

Handwritten signature

TURNSTONE (CAMBRIDGE) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

SATURDAY



ABKNNZS6

A31

17/05/2008

291

COMPANIES HOUSE

TURNSTONE (CAMBRIDGE) LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | C W Goldsmith S C Moulder (resigned 10/04/2007) S A Barnes N P Scott |
| Company number | 3081440 |
| Registered office | 85 Springfield Road Chelmsford Essex CM2 6JL |
| Auditors | PKF (UK) LLP East Coast House Galahad Road Beacon Park Gorleston Great Yarmouth NR31 7RU |

TURNSTONE (CAMBRIDGE) LIMITED

CONTENTS

| | Page |
|---|----------------|
| Directors' report | 1 - 2 |
| Statement of directors' responsibilities | 3 |
| Independent auditors' report | 4 - 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Notes to the financial statements | 8 - 11 |
| The following pages do not form part of the statutory accounts | |
| Detailed profit and loss account and summaries | 12 - 13 |

TURNSTONE (CAMBRIDGE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activity

The principal activity of the company during the year was that of property development

Business review

Planning permission was approved in September 2007 for four new office/R&D buildings to be erected on the company's Iconix Park development south of Cambridge. Since then detailed plans have been drawn up and marketing of the scheme is underway.

The new office building which was completed in December 2006 is now fully let to a local Cambridgeshire training company.

Another multi-let building on the same site is undergoing a refurbishment scheme before the vacant space is marketed.

Future developments

Langford Arch and Iconix Park will be progressed to their optimum values before being sold.

Results

The loss for the year, after taxation, amounted to £279,499 (2006 - loss £83,581).

Directors

The directors who served during the year were

C W Goldsmith
S C Moulder (resigned 10/04/2007)
S A Barnes
N P Scott

Financial risk management objectives

The company uses a mixture of debt and equity to fund its projects.

The principal risk that the company faces is that of cash flow. This is because of the uncertainties involved in obtaining planning permission speedily and also the time it can take to negotiate a successful sale.

Regular cash flow planning is used to cope with any potential weaknesses in it. Loans are regularly reviewed and renegotiated to meet the needs of the whole group. By using the expertise of a London Finance Broking team, the group obtains access to a wide range of finance which can be used to suit each project. Many large developments are forward funded thereby significantly reducing our risk.

Security on debt is given in the form of a charge over the property and also a fixed and floating charge over the assets of the company, backed in some cases by a limited guarantee from the parent company.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director 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.

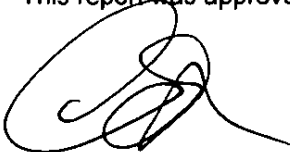
TURNSTONE (CAMBRIDGE) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 28 April 2008 and signed on its behalf

A handwritten signature in black ink, appearing to be 'C W Goldsmith', written over a large, loopy 'S' or 'G' shape.

C W Goldsmith
Director

TURNSTONE (CAMBRIDGE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual reports may differ from legislation in other jurisdictions.

TURNSTONE (CAMBRIDGE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNSTONE (CAMBRIDGE) LIMITED

We have audited the financial statements of Turnstone (Cambridge) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. The 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 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

The directors' responsibilities for preparing the annual report and 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 have been 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 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.


TURNSTONE (CAMBRIDGE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNSTONE (CAMBRIDGE) LIMITED

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 31 December 2007 and of its loss 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



PKF (UK) LLP

Registered auditors

Great Yarmouth, UK

Date 28 April 2008

TURNSTONE (CAMBRIDGE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

| | Note | 2007 £ | 2006 £ |
|--|------|-------------------------|------------------------|
| TURNOVER | 1,2 | 470,987 | 185,090 |
| Cost of sales | | <u>(76,371)</u> | <u>(2,335)</u> |
| GROSS PROFIT | | 394,616 | 182,755 |
| Administrative expenses | | <u>(2,370)</u> | <u>(2,971)</u> |
| OPERATING PROFIT | 3 | 392,246 | 179,784 |
| Interest receivable | | 7,214 | 5,841 |
| Interest payable | 4 | <u>(678,959)</u> | <u>(269,206)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (279,499) | (83,581) |
| Tax on loss on ordinary activities | 5 | <u>-</u> | <u>-</u> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | 11 | <u>(279,499)</u> | <u>(83,581)</u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account

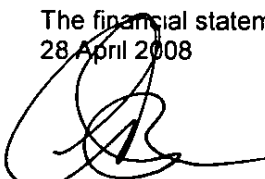
The notes on pages 8 to 11 form part of these financial statements

TURNSTONE (CAMBRIDGE) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

| | Note | £ | 2007 £ | £ | 2006 £ |
|--|------|--------------------|--------------------|------------------|--------------------|
| CURRENT ASSETS | | | | | |
| Stocks | 6 | 9,410,594 | | 8,761,724 | |
| Debtors | 7 | 190,612 | | 289,876 | |
| Cash at bank | | 5,465 | | 58,289 | |
| | | <u>9,606,671</u> | | <u>9,109,889</u> | |
| CREDITORS: amounts falling due within one year | 8 | <u>(8,941,914)</u> | | <u>(884,412)</u> | |
| NET CURRENT ASSETS | | | <u>664,757</u> | | <u>8,225,477</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>664,757</u> | | <u>8,225,477</u> |
| CREDITORS: amounts falling due after more than one year | 9 | | <u>(1,028,638)</u> | | <u>(8,309,859)</u> |
| NET LIABILITIES | | | <u>(363,881)</u> | | <u>(84,382)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 1 | | 1 |
| Profit and loss account | 11 | | <u>(363,882)</u> | | <u>(84,383)</u> |
| SHAREHOLDERS' DEFICIT | 12 | | <u>(363,881)</u> | | <u>(84,382)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2008



C W Goldsmith
Director

The notes on pages 8 to 11 form part of these financial statements

TURNSTONE (CAMBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The parent undertaking, Turnstone Estates Limited, has confirmed that it will continue to support the company for a period of twelve months from the date of signing the balance sheet

1.2 Turnover

Sales of land and property net of value added tax are recognised at the date of exchange of contract. Income due on property owned and leased by the company under operating leases is accounted for on the accruals basis covering the period for which the rent is due under the terms of the lease.

1.3 Work in progress

Work in progress comprises land and property acquired for development and ultimate resale. Income may be receivable in respect of leases on these properties until they are sold. Acquisitions of commercial properties are considered to have taken place where (even if legal completion has not taken place) there is a legally binding, unconditional and irrevocable contract.

Work in progress is stated at the lower of cost and net realisable value. Cost comprises the direct cost of acquiring and improving property. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. TURNOVER

An analysis of turnover by class of business is as follows

| | 2007 £ | 2006 £ |
|---------------|----------------|----------------|
| Rental income | 449,635 | 183,726 |
| Other income | 21,352 | 1,364 |
| | <u>470,987</u> | <u>185,090</u> |

All turnover arose within the United Kingdom

TURNSTONE (CAMBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

3. OPERATING PROFIT

The operating profit is stated after charging

| | 2007 £ | 2006 £ |
|------------------------|--------------|--------------|
| Auditors' remuneration | <u>1,852</u> | <u>2,829</u> |

During the year, no director received any emoluments (2006 - £NIL)

4 INTEREST PAYABLE

| | 2007 £ | 2006 £ |
|------------------------------|----------------|----------------|
| On bank loans and overdrafts | <u>678,959</u> | <u>269,206</u> |

5. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK (30%) The differences are explained below

| | 2007 £ | 2006 £ |
|--|------------------|-----------------|
| Loss on ordinary activities before tax | <u>(279,499)</u> | <u>(83,581)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%) | (83,850) | (25,074) |
| Effects of: | | |
| Group relief | <u>83,850</u> | <u>25,074</u> |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges

6. STOCKS

| | 2007 £ | 2006 £ |
|------------------|------------------|------------------|
| Work in progress | <u>9,410,594</u> | <u>8,761,724</u> |

Work in progress relates to development properties

TURNSTONE (CAMBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

7. DEBTORS

| | 2007 £ | 2006 £ |
|-------------------------------------|----------------|----------------|
| Due after more than one year | | |
| Other debtors | - | 45,684 |
| Due within one year | | |
| Trade debtors | 115,514 | 65,365 |
| Other debtors | 74,166 | 178,827 |
| Prepayments and accrued income | 932 | - |
| | <u>190,612</u> | <u>289,876</u> |

8. CREDITORS: Amounts falling due within one year

| | 2007 £ | 2006 £ |
|------------------------------------|------------------|----------------|
| Bank loans and overdrafts | 8,530,000 | - |
| Trade creditors | 105,530 | 201,057 |
| Amounts owed to group undertakings | - | 468,908 |
| Accruals and deferred income | 306,384 | 214,447 |
| | <u>8,941,914</u> | <u>884,412</u> |

The bank loan facilities are scheduled for repayment on 30 September 2008. Interest is charged at 2% and 1.6% above LIBOR.

The bank loans are secured on the company's properties.

9. CREDITORS: Amounts falling due after more than one year

| | 2007 £ | 2006 £ |
|------------------------------------|------------------|------------------|
| Bank loans | - | 8,309,859 |
| Amounts owed to group undertakings | 1,028,638 | - |
| | <u>1,028,638</u> | <u>8,309,859</u> |

The bank loans are secured on the company's properties.

TURNSTONE (CAMBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

10 SHARE CAPITAL

| | 2007 £ | 2006 £ |
|---|------------|------------|
| Authorised | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

11. RESERVES

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2007 | (84,383) |
| Loss for the year | (279,499) |
| At 31 December 2007 | <u>(363,882)</u> |

12. SHAREHOLDERS' FUNDS

| | 2007 £ | 2006 £ |
|-------------------------------|------------------|-----------------|
| Opening shareholders' deficit | (84,382) | (801) |
| Loss for the year | <u>(279,499)</u> | <u>(83,581)</u> |
| Closing shareholders' deficit | <u>(363,881)</u> | <u>(84,382)</u> |

13. TRANSACTIONS WITH RELATED PARTY

As a wholly owned subsidiary of Turnstone Estates Limited, Turnstone (Cambridge) Limited has taken advantage of the exemption conferred by Financial Reporting Standards number 8 allowing departure from the requirements to disclose related party transactions with Turnstone Estates Limited and all of its subsidiaries

14. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The company is controlled by Turnstone Estates Limited

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Turnstone Estates Limited Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ

In the opinion of the directors this is the company's ultimate parent company

Turnstone Estates Limited is ultimately controlled by C W Goldsmith