

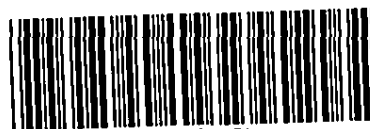
Company Registration No. 2621333 (England and Wales)

THE CHANDLER CORPORATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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THE CHANDLER CORPORATION LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

| | Page |
|-------------------------------|--------|
| Officers and advisors | 1 |
| Directors' report | 2 - 3 |
| Auditors' report | 4 - 5 |
| Group profit and loss account | 6 |
| Balance sheets | 7 - 8 |
| Notes to the accounts | 9 - 20 |

FOR THE INFORMATION OF THE DIRECTORS ONLY

| | |
|---|----|
| Holding company profit and loss account | 21 |
|---|----|

THE CHANDLER CORPORATION LIMITED

COMPANY INFORMATION

Directors K J Brown FCIS ATII FCCA
M L Brown
J Brown

Secretary J Brown

Company Number 2621333

Registered Office 19 Fitzroy Square
London
W1T 6EQ

Auditors Newman Peters Panayi LLP
19 Fitzroy Square
London
W1T 6EQ

Bankers Bank of Ireland
20 Berkeley Square
London
W1X 6LY

Bristol & West Plc
PO Box 27
One Temple Quay
Bristol
BS99 7AX

Solicitors Warners
180 High Street
Tonbridge
Kent
TN9 1BD

THE CHANDLER CORPORATION LIMITED
REPORT OF THE DIRECTORS

The Directors present their report together with the audited accounts of the group for the year ended 31 December 2007

Principal Activities and Business Review

The company continued to invest in residential and holiday letting accommodation and hold investments in subsidiaries investing in commercial and residential property

The directors continued to monitor situations where suitable opportunities for further investment might exist

| Results and Dividend | 2007 | 2006 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Group profit on ordinary activities before taxation | 515,557 | 832,601 |
| Taxation | <u>(112,354)</u> | <u>(174,623)</u> |
| | 403,203 | 657,978 |
| Dividend | <u>(31,500)</u> | <u>-</u> |
| Profit for the year taken to reserves | <u><u>371,703</u></u> | <u><u>657,978</u></u> |

Directors

The Directors of the Company at the date of this report and during the year were as set out on page 1

The company's Articles of Association do not require directors to resign by rotation

Fixed Assets

Movements in fixed assets during the year are set out in the notes to the accounts. Freehold and long leasehold investment properties have been professionally revalued in March 2007. See note 10

Auditors

In accordance with the provisions of section 386 of the Companies Act 1985, an elective resolution has been passed dispensing with the need to appoint auditors annually

THE CHANDLER CORPORATION LIMITED
REPORT OF THE DIRECTORS (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company Law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then to apply them on a consistent basis,
- make judgements and estimates that are prudent and reasonable,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company and the group will continue in business

The directors confirm that the accounts comply with the above requirements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities

The directors must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles in practice

Statement of disclosure to auditor

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

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the Board

K J Brown

Director

Date 19th May 2008

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF THE CHANDLER CORPORATION LIMITED

We have audited the financial statements set out in pages 6 to 20 which have been prepared under the historical cost convention as amended by the revaluation of fixed assets and in accordance with the accounting policies set out on pages 9 and 10

The 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'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 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 directors' report is not consistent with the financial statements, if the group 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 transactions with the group companies are 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 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 any 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 group'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 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 within the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in Note 21 to the financial statements.

**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF
THE CHANDLER CORPORATION LIMITED (continued)**

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

The group have not complied with the requirements of FRS 19 in that provisions have been made for deferred tax on unrealised revaluation gains

Except for the above, 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 as at 31 December 2007 and of the profit for the year then ended, of the undertakings included in the consolidation as a whole, so far as concerns members of the company
- 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



**Newman Peters Panayi LLP
Registered Auditors &
Chartered Accountants**

19 Fitzroy Square
London W1T 6EQ

Date 19th May 2008

The accompanying notes are an integral part of these financial statements

THE CHANDLER CORPORATION LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

| | <i>Note</i> | 2007 | 2006 |
|---|-------------|-------------|-------------|
| | | £ | £ |
| TURNOVER | | | |
| Continuing operations | 2 | 1,058,826 | 980,012 |
| Net operating expenses | | (612,016) | (461,253) |
| OPERATING PROFIT | | | |
| Continuing operations | 3 | 446,810 | 518,759 |
| Profit on sale of investment properties | 4 | 224,707 | 479,739 |
| Interest receivable & similar income | 7 | 33,236 | 23,907 |
| Interest Payable | 8 | (189,196) | (189,804) |
| | | (155,960) | (165,897) |
| GROUP PROFIT ON ORDINARY ACTIVITIES | | 515,557 | 832,601 |
| Profit/(Loss) from interests in associated undertakings | | - | - |
| PROFIT ON ORDINARY ACTIVITIES | | | |
| BEFORE TAXATION | | 515,557 | 832,601 |
| Tax on profit on ordinary activities | 9 | (112,354) | (174,623) |
| PROFIT ON ORDINARY | | | |
| ACTIVITIES AFTER TAXATION | | 403,203 | 657,978 |

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007

| | 2007 | 2006 |
|---|-------------|-------------|
| | £ | £ |
| Profit for the financial year attributable to members of the parent company | 403,203 | 657,978 |
| Unrealised surplus/(deficit) on revaluation of properties | 69,023 | 19,428 |
| TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR | 472,226 | 677,406 |

The accompanying notes are an integral part of these financial statements

THE CHANDLER CORPORATION LIMITED
GROUP BALANCE SHEET
AT 31 DECEMBER 2007

| | <i>Note</i> | 2007 | 2006 |
|--|-------------|--------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 10 | 13,272,300 | 13,261,000 |
| Investments | 11 | <u>14</u> | <u>14</u> |
| | | 13,272,314 | 13,261,014 |
| CURRENT ASSETS | | | |
| Debtors | 12 | 302,120 | 16,657 |
| Cash at bank and in hand | | <u>328,392</u> | <u>418,723</u> |
| | | 630,512 | 435,380 |
| CREDITORS Amounts falling due within one year | 13 | <u>(1,828,338)</u> | <u>(1,907,859)</u> |
| NET CURRENT LIABILITIES | | (1,197,826) | (1,472,479) |
| | | <u>12,074,488</u> | <u>11,788,535</u> |
| CREDITORS Amounts falling due after one year | 14 & 15 | (850,000) | (950,000) |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 16 | (2,050,283) | (2,105,055) |
| | | <u>9,174,205</u> | <u>8,733,480</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 2,100 | 1,650 |
| Revaluation reserve | 18 | 5,793,059 | 5,724,037 |
| Profit and loss account | 18 | 3,379,046 | 3,007,793 |
| EQUITY SHAREHOLDERS FUNDS | | <u>9,174,205</u> | <u>8,733,480</u> |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Signed on behalf of the Board -

Director

K J Brown

Date 19th May 2008

The accompanying notes are an integral part of these financial statements

THE CHANDLER CORPORATION LIMITED
COMPANY BALANCE SHEET
AT 31 DECEMBER 2007

| | Note | 2007 | 2006 |
|--|---------|--------------------|--------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 10 | 2,263,300 | 2,230,000 |
| Investments | 11 | <u>527,823</u> | <u>527,823</u> |
| | | 2,791,123 | 2,757,823 |
| CURRENT ASSETS | | | |
| Debtors | 12 | 283,805 | 13,227 |
| Cash at bank | | <u>940</u> | <u>58,888</u> |
| | | 284,745 | 72,115 |
| CREDITORS Amounts falling due within one year | 13 | <u>(1,400,372)</u> | <u>(1,031,170)</u> |
| NET CURRENT ASSETS | | (1,115,627) | (959,055) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,675,496</u> | <u>1,798,768</u> |
| CREDITORS Amounts falling due after one year | 14 & 15 | (100,000) | (200,000) |
| PROVISION FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 16 | (308,750) | (322,757) |
| | | <u>1,266,746</u> | <u>1,276,011</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 17 | 2,100 | 1,650 |
| Revaluation reserve | 18 | 1,064,209 | 1,050,202 |
| Profit and loss account | 18 | 200,437 | 224,159 |
| EQUITY SHAREHOLDER'S FUNDS | | <u>1,266,746</u> | <u>1,276,011</u> |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Signed on behalf of the Board -

K J Brown

Director

Date 19th May 2008

**THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1 ACCOUNTING POLICIES

The accounts are prepared in accordance with applicable accounting standards, which have been applied consistently
The following are the accounting policies used by the company

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold land and buildings

Cash flow statement

The group qualifies as a small group and advantage has therefore been taken of the exemption provided by Financial Reporting Standard No 1 not to prepare a cash flow statement

Basis of consolidation

The group accounts consolidate the accounts of The Chandler Corporation Limited and its subsidiary undertakings drawn up to 31 December each year. Subsidiary undertakings are those in which The Chandler Corporation Limited holds more than 50% of the voting equity capital

The accounts of Beauchamp Place Management Limited and Montrose Court Management Limited, non profit making property management companies have been excluded from the consolidated Financial Statements on the grounds of immateriality

No profit and loss account is presented for The Chandler Corporation Limited as provided by section 230 of the Companies Act 1985. The profit for the year dealt with in the company's own accounts amounted to £8,228 (2006 - £36,747)

Goodwill

Goodwill is set off against reserves on acquisition

Leasing commitments

Rentals payable in respect of operating leases are charged to the profit and loss account as incurred

Investment properties

The group's investment properties are accounted for in accordance with SSAP 19 as follows

- (i) Investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on the investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year, and
- (ii) no depreciation is provided in respect of freehold investment properties or leasehold investment properties where the lease has over 20 years to run

Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the relevant companies within the group follow a programme of regular refurbishment and maintenance of properties concerned which includes the reinstatement of the fabric of the buildings, where necessary, in order to maintain them to a high standard. Accordingly, in the opinion of the directors, any element of depreciation would be immaterial and no provision has been made

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold and long leasehold investment properties, at rates calculated to write-off their cost evenly over their expected useful lives at the following rates per annum:

| | |
|----------------------------------|------------------------|
| Fixtures, fittings and equipment | - 15% to 33% per annum |
|----------------------------------|------------------------|

Investments

Investments shown in the parent company balance sheet are valued at cost less provisions.

Deferred taxation

Deferred tax 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.

Provision is made for deferred taxation, in full and at the appropriate rates, on gains recognised on revaluing property to its market value in cases where it is considered that the company may sell the revalued assets within the foreseeable future. In other cases, deferred taxation is not provided.

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

2 TURNOVER AND SEGMENTAL ANALYSIS

Turnover represents the amounts derived from the provision of services which fall within the group's continuing ordinary activities, stated net of value added tax

An analysis of turnover and pre-tax results is given below

| <i>Geographical area</i> | <i>2007</i> | | <i>2006</i> | |
|---|--|------------------|--------------------------------|------------------|
| | £ | | £ | |
| TURNOVER | | | | |
| United Kingdom | <u>1,058,826</u> | | <u>980,012</u> | |
| | | | | |
| | <i>Residential & holiday letting</i> | | <i>Property investment</i> | |
| | <i>2007</i> | <i>2006</i> | <i>2007</i> | <i>2006</i> |
| <i>Area of activity</i> | £ | £ | £ | £ |
| | | | | <i>Total</i> |
| | | | | <i>2007</i> |
| | | | | <i>2006</i> |
| | | | | £ |
| Turnover | | | | |
| Continuing operations | <u>400,932</u> | <u>383,773</u> | <u>657,894</u> | <u>596,239</u> |
| | | | | <u>1,058,826</u> |
| | | | | <u>980,012</u> |
| Operating profits | | | | |
| Continuing operations | <u>94,348</u> | <u>122,841</u> | <u>352,462</u> | <u>395,918</u> |
| | | | | <u>446,810</u> |
| | | | | <u>518,759</u> |
| Profit from sale of fixed assets | | | | 224,707 |
| | | | | 479,739 |
| Interest receivable | | | | 33,236 |
| | | | | 23,907 |
| Interest payable | | | | (189,196) |
| | | | | (189,804) |
| Profit on ordinary activities before taxation | | | | <u>515,557</u> |
| | | | | <u>832,601</u> |
| Net assets | | | | |
| Continuing operations | <u>1,266,746</u> | <u>1,276,011</u> | <u>7,907,459</u> | <u>7,457,469</u> |
| | | | | <u>9,174,205</u> |
| | | | | <u>8,733,480</u> |
| Net assets of non-trading associate | | | | - |
| | | | | - |
| | | | | <u>9,174,205</u> |
| | | | | <u>8,733,480</u> |
| Net liabilities of associated undertakings | | | | - |
| | | | | - |
| Total net assets | | | | <u>9,174,205</u> |
| | | | | <u>8,733,480</u> |

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

3 OPERATING PROFIT

| | 2007 | 2006 |
|--|-----------------|-----------------|
| | £ | £ |
| This is stated after charging/(crediting) | | |
| Depreciation of owned assets | 24,992 | 22,000 |
| Auditors' remuneration | 8,000 | 9,413 |
| Operating lease rental - other | 38,850 | 38,130 |
| Other operating income | | |
| Insurance commissions | (12,126) | (10,020) |
| Sundry income | (30,416) | (4,830) |
| | <u>(42,542)</u> | <u>(14,850)</u> |

4 PROFIT ON SALE OF FIXED ASSETS

| | 2007 | 2006 |
|---|----------------|----------------|
| | £ | £ |
| Profit from sale of investment properties | <u>224,707</u> | <u>479,739</u> |

5 STAFF COSTS

| | 2007 | 2006 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 128,539 | 121,976 |
| Social security costs | <u>15,477</u> | <u>14,798</u> |
| | <u>144,016</u> | <u>136,774</u> |

The average monthly number of employees, including directors, employed by the group during the year was made up as follows

| | 2007 | 2006 |
|----------------|----------|----------|
| Administration | <u>4</u> | <u>4</u> |

6 DIRECTORS' REMUNERATION

| | 2007 | 2006 |
|---|----------------|----------------|
| | £ | £ |
| The directors of the company received the following remuneration | | |
| <i>Chairman & highest paid director</i> | | |
| Emoluments | <u>112,000</u> | <u>106,000</u> |

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

| | | |
|--|-----------------|-----------------|
| 7 INTEREST RECEIVABLE AND SIMILAR INCOME | 2007 | 2006 |
| | £ | £ |
| Bank interest | 33,177 | 23,748 |
| Other interest | 59 | 159 |
| | <u>33,236</u> | <u>23,907</u> |
| 8 INTEREST PAYABLE AND SIMILAR CHARGES | 2007 | 2006 |
| | £ | £ |
| Interest payable on bank loans and overdrafts | 52,781 | 72,585 |
| Other loan interest | 136,415 | 117,219 |
| | <u>189,196</u> | <u>189,804</u> |
| 9 TAX ON PROFIT ON ORDINARY ACTIVITIES | 2007 | 2006 |
| | £ | £ |
| Based on the results for the year | | |
| <i>Group</i> | | |
| UK Corporation Tax | 112,354 | 174,623 |
| Prior year under/(over)provision | - | - |
| Current tax charge | <u>112,354</u> | <u>174,623</u> |
| Factors affecting the tax charge for the year | | |
| Profit on ordinary activities before taxation | <u>515,557</u> | <u>832,601</u> |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2006 19%) | <u>103,111</u> | <u>158,194</u> |
| Effects of | | |
| Non deductible expenses | (1) | 458 |
| Depreciation | 5,800 | 4,180 |
| Capital allowances | (7,624) | (1,957) |
| Chargeable gains | (3,905) | 19,730 |
| Other tax adjustments | <u>14,973</u> | <u>(5,982)</u> |
| | <u>9,243</u> | <u>16,429</u> |
| | <u>112,354</u> | <u>174,623</u> |

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

10 TANGIBLE FIXED ASSETS

| <i>Group</i> | <i>Freehold land and buildings £</i> | <i>Long leasehold property £</i> | <i>Fixtures and fittings £</i> | <i>TOTAL £</i> |
|--------------------------|--|--|--|--------------------|
| Cost or valuation | | | | |
| At 1 January 2007 | 1,200,000 | 11,990,000 | 260,513 | 13,450,513 |
| Additions | - | - | 36,292 | 36,292 |
| Disposals | (14,250) | - | - | (14,250) |
| Inter group transfers | - | - | - | - |
| Revaluation | 14,250 | - | - | 14,250 |
| At 31 December 2007 | 1,200,000 | 11,990,000 | 296,805 | 13,486,805 |
| Depreciation | | | | |
| At 1 January 2007 | - | - | 189,513 | 189,513 |
| Charge for the year | - | - | 24,992 | 24,992 |
| Deleted on disposal | - | - | - | - |
| At 31 December 2007 | - | - | 214,505 | 214,505 |
| Net book value | | | | |
| At 31 December 2007 | 1,200,000 | 11,990,000 | 82,300 | 13,272,300 |
| At 31 December 2006 | 1,200,000 | 11,990,000 | 71,000 | 13,261,000 |

| | | |
|---|-------------------|-------------------|
| The net book value of investment properties comprises | 2007 | 2006 |
| | £ | £ |
| Freehold property at valuation | 1,200,000 | 1,200,000 |
| Long leasehold property at valuation | 11,990,000 | 11,990,000 |
| | <u>13,190,000</u> | <u>13,190,000</u> |

The valuation of investment properties is based on marketing advice given in March 2007 by Chris Mercer Associates, Property Consultants, 11-13 Knightsbridge, London SW1X 7LY

| | | |
|---|------------------|------------------|
| | 2007 | 2006 |
| | £ | £ |
| The historical cost of investment properties included at valuation is | <u>4,926,988</u> | <u>4,941,238</u> |

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

10 TANGIBLE FIXED ASSETS (continued)

| <i>Company</i> | <i>Long leasehold property £</i> | <i>Fixtures and fittings £</i> | <i>TOTAL £</i> |
|--------------------------|--|--|--------------------|
| Cost or valuation | | | |
| At 1 January 2007 | 2,230,000 | - | 2 230,000 |
| Additions | - | 36,292 | 36,292 |
| Disposals | - | - | - |
| Inter group transfers | - | - | - |
| Revaluation | - | - | - |
| At 31 December 2007 | 2,230,000 | 36,292 | 2,266,292 |
| Depreciation | | | |
| At 1 January 2007 | - | - | - |
| Charge for the year | - | 2,992 | 2,992 |
| Deleted on disposal | - | - | - |
| At 31 December 2007 | - | 2,992 | 2,992 |
| Net book value | | | |
| At 31 December 2007 | 2,230,000 | 33,300 | 2,263,300 |
| At 31 December 2006 | 2,230,000 | - | 2,230,000 |

The valuation of investment properties is based on marketing advice given in March 2007 by Chris Mercer Associates, Property Consultants, 11-13 Knightsbridge, London SW1X 7LY

On an historical cost basis these would have been included at an original cost of £857,041 (2006 - £857,041)

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

11 FIXED ASSET INVESTMENTS

| <i>Group</i> | <i>Subsidiary undertakings</i> | <i>Total</i> |
|-----------------------------------|------------------------------------|----------------|
| | £ | £ |
| Cost | | |
| At 1 January and 31 December 2007 | <u>14</u> | <u>14</u> |
| Net book value | | |
| At 31 December 2007 | <u>14</u> | <u>14</u> |
| At 31 December 2006 | <u>14</u> | <u>14</u> |
| Company | <i>Subsidiary undertakings</i> | <i>Total</i> |
| | £ | £ |
| Cost | | |
| At 1 January and 31 December 2007 | <u>527,823</u> | <u>527,823</u> |
| Net book value | | |
| At 31 December 2007 | <u>527,823</u> | <u>527,823</u> |
| At 31 December 2006 | <u>527,823</u> | <u>527,823</u> |

The following were the investments of the group at 31 December 2007 The investments are held by the company unless otherwise stated

| <i>Name of company</i> | <i>Country of registration</i> | <i>Holding</i> | <i>Proportion held</i> | <i>Nature of business</i> |
|--------------------------------------|--------------------------------|-----------------|------------------------|---------------------------|
| Montrose Court Holdings Limited | England and Wales | Ordinary shares | 100% | Property investment |
| Montrose Court Investments Limited * | England and Wales | Ordinary shares | 100% | Property investment |
| The Pelham Group Limited | England and Wales | Ordinary shares | 100% | Property Investment |
| Lifestyle Homes Limited | England and Wales | Ordinary shares | 100% | Non-trading |
| Beauchamp Place Management Limited * | England and Wales | Ordinary shares | 54% | Non-trading |

* Held by subsidiary undertaking

The accounts of Beauchamp Place Management Limited, a non profit making property management company, have been excluded from the consolidated Financial Statements

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

| 12 DEBTORS | 2007 | | 2006 | |
|---|----------------|----------------|---------------|---------------|
| | Group £ | Company £ | Group £ | Company £ |
| Trade debtors | 8,132 | 2,375 | 2,030 | - |
| Amounts owed by subsidiary undertakings | - | 503 | - | 13,227 |
| Other debtors & prepayments | 293,988 | 280,927 | 14,627 | - |
| | <u>302,120</u> | <u>283,805</u> | <u>16,657</u> | <u>13,227</u> |

| 13 CREDITORS | Amounts falling due within one year | 2007 | | 2006 | |
|---------------------------------------|--|------------------|------------------|------------------|------------------|
| | | Group £ | Company £ | Group £ | Company £ |
| Bank loans & overdrafts (see Note 14) | | 100,000 | 100,000 | 100,000 | 100,000 |
| Unsecured loans | | 791,500 | 791,500 | 834,000 | 834,000 |
| Trade creditors | | 81,935 | 76,518 | 102,654 | 86,014 |
| Corporation tax | | 112,349 | 9,871 | 174,610 | 11,156 |
| Other creditors & accruals | | 742,554 | 422,483 | 696,595 | - |
| | | <u>1,828,338</u> | <u>1,400,372</u> | <u>1,907,859</u> | <u>1,031,170</u> |

The Unsecured Loans consist of £146,000 (2006 - £179,000) owing to The Brown Family Trust, which owns the entire issued share capital of the company and £645,500 (2006 - £655,000) owing to the children of K J Brown, the discretionary beneficiaries of The Brown Family Trust

Included in Other Creditors is a loan of £648,000 (2006 £648,000) owing to Latham Group Management Limited, a company in which K J Brown is a director. This loan is secured by way of a second charge on some of the investment properties of the group

The loans from The Brown Family Trust and children of K J Brown bear interest at 3% over three months LIBOR and are repayable on demand. The loan from Latham Group Management Limited bears interest at 1.25% above LIBOR

| 14 CREDITORS | Amounts falling due after one year | 2007 | | 2006 | |
|--------------|---------------------------------------|----------------|----------------|----------------|----------------|
| | | Group £ | Company £ | Group £ | Company £ |
| Bank loans | | 850,000 | 100,000 | 950,000 | 200,000 |
| | | <u>850,000</u> | <u>100,000</u> | <u>950,000</u> | <u>200,000</u> |

The bank loans are secured by fixed charges on the freehold and long leasehold investment properties of the company and its subsidiary undertakings and by a floating charge over the assets of those subsidiaries

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

15 BANK & SECURED LOANS

| | 2007 | | 2006 | |
|----------------------------|----------------|----------------|----------------|----------------|
| | Group | Company | Group | Company |
| | £ | £ | £ | £ |
| Amounts falling due | | | | |
| Between one and two years | 100,000 | 100,000 | 100,000 | 100,000 |
| Between two and five years | - | - | 100,000 | 100,000 |
| In five years or more | 750,000 | - | 750,000 | - |
| | <u>850,000</u> | <u>100,000</u> | <u>950,000</u> | <u>200,000</u> |

16 DEFERRED TAX

| | Deferred tax liability | |
|-----------------------------|------------------------|----------------|
| | Group | Company |
| | £ | £ |
| Balance at 1 January 2007 | 2,105,055 | 322,757 |
| Revaluation reserve | (54,772) | (14,007) |
| Balance at 31 December 2007 | <u>2,050,283</u> | <u>308,750</u> |

The deferred tax liability is made up as follows

| | 2007 | | 2006 | |
|---|------------------|----------------|------------------|----------------|
| | Group | Company | Group | Company |
| | £ | £ | £ | £ |
| Arising on revaluation of investment properties | <u>2,050,283</u> | <u>308,750</u> | <u>2,105,055</u> | <u>322,757</u> |

17 CALLED UP SHARE CAPITAL

| | 2007 | | 2006 | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | £ | | £ | |
| Authorised | | | | |
| Ordinary shares of £1 each | | | <u>2,100</u> | <u>1,650</u> |
| | | | | |
| | 2007 | 2006 | 2007 | 2006 |
| | No | No | £ | £ |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of £1 each | <u>2,100</u> | <u>1,650</u> | <u>2,100</u> | <u>1,650</u> |

THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| <i>Group</i> | <i>Share Capital £</i> | <i>Revaluation reserve £</i> | <i>Profit and loss account £</i> | <i>Total £</i> |
|--------------------------------|--------------------------------|--------------------------------------|--|--------------------|
| At 1 January 2007 | 1,650 | 5,724,037 | 3,007,793 | 8,733,480 |
| Unrealised revaluation surplus | - | 69,022 | - | 69,022 |
| Profit for the year | - | - | 403,203 | 403,203 |
| Bonus issue of shares | 450 | - | (450) | - |
| Dividends | - | - | (31,500) | (31,500) |
| At 31 December 2007 | <u>2,100</u> | <u>5,793,059</u> | <u>3,379,046</u> | <u>9,174,205</u> |

| <i>Company</i> | <i>Share Capital £</i> | <i>Revaluation reserve £</i> | <i>Profit and loss account £</i> | <i>Total £</i> |
|--------------------------------|--------------------------------|--------------------------------------|--|--------------------|
| At 1 January 2007 | 1,650 | 1,050,202 | 224,159 | 1,276,011 |
| Unrealised revaluation surplus | - | 14,007 | - | 14,007 |
| Profit for the year | - | - | 8,228 | 8,228 |
| Bonus issue of shares | 450 | - | (450) | - |
| Dividends | - | - | (31,500) | (31,500) |
| At 31 December 2007 | <u>2,100</u> | <u>1,064,209</u> | <u>200,437</u> | <u>1,266,746</u> |

19 OTHER FINANCIAL COMMITMENTS

At 31 December 2007, the group had annual commitments under non-cancellable operating leases as set out below

| | <i>2007 £</i> | <i>2006 £</i> |
|--|-------------------|-------------------|
| <i>Land and buildings</i> | | |
| Operating leases which expire in excess of five years | <u>38,850</u> | <u>38,130</u> |

20 TRANSACTIONS WITH DIRECTORS

The company's investment property is leased from Garden City Limited, a wholly owned subsidiary of Latham Trust Limited, a company in which K J Brown is a director. Under the terms of the agreement, ground rents and service charges payable for the year amounted to £38,850 (2006 - £38,130)

**THE CHANDLER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

21 AUDITORS' ETHICAL STANDARDS

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

22 ULTIMATE CONTROLLING ENTITY

The entire issued share capital of the company is owned by The Brown Family Trust, a UK registered accumulation and maintenance trust in which K J Brown is a trustee