

ADDISON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2007



Saffery Champness
CHARTERED ACCOUNTANTS

ADDISON DEVELOPMENTS LIMITED

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FOR THE YEAR ENDED 31 MARCH 2007**

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COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2007

Directors	The Hon Mrs Townshend DL J R Townshend G A Dobson (resigned 2 July 2007) R I Sanderson
Secretary	R I Sanderson
Registered office	The Estate Office Melbury Sampford Dorchester Dorset DT2 0LF
Company number	3343045
Solicitors	Wilsons Solicitors LLP 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 2007

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

Principal activities

During the year the principal activities of the company continued to be that of a property development company

Directors

The following directors have held office since 1 April 2006

The Hon Mrs Townshend DL
J R Townshend
G A Dobson (resigned 2 July 2007)
R I Sanderson

Auditors

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

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

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 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



The Hon Mrs Townshend DL
Director

26 September 2007

ADDISON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Addison Developments Limited on pages 5 to 12 for the year ended 31 March 2007. These financial statements are prepared under the historical cost convention and the accounting policies set out therein.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 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 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 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.

ADDISON DEVELOPMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2007 (continued)**

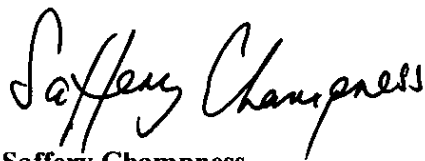
Opinion

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's affairs as at 31 March 2007 and of its profit for the year then ended, and

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



Saffery Champness

26 September 2007

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 2007**

	Notes	2007 £	2006 £
Turnover	1	-	140,000
Cost of sales		-	(139,813)
Gross profit		-	187
Administrative expenses		(22,826)	(13,498)
Operating loss		(22,826)	(13,311)
Profit on sale of investments		-	67,925
Release of provision on increase in value of quoted investments		-	1,645,020
Other interest receivable and similar income	2	31,558	43,925
Profit on ordinary activities before taxation	3	8,732	1,743,559
Taxation	4	(1,659)	(8,083)
Retained profit for the year	10	7,073	1,735,476

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

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

The accounting policies and notes on pages 7 to 12 form part of these financial statements

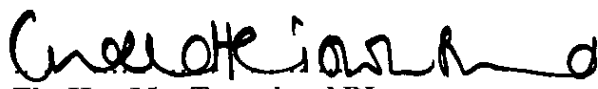
ADDISON DEVELOPMENTS LIMITED**BALANCE SHEET
AS AT 31 MARCH 2007**

	Notes	£	2007 £	£	2006 £
Fixed asset investments	5		25,437		-
Current assets					
Stock and work in progress	6	10,674,672		9,428,223	
Debtors	7	34,370		10,765	
Cash at bank and in hand		4,514		571,474	
			<u>10,713,556</u>	<u>10,010,462</u>	
Creditors: amounts falling due within one year	8	<u>(792,282)</u>		<u>(70,824)</u>	
Net current assets			<u>9,921,274</u>		<u>9,939,638</u>
Net assets			<u>9,946,711</u>		<u>9,939,638</u>
Capital reserves					
Called up share capital	9		7,000,000		7,000,000
Profit and loss account	10		2,946,711		2,939,638
Shareholders' funds	11		<u>9,946,711</u>		<u>9,939,638</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The notes and accounting policies on pages 7 to 12 form part of these financial statements

The financial statements were approved by the Board on 26 September 2007 and signed on its behalf by


The Hon Mrs Townshend DL
Director

ADDISON DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2007

A Accounting policies

The financial statements have been prepared under the historical cost convention

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 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

D Stocks and development work in progress

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

E Investments

Shares in subsidiaries held as fixed assets are stated at cost less provision for any permanent diminution in value. Fixed asset joint ventures are stated at cost less provision for any permanent diminution in value

ADDISON DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007****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

	2007	2006
	£	£
Interest receivable	16,533	9,122
Rent receivable	9,000	7,350
Other income	6,025	27,453
	<u>31,558</u>	<u>43,925</u>

3 Profit on ordinary activities before taxation

	2007	2006
	£	£
The profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration	<u>2,000</u>	<u>1,500</u>

The directors received no remuneration from the company during the year (2006 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 £20,378 (2006 £6,274)

4 Taxation

	2007	2006
	£	£
Domestic current year tax		
UK Corporation tax	1,659	5,816
Adjustment for prior years	-	2,267
Current tax charge	<u>1,659</u>	<u>8,083</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>8,732</u>	<u>1,743,559</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2006 30%)	<u>1,659</u>	<u>523,068</u>
Effects of		
Increase in value of quoted investments - unrealised	-	(493,506)
Adjustments to previous periods	-	2,267
Marginal rate adjustment	-	(495)
Profit on sale of quoted investments covered by indexation	-	(23,251)
	<u>-</u>	<u>(514,985)</u>
	<u>1,659</u>	<u>8,083</u>

ADDISON DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2007****5 Fixed asset investments**

	Unlisted Investments £
Cost	
At 31 March 2007	25,437
Provisions for diminution in value	
At 31 March 2007	-
Net book value	
At 31 March 2007	25,437

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	Class	Shares held %
Addison Developments One Limited	England & Wales	Ordinary	100
Addison Developments Two Limited	England & Wales	Ordinary	100
Moorcrest Solutions Limited	British Virgin Islands	Ordinary	100
Roofletter Limited	England & Wales	Ordinary "A"	-
		Ordinary "B"	100

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

	Principal activity	Capital and reserves	Profit for the year
Addison Developments One Limited	Dormant	1	-
Addison Developments Two Limited	Dormant	1	-
Moorcrest Solutions Limited	Holding Company	25,400	-
Roofletter Limited	Operational company for 224 High Street Kensington Partnership LLP	100	-

Joint ventures**224 High Street Kensington LLP**

The partnership was incorporated on 7 March 2007 and entered into on 19 March 2007. As at the year end the partnership had not commenced any trading activity, but was set up to trade as a property developer.

A 25% share is held in 224 High Street Kensington LLP via Moorcrest Solutions Limited. The partnership is registered in England for the purpose of the development of the site at the location described on the partnerships title. Moorcrest Solutions Limited has a beneficial right to 35% of the partnership profits.

ADDISON DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2007****6 Stock and work in progress**

	2007	2006
	£	£
Stock and development work in progress	<u>10,674,672</u>	<u>9,428,223</u>

7 Debtors

	2007	2006
	£	£
Other debtors and prepayments	<u>34,370</u>	<u>10,765</u>

8 Creditors

	2007	2006
	£	£
Amounts falling due within one year		
Trade creditors	21,436	10,178
Other creditors	539,031	16,516
Accruals	230,156	38,314
Taxation	1,659	5,816
	<u>792,282</u>	<u>70,824</u>

9 Share capital

	2007	2006
	£	£
Authorised		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
7,000,000 ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>

10 Profit and loss account

	2007	2006
	£	£
At 1 April 2006	2,939,638	1,204,162
Retained profit for the year	7,073	1,735,476
	<u>2,946,711</u>	<u>2,939,638</u>
At 31 March 2007		

11 Reconciliation of movements on shareholders' funds

	2007	2006
	£	£
Retained profit for the year	7,073	1,735,476
Opening shareholders' funds	9,939,638	8,204,162
	<u>9,946,711</u>	<u>9,939,638</u>
Closing shareholders' funds		

ADDISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2007

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 (2006 nil).

14 Events since the Balance Sheet date

On 20 April 2007 Addison Developments Limited confirmed its intention to purchase a leasehold interest in a property for £38.8 million.

15 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

ADDISON DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2007**

15 Related party transactions (continued)

During the year the following transactions took place

	2007	2006
	£	£
Management charges made from Ilchester Estates	<u>20,378</u>	<u>21,274</u>
Construction services provided by Ilchester Estates	<u>-</u>	<u>487</u>
Sale of development land to Evershot Construction Limited	<u>-</u>	<u>140,000</u>
Related party balances at 31 March 2007 were as follows		
Debtor balances	<u>3,438</u>	<u>-</u>
Creditor balances	<u>512,000</u>	<u>15,000</u>

All transactions with related parties were conducted on normal commercial terms