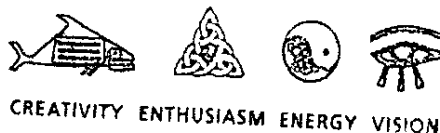


Company Registration No 2751323 (England and Wales)

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THE PROPERTY MERCHANT GROUP LIMITED

**DIRECTORS' REPORT AND UNAUDITED
ACCOUNTS**

FOR THE YEAR ENDED 30 SEPTEMBER 2006



THE PROPERTY MERCHANT GROUP LIMITED

COMPANY INFORMATION

Directors	J R K Bowdidge R A Bowdidge N A Bullman
Secretary	N A Bullman
Company number	2751323
Registered office	Acre House 11-15 William Road London NW1 3ER
Business address	107 - 109 Great Portland Street London W1W 6QG
Accountants	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	HSBC Republic Bank (UK) Limited 31 Hill Street London W1X 7FD

THE PROPERTY MERCHANT GROUP LIMITED

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THE PROPERTY MERCHANT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and accounts for the year ended 30 September 2006

Principal activities

The principal activities of the company continues to be that of property management and consultancy

Directors

The directors who served during the year were

J R K Bowdidge
R A Bowdidge
N A Bullman

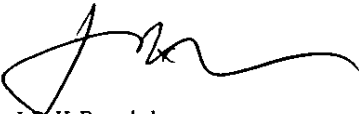
The Honourable N Soames resigned as a director of the company on 19 January 2006

Charitable contributions

During the year the company made charitable donations of £11,395 (2005 £-)

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



J R K Bowdidge

Director

Dated

27/11/07

THE PROPERTY MERCHANT GROUP LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED ACCOUNTS

In accordance with the engagement letter dated 28 July 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the accounts of The Property Merchant Group Limited for the year ended 30 September 2006, set out on pages 3 to 10 from the accounting records and information and explanations you have given to us

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of accounts.

On page 4 you have acknowledged your duty to ensure that the company has kept proper accounting records and to prepare accounts that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the accounts. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the accounts.

HW Fisher & Co

H W Fisher & Company

Chartered Accountants
Acre House
11-15 William Road
London
NW1 3ER

Dated

27 September 2007

THE PROPERTY MERCHANT GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	1,296,377	2,951,171
Cost of sales		(14,632)	-
Gross profit		1,281,745	2,951,171
Administrative expenses		(1,141,960)	(3,106,461)
Operating profit/(loss)	3	139,785	(155,290)
Other income	6	3,920	6,112
Interest payable and similar charges	7	(11)	(15,025)
Profit/(loss) on ordinary activities before taxation		143,694	(164,203)
Tax on profit/(loss) on ordinary activities	8	(9,893)	-
Profit/(loss) on ordinary activities after taxation		133,801	(164,203)
Accumulated loss brought forward		(222,257)	(58,054)
Accumulated loss carried forward		(88,456)	(222,257)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

THE PROPERTY MERCHANT GROUP LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2006


	Notes	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	9		49,869		24,197
Investments	10		100		100
			<u>49,969</u>		<u>24,297</u>
Current assets					
Debtors	11	1,436,966		881,845	
Cash at bank and in hand		37,861		58,529	
		<u>1,474,827</u>		<u>940,374</u>	
Creditors amounts falling due within one year	12	(1,613,250)		(552,092)	
Net current (liabilities)/assets			<u>(138,423)</u>		<u>388,282</u>
Total assets less current liabilities			<u>(88,454)</u>		<u>412,579</u>
Creditors amounts falling due after more than one year	13		<u>-</u>		<u>(634,834)</u>
			<u>(88,454)</u>		<u>(222,255)</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account			(88,456)		(222,257)
Shareholders' funds - all equity interests	15		<u>(88,454)</u>		<u>(222,255)</u>

The company is entitled to the exemption from the audit requirement contained in section 249A(1) of the Companies Act 1985, for the year ended 30 September 2006. No member of the company has deposited a notice, pursuant to section 249B(2), requiring an audit of these accounts.

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Act, and
- (b) preparing accounts which give a true and fair view of the state of affairs of the company at 30 September 2006 and of its profit for the year then ended in accordance with section 226, and otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

The accounts were approved by the Board on 22/10/07


J R K Bowdidge
Director

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

The company and its subsidiary undertaking comprise a small group. The company has therefore taken advantage of the exemption given by section 248 of the Companies Act 1985 not to prepare group accounts.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the invoiced value of services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance

1.4 Investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

1.5 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit/(loss)	2006 £	2005 £
	Operating profit/(loss) is stated after charging		
	Depreciation of owned tangible fixed assets	9,667	8,066
4	Directors' emoluments	2006 £	2005 £
	Aggregate emoluments	165,493	2,538,330

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

5 Employees

Number of employees

The average monthly number of employees during the year was

	2006 Number	2005 Number
Management	7	5

Employment costs

	£	£
Wages and salaries	254,878	2,576,354
Social security costs	255,016	11,494
Other pension costs	215,000	-
	<u>724,894</u>	<u>2,587,848</u>

6 Other income

	2006 £	2005 £
Interest receivable and similar income	<u>3,920</u>	<u>6,112</u>

7 Interest payable and similar charges

	2006 £	2005 £
Interest payable on Bank loans and overdrafts	<u>11</u>	<u>15,025</u>

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

8	Tax on profit/(loss) on ordinary activities	2006 £	2006 £	2005 £	2005 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	9,893		-	
			9,893		-
	Factors affecting the tax charge for the year				
	Profit/(loss) on ordinary activities before taxation		143,694		(164,203)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)		43,108		(49,261)
	Effects of				
	Expenses not deductible for tax purposes		17,994		12,202
	Capital allowances for period in excess of depreciation		(2,404)		787
	Movement in tax losses		(44,238)		36,272
	Marginal relief		(4,567)		-
	Current tax charge		9,893		-

The company has estimated losses of £- (2005: £147,459) available for carry forward against future trading profits

9	Tangible fixed assets	Plant and machinery £	Fixtures, fittings & equipment £	Total £
	Cost			
	At 1 October 2005	-	73,425	73,425
	Additions	7,028	28,311	35,339
	At 30 September 2006	7,028	101,736	108,764
	Depreciation			
	At 1 October 2005	-	49,228	49,228
	Charge for the year	293	9,374	9,667
	At 30 September 2006	293	58,602	58,895
	Net book value			
	At 30 September 2006	6,735	43,134	49,869
	At 30 September 2005	-	24,197	24,197

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

10 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 October 2005 & at 30 September 2006	100
At 30 September 2005	100

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
City Parking Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves £	Profit for the year £
City Parking Limited	(4,811)	7,141

11 Debtors

	2006 £	2005 £
Trade debtors	798,357	796,239
Amounts owed by group undertakings	638,275	75,415
Prepayments and accrued income	334	10,191
	1,436,966	881,845

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

12	Creditors amounts falling due within one year	2006	2005
		£	£
	Trade creditors	22,554	58,962
	Amounts owed to companies under common control	462,537	119,255
	Corporation tax	9,893	-
	Other taxes and social security costs	277,962	146,215
	Directors current accounts	221,969	197,656
	Other creditors	260,282	4
	Accruals and deferred income	358,053	30,000
		<u>1,613,250</u>	<u>552,092</u>
	The bank overdraft is secured by way of a debenture		
13	Creditors amounts falling due after more than one year	2006	2005
		£	£
	Other creditors	-	634,834
		<u>-</u>	<u>634,834</u>
14	Share capital	2006	2005
		£	£
	Authorised		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
15	Reconciliation of movements in shareholders' funds	£	£
	Profit/(loss) for the financial year	133,801	(164,203)
	Opening shareholders' funds	<u>(222,255)</u>	<u>(58,052)</u>
	Closing shareholders' funds	<u>(88,454)</u>	<u>(222,255)</u>

THE PROPERTY MERCHANT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2006

16 Related party transactions

At the year end, £75,381 was owed by City Parking Limited (2005 £75,415), £630 was owed by Property Merchant Asset Management Limited (2005 £630), £561,854 was owed by Property Merchant Finance Limited (2005 £1,401) and £410 was owed by Property Merchant Moorgate Limited (2005 £205) £9,993 was owed to Easthorpe Estates Limited (2005 £9,959), £368,057 was owed to Property Merchant Developments Limited (2005 £30,817), £35,971 was owed to Property Merchant Estates Limited (2005 £32,233) and £48,517 was owed to Property Merchant Moorgate Investors Limited (2005 £48,484) In addition, management charges of £nil (2005 £nil) were receivable from Easthorpe Estates Limited, £nil (2005 £nil) from City Parking Limited and £nil (2005 £nil) from Property Merchant Estates Limited All of these companies are controlled by J R K Bowdidge, this company's ultimate controlling party Management fees were charged during the year to Property Merchant Developments Limited £150,000, Property Merchant Estates Limited £20,000 and Property Merchant Finance Limited £560,000

J R K Bowdidge has given a personal guarantee in respect of the company's bank overdraft

At 30 September 2006, the company owed £221,969 to J R K Bowdidge (2005 £197,656)

17 Controlling parties

The ultimate controlling party is J R K Bowdidge, a director and shareholder of the company