

CORVAN (PROPERTIES) LIMITED
COMPANY NUMBER: 1404104
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER 2006

WEDNESDAY



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10/10/2007

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COMPANIES HOUSE

Corvan (Properties) Limited

Directors

C van Zadelhoff (Chairman)
A W J van der Heijden
P E Cook

Secretary and Registered Office

Cornhill Secretaries Limited
St Paul's House, Warwick Lane, London, EC4M 7BP

Auditors

Moore Stephens LLP
Chartered Accountants
St Paul's House, Warwick Lane, London, EC4M 7BP

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31st December 2006

Business Review

The principal activity of the Company during the year continued to be that of dealing in properties. Rental and sales activities are expected to continue for the foreseeable future.

The profit after taxation for the year was £746,555 (2005 loss £92,524). The Company has now resolved the disputes with tenants at various properties owned by the company. There was a brought forward provision of £41,904 of which £29,691 has been utilised. There were still some exceptional costs of £71,138 incurred in the year.

The freeholds of Hillside and Mandeville properties have now been sold, in addition to the roof space at Avenfield.

There were no sales of individual flats or lease extensions during the year, however there are a number of offers for purchases of the company's flats, at all properties, together with offers for lease extensions at Clive Court.

The Company has not paid any dividends in 2006 (2005 £630,000). The directors intend to pay a dividend of £600,000 in 2007.

Directors

P E Cook was appointed a director on 1st January 2006.

Auditors

The auditors, Moore Stephens LLP, are willing to continue in office. A resolution for their reappointment and authorising the directors to fix their remuneration will be submitted to the Annual General Meeting.

Corvan (Properties) Limited

Report of the Directors (Continued)

Disclosure of information to auditors

At the time of approval of the report

Each of the persons who are directors at the time when this report is approved confirms that

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

By Order of the Board


CORNHILL SECRETARIES LIMITED

Secretary

Corvan (Properties) Limited**Statement of Directors' Responsibilities**

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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

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

**Independent Auditors' Report to the Shareholders of
Corvan (Properties) Limited**

We have audited the financial statements of Corvan (Properties) Limited for the year ended 31st December 2006 which are set out pages 5 to 16. These financial statements have been prepared under 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

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.

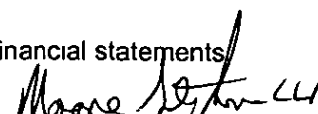
Opinion

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 31st December 2006 and of its profit 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.

St Paul's House
Warwick Lane
LONDON
EC4M 7BP

4 October 2007


MOORE STEPHENS LLP
Registered Auditors
Chartered Accountants

Corvan (Properties) Limited

Profit and Loss Account
For the year ended 31st December 2006

	<u>Note</u>	<u>2006</u> £	<u>2005</u> £
Turnover	2	1,639,415	397,695
Cost of sales and rental expenses		(345,400)	(157,830)
Gross Profit		1,294,015	239,865
Administrative expenses		(164,254)	(167,425)
Exceptional items			
Legal costs re tenants disputes		(25,105)	(149,841)
Exceptional costs re boiler repairs		-	(34,200)
Exceptional costs re tenant disputes		(46,033)	(14,856)
Operating Profit/(Loss)	3	1,058,623	(126,457)
Interest receivable and similar income		16,168	3,206
Interest payable and similar charges	5	(13,076)	(8,881)
Profit/(Loss) on Ordinary Activities before Taxation		1,061,715	(132,132)
Taxation on profit on ordinary activities	6	(315,160)	39,608
Profit/(Loss) on Ordinary Activities after Taxation		746,555	(92,524)
Dividends	7	-	(630,000)
Profit/(Loss) for the Year		<u>746,555</u>	<u>(722,524)</u>

There are no recognised gains or losses other than those included in the profit and loss account above
All activities are continuing

Corvan (Properties) Limited
Balance Sheet - 31st December 2006

	<u>Note</u>	<u>2006</u> £	<u>2005</u> £
Fixed Assets			
Tangible assets	8	863	1
Current Assets			
Stocks	9	759,797	769,797
Debtors	10	122,440	708,002
Cash at bank and in hand		543,440	27,325
		<u>1,425,677</u>	<u>1,505,124</u>
Creditors, amounts falling due within one year	11	<u>(409,023)</u>	<u>(1,204,472)</u>
Net Current Assets		<u>1,016,654</u>	<u>300,652</u>
Total Assets less Current Liabilities		<u>1,017,517</u>	<u>300,653</u>
Provisions for liabilities	12	<u>(12,213)</u>	<u>(41,904)</u>
Net assets		<u>1,005,304</u>	<u>258,749</u>
Capital and Reserves			
Called up share capital	13	100	100
Capital redemption reserve	14	89,528	89,528
Profit and loss account	14	665,776	(80,779)
Equity Shareholders' funds		<u>755,404</u>	<u>8,849</u>
Called up non-equity share capital	13	<u>249,900</u>	<u>249,900</u>
Shareholders' funds	15	<u>1,005,304</u>	<u>258,749</u>

These financial statements were approved by the Board on

P E COOK - Director



4/10/07

Corvan (Properties) Limited

Cash Flow Statement
For the year ended 31st December 2006

	<u>Note</u>	<u>2006</u> £	<u>2006</u> £	<u>2005</u> £	<u>2005</u> £
Net Cash Inflow from Operating Activities	16		1,213,667		(375,354)
Returns on Investments and Servicing of Finance					
Interest received		16,168		1,998	
Interest paid		(13,076)		(8,881)	
Non equity dividends paid		-		(65)	
Net Cash Inflow/(Outflow) from Returns On Investment and Servicing of Finance			3,092		(6,948)
Taxation					
UK corporation tax paid			(74,943)		(86,178)
Capital expenditure					
Payments to acquire tangible fixed assets			(1,286)		-
Dividends paid			-		(629,935)
Increase/(Decrease) in Cash in the Year	18		<u>1,140,530</u>		<u>(1,098,415)</u>

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 2006****Notes****1 Accounting Policies****(a) Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards

(b) Turnover

Turnover represents gross income from property sales and rentals

(c) Fixed assets and depreciation

Tangible fixed assets are held at cost and depreciation has been calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned, at the rate of 33 33% per annum on cost

(d) Dealing properties

Dealing properties are valued at the lower of cost and net realisable value

(e) Estimates

Amounts are provided for where there is a high probability of a liability. These amounts are based on the directors' best estimate of amounts that will be payable

(f) Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are converted into sterling at appropriate rates ruling during the period. All differences on exchange are dealt with in the profit and loss account

(g) Deferred taxation

Deferred taxation is provided in full on all timing differences which result in an obligation to pay more tax, or a right to pay less tax, in the future at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised only to the extent that it is more likely than not there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted. No provision is made when the amounts involved are not material

(h) Operating leases

Rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 2006
Notes (continued)

2 Turnover and Gross Profit

	Turnover		Gross Profit	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	£	£	£	£
Property sales income	1,232,295	-	1,141,515	-
Rental income	407,120	397,695	152,500	239,865
	<u>1,639,415</u>	<u>397,695</u>	<u>1,294,015</u>	<u>239,865</u>

All turnover is generated in the United Kingdom

3 Operating Profit

	<u>2006</u>	<u>2005</u>
	£	£
The operating profit is stated after charging		
Directors' emoluments (note 4)	-	-
Depreciation	424	-
Auditor's remuneration - audit	17,701	18,125
- taxation	8,127	1,201
Operating leases – land and buildings	39,987	42,033
Legal fees – tenant disputes	25,105	149,841
	<u> </u>	<u> </u>

4 Directors and Employees

No salaries were paid to any persons, including directors, employed by the Company during either 2006 or 2007

The Company pays a management charge of £25,000 (2005 £25,000) to a fellow subsidiary undertaking in respect of directors' services

The average monthly number of persons employed by the Company during the year was

	<u>2006</u>	<u>2005</u>
	<u>Number</u>	<u>Number</u>
Administration	<u>3</u>	<u>2</u>

5 Interest Payable and Similar Charges

	<u>2006</u>	<u>2005</u>
	£	£
Bank interest payable	<u>13,076</u>	<u>8,881</u>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 2006
Notes (continued)

6 Taxation on Profit on Ordinary Activities

(a) Analysis of tax charge for the year

	<u>2006</u> £	<u>2005</u> £
United Kingdom corporation tax	318,515	(39,608)
Adjustment in respect of prior years	(3,355)	-
	<u>315,160</u>	<u>(39,608)</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs to the standard rate of corporation tax applicable in the UK for the following reasons

	£	£
Profit/(Loss) on ordinary activities before taxation	<u>1,061,715</u>	<u>(132,132)</u>
Taxation on profit/(loss) at standard rate of 30%	318,515	(39,639)
Disallowable expenditure	-	75
Capital allowances in excess of depreciation	-	(44)
Adjustment in respect of prior years	(3,355)	-
	<u>315,160</u>	<u>(39,608)</u>

7 Dividends

	<u>2006</u> £	<u>2005</u> £
Dividends paid	<u>-</u>	<u>630,000</u>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 2006
Notes (continued)

8 Tangible Fixed Assets

	<u>Furniture, Fixtures and Fittings</u> £
Cost	
At 1st January 2006	11,554
Additions	1,286
	<hr/>
At 31st December 2006	12,840
	<hr/>
Depreciation	
At 1st January 2006	11,553
Charge for the year	424
	<hr/>
At 31st December 2006	11,977
	<hr/>
Net book value	
At 31st December 2006	863
	<hr/>
At 31st December 2005	1
	<hr/>

9 Stocks

	<u>2006</u> £	<u>2005</u> £
Dealing properties	759,797	769,797
	<hr/>	<hr/>

The replacement cost of dealing properties is £6,691,400 (2005 £6,323,237) This replacement costs represents a directors' valuation

10 Debtors

	<u>2006</u> £	<u>2005</u> £
Rental debtors	13,435	25,267
Other debtors	65,186	579,455
Prepayments and accrued income	40,048	34,103
Corporation tax	-	67,228
Amount due from parent undertaking	3,771	1,949
	<hr/>	<hr/>
	122,440	708,002
	<hr/>	<hr/>

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 2006
Notes (continued)

11 Creditors; amounts falling due within one year

	<u>2006</u> £	<u>2005</u> £
Bank overdraft	-	624,415
Rentals received in advance	86,986	84,344
Other creditors	-	367,606
Corporation tax	240,217	-
Accruals and deferred income	81,820	128,107
	<u>409,023</u>	<u>1,204,472</u>

12 Provisions for liabilities

	Settlement of tenants disputes £	Total £
At 1st January 2006	41,904	41,904
Offset against loans made to service charge funds	(38,876)	(38,876)
Provision for settlement of disputes	9,185	9,185
At 31st December 2006	<u>12,213</u>	<u>12,213</u>

The provisions have now been virtually all utilised, as the disputes have been resolved

13 Called up Share Capital

	<u>2006</u> £	<u>2005</u> £
Authorised		
100 ordinary shares of £1 each	100	100
999,900 redeemable preference shares of £1 each	999,900	999,900
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
249,900 redeemable preference shares of £1 each	249,900	249,900
	<u>250,000</u>	<u>250,000</u>

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 2006
Notes (continued)****13 Called up Share Capital (continued)**

Holders of redeemable preference shares are entitled to a fixed non-cumulative preferential net cash dividend of 10p per share per annum, payable out of the profits for the financial year. The redeemable preference shares are to rank pari passu with ordinary shares on the distribution of any remaining profits. On a winding-up, the holders of redeemable preference shares will be re-paid first, and will rank pari passu with holders of ordinary shares on any balance after the holders of ordinary shares have been re-paid. There are no voting rights attached to the redeemable preference shares.

The redeemable preference shares are redeemable at the option of the Company and no terms exist regarding the earliest and latest date for which this option exists, or whether any premium is payable on redemption.

14 Reserves

	Capital Redemption Reserve £	Profit & Loss Account £	TOTAL £
At 1st January 2006	89,528	(80,779)	8,749
Profit for the year	-	746,555	746,555
At 31st December 2006	<u>89,528</u>	<u>665,776</u>	<u>755,304</u>

15 Reconciliation of Movement in Shareholders' Funds

	<u>2006</u> £	<u>2005</u> £
Profit/(Loss) for the financial year	746,555	(92,524)
Dividends	-	(630,000)
	<u>746,555</u>	<u>(722,524)</u>
Opening shareholders' funds	258,749	981,273
	<u>1,005,304</u>	<u>258,749</u>
Closing shareholders' funds		

Corvan (Properties) Limited

Financial Statements for the year ended 31st December 2006
Notes (continued)16 Reconciliation of Operating Profit/(Loss)
to Net Cash Inflow from Operating Activities

	<u>2006</u> £	<u>2005</u> £
Operating Profit/(Loss)	1,058,623	(126,457)
Exceptional items		
- Reduction in Provision for settlement of tenants' disputes	(29,691)	-
Depreciation	424	-
Decrease in property stocks	10,000	-
Decrease/(increase) in debtors	585,562	(309,157)
Decrease/(increase) in creditors	(411,251)	60,260
Net cash inflow/(outflow) from operating activities	<u>1,213,667</u>	<u>(375,354)</u>

17 Analysis of Net Debt

	<u>1 January</u> <u>2006</u> £	<u>Cash flow</u> £	<u>Non-cash</u> <u>changes</u> £	<u>31 December</u> <u>2006</u> £
Cash at bank and in hand	27,325	516,115	-	543,440
Overdrafts	(624,415)	624,415	-	-
	<u>(597,090)</u>	<u>1,140,530</u>	<u>-</u>	<u>543,440</u>

18 Reconciliation of Net Cash Flow to Movement in Net Debt

	<u>2006</u> £	<u>2005</u> £
Increase/(Decrease) in cash in the year	1,140,530	(1,098,415)
Cash outflow from decrease in debt and lease financing	-	-
Movement in net debt in the year	<u>1,140,530</u>	<u>(1,098,415)</u>
Opening net debt	(597,090)	501,325
Net cash inflow/(outflow) from operating activities	<u>543,440</u>	<u>(597,090)</u>

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 2006
Notes (continued)****19 Operating Leases**

The Company has commitments under operating leases in connection with land and buildings. Under these agreements, the payments to which the Company is committed in the next financial year are as follows:

	Land and Buildings	
	<u>2006</u>	<u>2005</u>
	£	£
After five years	<u>44,487</u>	<u>41,963</u>

20 Ultimate Controlling Party

The parent and ultimate parent undertaking of Corvan (Properties) Limited as at 31st December 2006 was Goedland N V, a company incorporated in The Netherlands.

The ultimate controlling party is Mr C van Zadelhoff, a director of the Company.

21 Contingent Liabilities

The Company has signed a joint and several liability agreement with Goedland N V and its affiliated companies in respect of bank borrowings of the Goedland N V group of companies. As at 31st December 2006, net bank borrowings of the Goedland N V group of companies were £Nil (2005 £Nil).

Under certain circumstances, the Company may have a liability in respect of service charges incurred at the Company's properties, which are payable by tenants but which ultimately are not recovered from tenants. The ultimate amount of non-recovered service charges is not known.

22 Related Party Transactions

- i) During the year, the Company paid rent and service charges totalling £24,026 (2005 £21,761) on behalf of Mr C Van Zadelhoff, in respect of a property owned by him and used as the Company's offices. This expense is included within cost of sales and rental expenses.
- ii) During the year, the Company paid £25,000 (2005 £25,000) to a fellow subsidiary undertaking, Beheer Brouwershoff B V, a company incorporated in The Netherlands, in respect of management charges.
- iii) During the year, the Company incurred expenses on behalf of Goedland N V totalling £3,771 (2005 £1,949), which has all been recharged at cost. As at 31 December 2006, the amount still owed was £3,771 (2005 £1,949).

Corvan (Properties) Limited**Financial Statements for the year ended 31st December 2006
Notes (continued)****23 Post Balance Sheet Events**

Major works have now commenced at the three remaining properties at Clive Court, Avenfield House and Cumberland , these are likely to take at least two years to be completed

The cost is to be borne by the Service Charge accounts for each property, however Corvan (Properties) Ltd will contribute, via the service charges paid on the flats that it owns at the properties