1,283,259 | 3,843,178 |
| Dividends | (1,622,834) | (2,379,648) |
| Issue of shares | 147,028 | 138,262 |
| Net depletion in shareholders' funds | (192,547) | 1,601,792 |
| Unrealised deficit on revaluation of properties | (14,540,000) | (3,502,850) |
| Net depletion in shareholders' funds | (14,732,547) | (1,901,058) |
| Opening shareholders' funds | 74,918,560 | 76,819,618 |
| Closing shareholders' funds | 60,186,013 | 74,918,560 |

GLENSTONE PROPERTY INVESTMENT LIMITED

NOTES TO THE BALANCE SHEET

FOR THE PERIOD ENDED 31 JULY 2008

11 Contingent liabilities

There is an omnibus guarantee and set off agreement in favour of the Company's bankers for amounts due by Group Companies

At 31 July 2008 the net liability owed to the bank by all Group undertakings, including this Company, amounted to £24,575,426 (31 January 2008 - £24,180,331)

12 Post balance sheet events

A non adjusting post balance sheet event, being the significant fluctuations in financial markets and the associated economic uncertainty occurred after the date of the valuation of the Investment Properties and may have impacted materially on these values. An estimate of the financial impact of these events cannot be made at the time of the approval of the accounts. Factors that may impact on these values include the likelihood of incurring bad debts on rental income and possible increases in the number vacant properties.

Company Registration No 986343 (England and Wales)

REGISTRAR OF COMPANIES

GLENSTONE PROPERTY INVESTMENT LIMITED

**BALANCE SHEET AND NOTES PREPARED FOR THE PURPOSES OF
SECTION 43(3)(c) OF THE COMPANIES ACT 1985**

AS AT 31 JULY 2008

GLENSTONE PROPERTY INVESTMENT LIMITED

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GLENSTONE PROPERTY INVESTMENT LIMITED

DIRECTORS' RESPONSIBILITIES AND STATEMENT OF DISCLOSURE TO THE AUDITORS

FOR THE PERIOD ENDED 31 JULY 2008

Directors' responsibilities

Company law requires the Directors to prepare a balance sheet as at 31 July 2008 which gives a true and fair view of the state of affairs of the Company. In preparing this balance sheet and related notes, the Directors are required to

- (i) select suitable accounting policies and then apply them consistently,
- (ii) make judgements and estimates that are reasonable and prudent,
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- (iv) prepare the balance sheet 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

30 September 2008


P. C. Schofield FCCA
Secretary

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East Street
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LE1 6NB