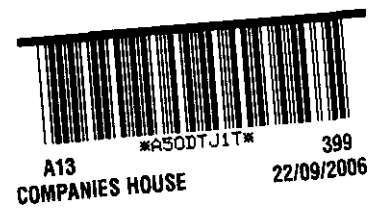


**ADDISON DEVELOPMENTS LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2006**

***Saffery Champness***  
CHARTERED ACCOUNTANTS



**ADDISON DEVELOPMENTS LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2006**

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# **ADDISON DEVELOPMENTS LIMITED**

## **COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2006**

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**Directors**                      The Hon Mrs Townshend DL  
                                        J R Townshend  
                                        G A Dobson  
                                        R I Sanderson

**Secretary**                      R I Sanderson

**Registered office**              The Estate Office  
                                        Melbury Sampford  
                                        Dorchester  
                                        Dorset  
                                        DT2 0LF

**Company number**              3343045

**Solicitors**                      Wilsons  
                                        Steynings House  
                                        Chapel Place  
                                        Fisherton Street  
                                        Salisbury  
                                        Wiltshire  
                                        SP2 7RJ

**Bankers**                        National Westminster Plc  
                                        2 Hendford  
                                        Yeovil  
                                        Somerset  
                                        BA20 1TN

**Auditors**                        Saffery Champness  
                                        1 St Stephens Court  
                                        St Stephens Road  
                                        Bournemouth  
                                        Dorset  
                                        BH2 6LA

## **ADDISON DEVELOPMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006**

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The directors submit their report and the audited financial statements for Addison Developments Limited for the year ended 31 March 2006.

#### **Principal activities**

During the year the principal activities of the company were that of an investment company and property development company.

#### **Results and review of the business**

During the year the company completed the development of one site, which is being marketed for sale, and included in stocks at the year end, but until a buyer has been found the property is being let. The company's investments were sold during the year and initial payments were made on a new major development.

The net profit for the year, after taxation, was £1,735,476 (2005: £577,999) which is taken to reserves. The directors do not recommend the payment of a dividend.

#### **Directors and their interests**

The directors who have held office throughout the year ended 31 March 2006 are as follows:

The Hon Mrs Townshend DL  
J R Townshend  
G A Dobson  
R I Sanderson

The Hon Mrs Townshend DL and J R Townshend are Trustees of the Settlement which owns all of the issued share capital of the company. No other director has any interest in the share capital of the company.

#### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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.

#### **Statement of disclosure to auditors**

- (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 in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ADDISON DEVELOPMENTS LIMITED**

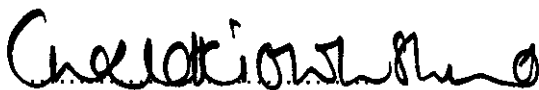
**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2006**

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**Auditors**

The auditors, Saffery Champness, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

On behalf of the Board



**The Hon Mrs Townsend DL**  
Director

18 September 2006

## **ADDISON DEVELOPMENTS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2006**

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We have audited the financial statements on pages 5 to 11.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 2, 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 the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

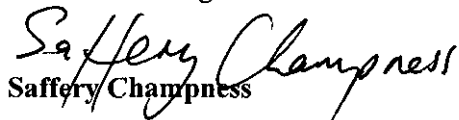
#### **Basis of opinion**

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 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 mis-statement, 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 affairs of the company as at 31 March 2006 and of its profit for the year then ended; and  
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.

  
**Saffery Champness**

18 September 2006

Chartered Accountants  
Registered Auditors

1 St Stephens Court  
St Stephens Road  
Bournemouth  
BH2 6LA

**ADDISON DEVELOPMENTS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2006**

	Notes	2006 £	2005 £
<b>Turnover</b>	<b>1</b>	140,000	-
Cost of sales		(139,813)	-
<b>Gross profit</b>		187	-
Administrative expenses		(13,498)	(17,588)
<b>Operating loss</b>		(13,311)	(17,588)
Profit on sale of investments		67,925	-
Release of provision for increase in value of quoted investments		1,645,020	600,685
Other interest receivable and similar income	<b>2</b>	43,925	5,655
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	1,743,559	588,752
<b>Taxation</b>	<b>4</b>	(8,083)	(10,753)
<b>Retained profit for the year</b>	<b>10</b>	1,735,476	577,999

The company's expenses all relate to continuing operations.

There were no recognised gains or losses during the year other than those included in the profit and loss account.

The notes and accounting policies on pages 7 to 11 form part of these financial statements.

# ADDISON DEVELOPMENTS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2006

	Notes	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Quoted investments	5		-		7,854,980
<b>Current assets</b>					
Stock and work in progress	6	9,428,223		354,723	
Debtors	7	10,765		2,400	
Cash at bank and in hand		571,474		430	
			10,010,462	357,553	
<b>Creditors: amounts falling due within one year</b>	8	(70,824)		(8,371)	
<b>Net current assets</b>			9,939,638		349,182
<b>Net assets</b>			9,939,638		8,204,162
<b>Capital reserves</b>					
Called up share capital	9		7,000,000		7,000,000
Profit and loss account	10		2,939,638		1,204,162
<b>Shareholders' funds</b>	11		9,939,638		8,204,162

The financial statements were approved by the Board on 18 September 2006 and signed on its behalf by:



The Hon Mrs Townshend DL  
Director

The notes and accounting policies on pages 7 to 11 form part of these financial statements.



## **ADDISON DEVELOPMENTS LIMITED**

### **ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006**

---

**A Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, as modified by the revaluation of quoted investments.

**B Turnover**

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers. Turnover on long term contracts is recognised in accordance with the value of work carried out to date.

**C Quoted investments**

Quoted investments are stated at market value.

**D Group accounts**

The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

**E Stocks and development work in progress**

Work in progress is valued at the lower of cost and net realisable value.

**ADDISON DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2006****1 Turnover**

Turnover arises in respect of the development activity as described on page 2. The company operates within the UK and the whole of its turnover is to the UK market.

**2 Interest receivable and similar income**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Interest receivable	9,122	3,255
Rent receivable	7,350	2,400
	<u>16,472</u>	<u>5,655</u>

**3 Profit on ordinary activities before taxation**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	1,500	1,000
	<u>1,500</u>	<u>1,000</u>

The directors received no remuneration from the company during the year (2005: nil).

The company employs no staff, but a management charge is incurred for the services of certain directors and staff employed by Ilchester Estates, a related company, of £6,274 (2005 : £8,368).

**4 Taxation**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
UK Corporation tax – (credit prior year)	5,816	(2,267)
Adjustment for prior years	2,267	13,020
	<u>8,083</u>	<u>10,753</u>
<b>Current tax charge</b>		
	<u>8,083</u>	<u>10,753</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	1,743,559	588,752
	<u>1,743,559</u>	<u>588,752</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2005 : 19%)	523,068	111,863
	<u>523,068</u>	<u>111,863</u>
Effects of:		
Increase in value of quoted investments - unrealised	(493,506)	(114,130)
Adjustments to previous periods	2,267	13,020
Marginal rate adjustment	(495)	-
Profit on sale of quoted investments covered by indexation	(23,251)	-
	<u>(514,985)</u>	<u>(101,110)</u>
	<u>8,083</u>	<u>10,753</u>

# ADDISON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2006

### 5 Quoted investments

Cost	£
At 1 April 2005	9,500,000
Disposals	(9,500,000)
At 31 March 2006	-
<b>Provision for diminution in value</b>	
At 1 April 2005	(1,645,020)
Release of provision for earlier years	1,645,020
At 31 March 2006	-
<b>Net book values</b>	
At 31 March 2006	-
At 31 March 2005	7,854,980

The principal activity of Aquarius Fund was that of an Open Ended Investment Company incorporated under the OEIC Regulations and authorised by the FSA.

At 31 March 2005 the investment comprised 950,000 units with an aggregate market value of £7,854,980. The fund was sold in its entirety on 1 February 2006 for £9,567,925.

### 6 Stock and work in progress

	2006 £	2005 £
Stock and development work in progress	9,428,223	354,723

### 7 Debtors

	2006 £	2005 £
Corporation tax	-	2,267
Other debtors and prepayments	10,765	133
	10,765	2,400

**ADDISON DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2006**

<b>8 Creditors</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Trade creditors	10,178	1,087
Other creditors	16,516	5,826
Accruals	38,314	1,458
Taxation	5,816	-
	<u>70,824</u>	<u>8,371</u>
 <b>9 Share capital</b>	 <b>2006</b>	 <b>2005</b>
	<b>£</b>	<b>£</b>
Authorised:		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
Allotted, called up and fully paid:		
7,000,000 ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
 <b>10 Profit and loss account</b>	 <b>2006</b>	 <b>2005</b>
	<b>£</b>	<b>£</b>
At 1 April 2005	1,204,162	626,163
Retained profit for the year	1,735,476	577,999
	<u>2,939,638</u>	<u>1,204,162</u>
At 31 March 2006		
 <b>11 Reconciliation of movements on shareholders' funds</b>	 <b>2006</b>	 <b>2005</b>
	<b>£</b>	<b>£</b>
Retained profit for the year	1,735,476	577,999
Opening shareholders' funds	8,204,162	7,626,163
	<u>9,939,638</u>	<u>8,204,162</u>
Closing shareholders' funds		

**12 Contingent liabilities**

The company has a contractual liability for a period of six years, commencing May 2001, to rectify any defects arising on the residential development at Bow Lane. No claims had been notified to the company by the balance sheet date.

**13 Capital commitments**

The company had no capital commitments at the year end (2005: nil).

## **ADDISON DEVELOPMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2006**

#### **14 Related party transactions**

The company is ultimately controlled by the Trustees of Ilchester Estates (2) Disentailed Estate by virtue of their 100% share ownership.

The company had the following related party with whom transactions were undertaken during the year:

Ilchester Estates	- a company whose shares are owned by the same Trustees as the company's ultimate controlling party.
Evershot Construction Limited	- a company whose shares are owned by the same Trustees as the company's ultimate controlling party.
The Trustees of Mrs Townshend's Settlement (5)	- a trust with the same Trustees as the company's ultimate controlling party.

During the year the following transactions took place:

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Management charges made from Ilchester Estates	15,274	8,368
Construction services provided by Ilchester Estates	487	125,314
Sale of development land to Evershot Construction Limited	140,000	-
Related party balances at 31 March 2006 were as follows:		
Creditor balances	15,000	5,826

The company has a put and call option with The Trustees of Mrs Townshend's Settlement (5) in relation to a property currently owned by The Trustees of Mrs Townshend's Settlement (5), which if either option is exercised would result in the company acquiring the property for £2,175,000.