

Report of the Directors and
Financial Statements for the Year Ended 31st December 2007
for
Salmon Developments Plc

SATURDAY



A35 *A4003YMP* 371
05/04/2008
COMPANIES HOUSE

Salmon Developments Plc

Contents of the Financial Statements
for the Year Ended 31st December 2007

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Cash Flow Statement	9
Notes to the Financial Statements	11

Salmon Developments Plc

Company Information

DIRECTORS:

D Mapp - Non executive chairman
R F Henderson
S K Kuntze
P Skottowe
D J Stewart

SECRETARY:

R F Henderson

REGISTERED OFFICE:

46 Mount Street
London
W1K 2HH

REGISTERED NUMBER:

2424275

AUDITORS:

Meyer Williams
Queen Alexandra House
Bluecoats Avenue
Hertford
Herts
SG14 1PB
REGISTERED AUDITOR

Salmon Developments Plc
Report of the Directors
for the Year Ended 31st December 2007

The directors present their report with the financial statements of the company for the year ended 31st December 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property developers and dealers

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

The directors do not recommend the payment of a final dividend on the ordinary shares. A fixed cumulative preferential dividend totalling £120,000 is proposed to be paid to the holders of participating preferred ordinary shares.

DIRECTORS

The directors during the year under review were

D J Stewart	- Executive chairman from 25th May 2007 to 2nd February 2008
R F Henderson	
S K Kuntze	
P Skottowe	
R A Martin	- Non executive chairman (resigned 25th May 2007)
P Hughes	- (resigned 18th March 2008)

On 2nd February 2008 D Mapp was appointed as a director and Non-executive chairman

PRINCIPAL RISKS AND UNCERTAINTIES

Business Risk

The directors consider that the company's principal business risk is failing to win new contracts which will generate sufficient profits. This is not considered to be a major concern as the company has always had a good record of success from its tendering process.

The company also faces the normal risks which exist for property development companies, such as site health and safety. These risks are not judged to be of a material nature as the company has good health and safety procedures and is adequately insured.

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit Risk

The company places its cash with creditworthy institutions and performs ongoing credit evaluations of its debtors' financial position. New customers who wish to enter into contracts with the company are subject to credit verification procedures and relevant guarantees and undertakings are sought where appropriate. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

The carrying amount of cash and debtors represent the maximum credit risk to which the company is exposed.

Salmon Developments Plc
Report of the Directors
for the Year Ended 31st December 2007

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Treasury Operations and Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability (or equity instrument) in another entity. The company's principal financial instruments include long term development contracts entered into and various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Financial instruments are not entered into for speculative purposes.

CREDITORS PAYMENT POLICY

Trade creditors are settled in accordance with their agreed payment terms. During the year ended 31st December 2007 the proportion in days of trade creditors that related to invoices in the period was calculated to be seventeen.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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,
- 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.

AUDITORS

A resolution to re-appoint Meyer Williams will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



R F Henderson - SECRETARY

Dated: 19th March 2008

Report of the Independent Auditors to the Shareholders of
Salmon Developments Plc

We have audited the group and company financial statements of Salmon Developments Plc for the year ended 31st December 2007 on pages five to nineteen. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the group'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 auditors' 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 on page three, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors 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 judgements 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.

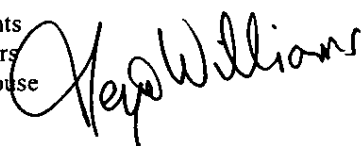

Opinion

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 group and company's affairs as at 31st December 2007 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Report of Directors is consistent with the financial statements

Meyer Williams
Chartered Accountants
& Registered Auditors
Queen Alexandra House
2 Bluecoats Avenue
Hertford
Hertfordshire
SG14 1PB

Date

The notes form part of these financial statements

Salmon Developments Plc
Consolidated Profit and Loss Account
for the Year Ended 31st December 2007

		<u>31.12.07</u>	<u>31 12 06</u>
	Notes	£	£
TURNOVER		13,818,130	11,919,625
Less share of associate		<u>(13,386,942)</u>	<u>(11,053,840)</u>
GROUP TURNOVER		431,188	865,785
Other operating income		<u>837,500</u>	<u>787,500</u>
		1,268,688	1,653,285
Administrative expenses		<u>(1,339,524)</u>	<u>(1,225,683)</u>
OPERATING (LOSS)/PROFIT	3	(70,836)	427,602
Shares of associates' operating profits		<u>936,133</u>	614,862
		865,297	1,042,464
Interest receivable and similar income		<u>245,232</u>	<u>264,336</u>
		1,110,529	1,306,800
Interest payable and similar charges	4	<u>(29,937)</u>	<u>(31,988)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,080,592	1,274,812
Tax charge on profit on ordinary activities	5	<u>(349,676)</u>	<u>(482,355)</u>
RETAINED PROFIT CARRIED FORWARD		<u>730,916</u>	<u>792,457</u>
PROFIT FOR THE FINANCIAL YEAR	7	<u>730,916</u>	<u>792,457</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years

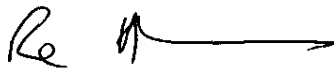
The notes form part of these financial statements

Salmon Developments Plc

Consolidated Balance Sheet
31st December 2007

		31 12 07		31 12 06	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		76,250		37,238
Investments	9		<u>3,350,533</u>		<u>2,585,894</u>
			3,426,783		2,623,132
CURRENT ASSETS					
Debtors	10	226,700		76,039	
Cash at bank and in hand		<u>819,121</u>		<u>1,464,187</u>	
		1,045,821		1,540,226	
CREDITORS Amounts falling due within one year	11	<u>(951,766)</u>		<u>(1,253,436)</u>	
NET CURRENT ASSETS			<u>94,055</u>		<u>286,790</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,520,838</u>		<u>2,909,922</u>
CAPITAL AND RESERVES					
Called up share capital	13		12,770		12,770
Profit and loss account	14		3,293,589		2,682,673
Revaluation reserve	15		176,249		176,249
Capital redemption reserve	16		<u>38,230</u>		<u>38,230</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	20		<u>3,520,838</u>		<u>2,909,922</u>

SIGNED ON BEHALF OF THE BOARD



R F Henderson - DIRECTOR



D I Stewart - DIRECTOR

Approved by the Board on 19th March 2008

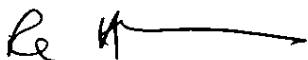
The notes form part of these financial statements

Salmon Developments Plc

Company Balance Sheet
31st December 2007

		31 12 07		31 12 06	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	8		76,250		37,238
Investments	9		<u>2,353,053</u>		<u>2,352,553</u>
			2,429,303		2,389,791
CURRENT ASSETS					
Debtors	10	226,700		76,039	
Cash at bank and in hand		<u>819,121</u>		<u>1,452,408</u>	
		1,045,821		1,528,447	
CREDITORS: Amounts falling due within one year	11	<u>(1,314,157)</u>		<u>(1,604,047)</u>	
NET CURRENT LIABILITIES			<u>(268,336)</u>		<u>(75,600)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,160,967</u>		<u>2,314,191</u>
CAPITAL AND RESERVES					
Called up share capital	13		12,770		12,770
Profit and loss account	14		1,933,718		2,086,942
Revaluation reserve	15		176,249		176,249
Capital redemption reserve	16		<u>38,230</u>		<u>38,230</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	20		<u>2,160,967</u>		<u>2,314,191</u>

SIGNED ON BEHALF OF THE BOARD



R F Henderson - DIRECTOR



D I Stewart - DIRECTOR

Approved by the Board on 19th March 2008

The notes form part of these financial statements

Salmon Developments Plc

Consolidated Cash Flow Statement
for the Year Ended 31st December 2007

		<u>31.12.07</u>	<u>31 12 06</u>
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(249,020)	1,258,767
Income from shares in associated undertaking		22,289	200,000
Returns on investments and servicing of finance	2	14,339	(258)
Taxation		(135,349)	(164,231)
Capital expenditure	2	(56,825)	(38,723)
Acquisitions and disposals	2	(500)	-
Dividends paid		(240,000)	-
(Decrease) / increase in cash in the period		<u>(645,066)</u>	<u>1,255,555</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash in the period	3	<u>(645,066)</u>	<u>1,255,555</u>
Change in net funds resulting from cash flows		<u>(645,066)</u>	<u>1,255,555</u>
Movement in net funds in the period		(645,066)	1,255,555
Net funds at 1st January 2007		<u>1,464,187</u>	<u>208,632</u>
Net funds at 31st December 2007		<u>819,121</u>	<u>1,464,187</u>

The notes form part of these financial statements

Salmon Developments Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 2007

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.07 £	31 12 06 £
Operating profit	(70,836)	427,602
Depreciation charges	17,813	5,922
(Increase)/decrease in debtors	(150,661)	563,054
(Decrease)/increase in creditors	<u>(45,336)</u>	<u>262,189</u>
Net cash (outflow)/inflow from operating activities	<u>(249,020)</u>	<u>1,258,767</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.07 £	31 12 06 £
Returns on investments and servicing of finance		
Interest received	44,276	31,666
Interest paid	<u>(29,937)</u>	<u>(31,924)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>14,339</u>	<u>(258)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(56,825)</u>	<u>(38,723)</u>
Net cash outflow for capital expenditure	<u>(56,825)</u>	<u>(38,723)</u>
Acquisitions and disposals		
Purchase of shares in associated undertaking	<u>(500)</u>	<u>-</u>
Net cash outflow for acquisitions and disposals	<u>(500)</u>	<u>-</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.07 £	Cash flow £	At 31.12.07 £
Net cash			
Cash at bank and in hand	<u>1,464,187</u>	<u>(645,066)</u>	<u>819,121</u>
Total	<u>1,464,187</u>	<u>(645,066)</u>	<u>819,121</u>
Analysed in balance sheet			
Cash at bank and in hand	<u>1,464,187</u>		<u>819,121</u>

The notes form part of these financial statements

Salmon Developments Plc
Notes to the Financial Statements
for the Year Ended 31st December 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of a fixed asset investment, and comply with all applicable accounting standards

Basis of consolidation

The group financial statements comprise a consolidation of the financial statements of the holding company and its subsidiary undertakings for the year ended 31 December 2007

Associated undertakings are included in the group financial statements on the equity accounting basis

In accordance with Section 230 of the Companies Act 1985, the company has elected not to present its own profit and loss account

Turnover

Turnover represents the invoiced value of goods and services supplied, and is stated exclusive of VAT

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Office equipment	- 25% on cost
Computer equipment	- 33 3% on cost
Improvements to leasehold property	- 12 5% on cost

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except those relating to revalued assets

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account evenly over the period of the lease

Cash and liquid resources

For the purposes of the cash flow statement, cash and liquid resources are defined as cash at bank and in hand and bank overdraft balances

Investments

Investments are included at cost less provisions required for diminution in value

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

2 STAFF COSTS

	31.12.07	31 12 06
	£	£
Wages and salaries	938,831	818,143
Social security costs	<u>116,353</u>	<u>98,714</u>
	<u><u>1,055,184</u></u>	<u><u>916,857</u></u>

The average monthly number of employees during the year was as follows

	31.12.07	31 12 06
Management	6	6
Administration	<u>4</u>	<u>3</u>
	<u><u>10</u></u>	<u><u>9</u></u>

3 OPERATING PROFIT

The operating profit is stated after charging

	31.12.07	31 12 06
	£	£
Depreciation - owned assets	17,813	5,923
Hire of plant and machinery	10,589	8,545
Other operating lease costs	90,116	103,744
Auditors' remuneration	12,000	12,500
Auditors' remuneration – non audit services	<u>2,950</u>	<u>3,500</u>
	<u><u>759,447</u></u>	<u><u>590,029</u></u>

Information regarding the highest paid director is as follows

	31.12.07	31 12 06
	£	£
Emoluments	<u><u>234,825</u></u>	<u><u>199,133</u></u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.07	31 12 06
	£	£
Loans and bank overdraft wholly repayable within five years	-	409
Interest payable on late payment of dividends	29,512	31,515
Interest payable on corporation tax	425	-
Share of associate	<u>-</u>	<u>64</u>
	<u><u>29,937</u></u>	<u><u>31,988</u></u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31.12.07 £	31 12 06 £
Current tax		
UK corporation tax	-	(125,412)
Over/(Under) provided in respect of earlier years	984	(10,890)
Share of associate	<u>(350,660)</u>	<u>(279,728)</u>
Total current tax	<u>(349,676)</u>	<u>(416,030)</u>
Deferred tax		
Share of associate	-	<u>(66,325)</u>
Total deferred tax	<u>-</u>	<u>(66,325)</u>
Tax (charge) on profit on ordinary activities	<u>(349,676)</u>	<u>(482,355)</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31.12.07 £	31 12 06 £
Profit on ordinary activities before tax	<u>1,080,593</u>	<u>1,274,812</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%)	(324,178)	(382,444)
Effects of		
Expenses not deductible for tax purposes	(19,343)	(17,322)
Capital allowances for period in excess of depreciation	3,879	3,595
Adjustments in respect of associate	(9,533)	(25,487)
Adjustments in respect of prior periods	984	(10,890)
Profit on disposal of fixed assets	-	519
Small companies rate adjustment	<u>(1,485)</u>	<u>15,999</u>
Current tax (charge)	<u>(349,676)</u>	<u>(416,030)</u>

6 DIVIDENDS

	31.12.07 £	31 12 06 £
Non equity shares		
Participating preferred shares	<u>120,000</u>	<u>120,000</u>

Dividends payable in note 11 include arrears of £120,000 from 2005, £120,000 from 2004 and £118,685 from 2002

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

7 PROFIT FOR THE FINANCIAL YEAR

	31.12.07	31 12.06
This is reported in the accounts of	£	£
Holding company	(122,381)	(308,959)
Subsidiaries	-	-
Associates	<u>853,297</u>	<u>1,101,416</u>
	<u>730,916</u>	<u>792,457</u>

8 TANGIBLE FIXED ASSETS
The Group and the Company

	<u>Improvements to leasehold property</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 1st January 2007	-	27,927	41,901	69,828
Additions	8,123	32,526	16,176	56,825
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2007	<u>8,123</u>	<u>60,453</u>	<u>58,077</u>	<u>126,653</u>
DEPRECIATION:				
At 1st January 2007	-	2,644	29,946	32,590
Charge for year	254	11,135	6,424	17,813
Elimination on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2007	<u>254</u>	<u>13,779</u>	<u>36,370</u>	<u>50,403</u>
NET BOOK VALUE:				
At 31st December 2007	<u>7,869</u>	<u>46,674</u>	<u>21,707</u>	<u>76,250</u>
At 31st December 2006	<u>-</u>	<u>25,283</u>	<u>11,955</u>	<u>37,238</u>

9 FIXED ASSET INVESTMENTS

The Group

	<u>Shares in associate</u>	<u>Share of profit of associate</u>	<u>Totals</u>
	£	£	£
COST:			
At 1st January 2007	2,000,000	585,894	2,585,894
Movement in the year	<u>222,789</u>	<u>541,850</u>	<u>764,639</u>
At 31st December 2007	<u>2,222,789</u>	<u>1,127,744</u>	<u>3,350,533</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

9 **FIXED ASSET INVESTMENTS - continued**

The Group
Investment in associated undertakings

The consolidated financial statements include the following associated undertakings using the equity method

Salmon Harvester Properties Limited
Nature of business Property developer

	%
Class of shares	holding
Ordinary	50 00

The aggregate of the group's share of associate's assets and liabilities are as follows

	31.12.07	31 12 06
	£	£
Fixed assets	<u>878</u>	<u>161</u>
Current assets	<u>17,024,537</u>	<u>13,576,507</u>
Liabilities due within one year	<u>13,675,589</u>	<u>10,990,774</u>

Salmon Aker Limited
Nature of business Property developer

	%
Class of shares	holding
Ordinary 'A' shares	50 00

The aggregate of the group's share of associate's assets and liabilities are as follows

	31.12.07
	£
Fixed assets	<u>-</u>
Current assets	<u>1,567,375</u>
Liabilities due within one year	<u>1,566,668</u>

The Company

	Shares in subsidiaries	Shares in associates	Loan to subsidiary	Totals
	£	£	£	£
COST:				
At 1st January 2007	53	2,000,000	352,500	2,352,553
Additions	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
At 31st December 2007	<u>53</u>	<u>2,000,500</u>	<u>352,500</u>	<u>2,353,053</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

9 **FIXED ASSET INVESTMENTS - continued**

Shares in subsidiaries:

The company's investments at the balance sheet date in the share capital of unlisted companies include the following

Salmon Investments & Developments Limited

Nature of business Non trading

	%
Class of shares	holding
Ordinary	100 00

Salmon Properties Limited

Nature of business Non trading

	%
Class of shares	holding
Ordinary	100 00

Salcim Limited

Nature of business Non trading

	%
Class of shares	holding
Ordinary	100 00

10 **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group and the Company

	31.12.07	31 12 06
	£	£
Trade debtors	10,171	23,344
Other debtors	3,729	2,761
Amounts owed from associated undertakings	165,053	-
Prepayments and accrued income	<u>47,747</u>	<u>49,934</u>
	<u>226,700</u>	<u>76,039</u>

11 **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group

	31.12.07	31 12 06
	£	£
Trade creditors	15,800	112,156
Dividends proposed	478,685	598,685
Corporation tax	-	136,334
Social security and other taxes	130,476	278,317
Accruals and deferred income	<u>326,805</u>	<u>127,944</u>
	<u>951,766</u>	<u>1,253,436</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

**11 CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR - continued**

	31.12.07 £	31 12 06 £
The Company		
Trade creditors	15,800	112,156
Amounts owed to subsidiaries	362,395	350,616
Dividends proposed	478,685	598,685
Corporation tax	-	136,334
Social security and other taxes	130,476	278,317
Accruals and deferred income	<u>326,801</u>	<u>127,939</u>
	<u><u>1,314,157</u></u>	<u><u>1,604,047</u></u>

12 OBLIGATIONS UNDER LEASING AGREEMENTS

The group has the following payments committed to be paid within one year

	Operating leases			
	Land and buildings		Other	
	31.12.07 £	31 12 06 £	31.12.07 £	31 12 06 £
Expiring				
Less than one year	-	-	523	-
Between 2 – 5 years	<u>105,000</u>	<u>90,000</u>	<u>5,506</u>	<u>7,598</u>

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	31.12.07 £	31 12 06 £
50,000	Ordinary shares	£1	50,000	50,000
270	Participating preferred shares	£1	270	270
			<u>50,270</u>	<u>50,270</u>
Issued Number	Class	Nominal value	31.12.07 £	31 12 06 £
50,000	Ordinary shares (25p paid)	£1	12,500	12,500
270	Participating preferred shares	£1	270	270
			<u>12,770</u>	<u>12,770</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

13 CALLED UP SHARE CAPITAL - continued

The interests of the participating preferred shareholders have been classified as non equity

The rights of the participating preferred shareholders include the entitlement to receive a dividend of £120,000 in respect of each financial year to be distributed amongst the shareholders. The dividend is payable in priority to any payment of a dividend to the holders of all other shares in the capital of the company.

On a return of capital on a winding up or otherwise the assets of the company available for distribution to its members shall be applied in making payments to the holders of participating preferred shares, in priority to any payment to the holders of all other shares in the capital of the company, of firstly, a sum equal to all arrears of the preferred dividend and secondly, the sum of £2,000,000. The participating preferred shares do not carry an entitlement to vote at a general meeting.

14 PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
As at 1st January 2007	2,682,673	2,086,942
Profit/(loss) for the year	730,916	(33,224)
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
As at 31st December 2007	<u>3,293,589</u>	<u>1,933,718</u>

15 REVALUATION RESERVE
The Group and the Company

	Group	Company
	£	£
As at 1st January 2007 and 31st December 2007	<u>176,249</u>	<u>176,249</u>

16 CAPITAL REDEMPTION RESERVE
The Group and the Company

	Group	Company
	£	£
As at 1st January 2007 and 31st December 2007	<u>38,230</u>	<u>38,230</u>

17 ULTIMATE CONTROLLING PARTY

There has been no ultimate controlling party of the group throughout the current or preceding year.

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2007

18 RELATED PARTY DISCLOSURES

The group and the company has taken advantage of the exemptions provided by Financial Reporting Standard 8 and has not reported transactions and balances with other group companies that are eliminated upon consolidation

During the year, Salmon Developments Plc entered into the following transactions with its associated undertakings

Salmon Harvester Properties Limited:

	31.12.07 £	31 12 06 £
Included within income:		
Project management fees earned	66,868	600,000
Contribution to management costs	837,500	787,500
Dividend receivable	22,289	200,000
Included within debtors:		
Trade debtors	5,875	-
Amounts owed from associated undertaking	15,052	200,000

Salmon Aker Limited:

	31.12.07 £	31 12 06 £
Included within debtors:		
Amounts owed from associated undertaking	150,000	-

19 TRANSACTIONS WITH DIRECTORS

The dividend in the year of £120,000 is payable to the holders of the participating preferred shares who are R F Henderson and D J Stewart, both directors of the company £22,222 is payable to R F Henderson and £97,778 is payable to D J Stewart

In addition during the year £240,000 of the dividend arrears on the participating preferred shares were paid by the company £44,444 was paid to R F Henderson and £195,556 was paid to D J Stewart

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group	31.12.07 £	31 12 06 £
Profit for the financial year	730,916	792,457
Dividends	(120,000)	(120,000)
Net increase to shareholders' funds	610,916	672,457
Opening shareholders' funds	<u>2,909,922</u>	<u>2,237,465</u>
Closing shareholders' funds	<u>3,520,838</u>	<u>2,909,922</u>
Equity interests	3,520,568	2,909,652
Non-equity interests	<u>270</u>	<u>270</u>
	<u>3,520,838</u>	<u>2,909,922</u>

Salmon Developments Plc
Notes to the Financial Statements
for the Year Ended 31st December 2007

20 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS -continued**

The Company	31.12.07	31 12 06
	£	£
(Loss)/Profit for the financial year	(33,224)	491,041
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
Net (decrease)/increase to shareholders' funds	(153,224)	371,041
Opening shareholders' funds	<u>2,314,191</u>	<u>1,943,150</u>
Closing shareholders' funds	<u>2,160,967</u>	<u>2,314,191</u>
Equity interests	2,160,697	2,313,921
Non-equity interests	<u>270</u>	<u>270</u>
	<u>2,160,967</u>	<u>2,314,191</u>

21 **DEFERRED TAX**

The Group and the Company

The total potential liability, none of which has been provided for in these financial statements, is as follows

	31.12.07	31 12 06
	£	£
Revaluation of investment	<u>52,875</u>	<u>52,875</u>

22 **CONTINGENT LIABILITY**

The company has provided a cost overrun guarantee limited to £250,000 to an associated undertaking, Salmon Aker Limited, as part of the security provided to the associated undertakings borrowings