

Flagship Investments Limited

Registered number 04199377

Director's report and financial statements

For the year ended 31 March 2008

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FLAGSHIP INVESTMENTS LIMITED

COMPANY INFORMATION

Director	HN Sharif
Company secretary	W Ahmed
Company number	04199377
Registered office	Tower Bridge House St Katharine's Way London E1W 1DD
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

FLAGSHIP INVESTMENTS LIMITED

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FLAGSHIP INVESTMENTS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2008

The director presents his report and the financial statements for the year ended 31 March 2008

Principal activities

The principal activity of the company continued to be that of property investment

Director

The director who served during the year was

HN Sharif

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Provision of information to auditors

The director at the time when this director's report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he 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

FLAGSHIP INVESTMENTS LIMITED

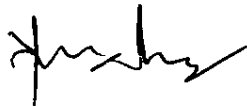
DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2008

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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

This report was approved by the board on 22/09/2008 and signed on its behalf



HN Sharif
Director

FLAGSHIP INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FLAGSHIP INVESTMENTS LIMITED

We have audited the financial statements of Flagship Investments Limited for the year ended 31 March 2008, set out on pages 5 to 13. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing 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 director's 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 director 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 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.

FLAGSHIP INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FLAGSHIP INVESTMENTS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2008 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 director's report is consistent with the financial statements

Mazars LLP

Mazars LLP

Chartered Accountants
Registered Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date *22/09/2008*

FLAGSHIP INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
Turnover		215,559	225,702
Cost of sales		(73,664)	(53,834)
Gross profit		141,895	171,868
Administration expenses		(106,403)	(45,088)
Operating profit	3	35,492	126,780
Exceptional items			
Net profit on sale of tangible fixed assets		-	28,413
Lease Surrender		-	100,000
Profit on ordinary activities before interest		35,492	255,193
Interest receivable		79	690
Interest payable		(248,852)	(252,646)
(Loss)/profit on ordinary activities before taxation		(213,281)	3,237
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit on ordinary activities after taxation	11	(213,281)	3,237

The notes on pages 8 to 13 form part of these financial statements

FLAGSHIP INVESTMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008

	2008 £	2007 £
(Loss)/profit for the financial year	(213,281)	3,237
Unrealised surplus on revaluation of tangible fixed assets	310,000	50,309
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	96,719	53,546
	<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements

FLAGSHIP INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible fixed assets	5		5,207,422		4,857,449
Fixed asset investments	6		101		101
			<u>5,207,523</u>		<u>4,857,550</u>
Current assets					
Debtors	7	291,307		104,878	
Cash at bank		39,314		359,562	
		<u>330,621</u>		<u>464,440</u>	
Creditors , amounts falling due within one year	8	(565,008)		(174,774)	
Net current (liabilities)/assets			<u>(234,387)</u>		<u>289,666</u>
Total assets less current liabilities			4,973,136		5,147,216
Creditors , amounts falling due after more than one year	9		(4,334,331)		(4,605,130)
Net assets			<u>638,805</u>		<u>542,086</u>
Capital and Reserves					
Called up share capital	10		1		1
Revaluation reserve	11		965,289		655,289
Profit and loss account	11		(326,485)		(113,204)
Shareholder's funds	12		<u>638,805</u>		<u>542,086</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 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

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

22/09/2008



HN Sharif
Director

The notes on pages 8 to 13 form part of these financial statements

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

1.2 Compliance with accounting policies

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except where otherwise stated)

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property and long leasehold	-	-	No depreciation
Leasehold improvements	-	10%	over the term of the lease
Fixtures, fittings and equipment	-	20%	reducing balance
Computer equipment	-	25%	reducing balance

In accordance with Statement Accounting Practice No 19

- investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and
- no depreciation or amortisation is provided in respect of freehold properties and leasehold investment properties with over 20 years to run

This treatment, with regards to the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.4 Investments

Current asset investments are stated at the lower of cost and net realisable value

1.5 Turnover

Turnover represents the rents receivable from leasing investment properties

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. Accounting policies (continued)

1.6 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

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

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

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has, therefore, taken advantage of the exemptions provided by section 248 of the Companies Act 1985 and has not prepared group accounts

1.9 Finance costs

The costs of obtaining finance are written off in the year in which they are incurred

2. Turnover

All turnover is attributable to the United Kingdom

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

3 Operating profit

The operating profit is stated after charging

	2008 £	2007 £
Depreciation of tangible fixed assets		
- fixtures, fittings and equipment	16,107	6,308
- leasehold improvements	9,575	2,126
Auditors' remuneration	7,867	6,000

During the year, the director did not receive any emoluments (2007 - £NIL)

4. Taxation

Due to tax losses, there is no charge to UK corporation tax

5. Tangible fixed assets

	Freehold property £	Long leasehold property £	Furniture, fixtures and equipment £	Leasehold improvements £	Total £
Cost or valuation					
At 1 April 2007	2,025,000	2,725,000	51,120	85,014	4,886,134
Additions	-	-	54,917	10,738	65,655
Revaluation surplus	50,000	260,000	-	-	310,000
At 31 March 2008	2,075,000	2,985,000	106,037	95,752	5,261,789
Depreciation					
At 1 April 2007	-	-	26,559	2,126	28,685
Charge for the year	-	-	16,107	9,575	25,682
At 31 March 2008	-	-	42,666	11,701	54,367
Net book value					
At 31 March 2008	2,075,000	2,985,000	63,371	84,051	5,207,422
At 31 March 2007	2,025,000	2,725,000	24,561	82,888	4,857,449

The investment properties are shown at the director's valuation at the year end. On a historical cost basis the investment property would be stated at £1,948,489 (2007 £1,948,489) in respect of freehold and £2,146,222 (2007 £2,146,222) for long leasehold.

The properties have been provided as security for the loans reflected in note 9.

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

6 Fixed asset investments

	Shares in subsidiary undertaking and joint arrangement £
Cost or valuation	
At 1 April 2007 and 31 March 2008	101

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary Undertaking			
Flagship Securities Limited	United Kingdom	Ordinary	100
Joint arrangement			
Hartstone Properties Limited	United Kingdom	Ordinary	50

The aggregate amount of capital and reserves and the results of the subsidiary undertaking for the last relevant financial year are as follows

Company name	Principal activity	Capital and reserves 2008 £	Profit for the year 2008 £
Flagship Securities Limited	Securities trading	(157,052)	(378,240)

Hartstone Properties Limited was set up as a joint venture with Northern and Midlands Holdings Limited, to be the nominee holder of freehold property. Each venturer has exposure to 50% of all risks and returns relating to this property in accordance with the Joint Venture Agreement dated 30 April 2002.

In accordance with the Financial Reporting Standard 5, "Reporting the substance of transactions", 50% of this property has been treated as owned by Flagship Investments Limited. Included in tangible fixed assets under freehold investment properties is £1,650,000 (2007 £1,600,000) relating to this property. Included in rent receivable is £134,875 (2007 £122,500) relating to rental income from this property.

7 Debtors

	2008 £	2007 £
Amount owed by subsidiary undertaking	175,274	-
Other debtors	116,033	104,878
	<u>291,307</u>	<u>104,878</u>

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

8 Creditors: Amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	-	992
Amounts owed to related undertakings	511,840	123,909
Other creditors	53,168	49,873
	<u>565,008</u>	<u>174,774</u>

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

	2008	2007
	£	£
Bank loans	3,204,664	2,935,000
Other creditors	1,129,667	1,670,130
	<u>4,334,331</u>	<u>4,605,130</u>

Analysis of loans

	2008	2007
	£	£
Wholly repayable within 5 years	<u>4,334,331</u>	<u>4,605,130</u>

The bank and building society loans are secured against the properties held by the company as well as a debenture over the whole of the assets of the company

10. Share capital

	2008	2007
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

FLAGSHIP INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

11 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2007	655,289	(113,204)
Loss for the year		(213,281)
Surplus on revaluation of freehold property	310,000	
At 31 March 2008	<u>965,289</u>	<u>(326,485)</u>

12 Reconciliation of movement in shareholder's funds

	2008 £	2007 £
Opening shareholder's funds	542,086	488,539
(Loss)/profit for the year	(213,281)	3,237
Shares issued during the year	-	1
Other recognised gains and losses during the year	310,000	50,309
Closing shareholder's funds	<u>638,805</u>	<u>542,086</u>

13. Related party transactions

Included in other creditors falling due after more than one year is an amount of £1,129,667 (2007 £1,670,130) due to HN Sharif, the director and ultimate controlling party. The loan is interest free and there are no fixed repayment terms. However the director has agreed to subordinate the sum of £250,000 for such time as the bank loans remain outstanding.

Included in creditors falling due within one year are amounts of £312,288 (2007 £116,547) due to Que Holdings Limited and £199,552 (2007 £nil) due to Quint Paddington Limited. Both companies are under common ownership.

Included in administration expenses is an amount of £49,183 (2007 £33,746) relating to the sharing of staff and office costs with Flagship Securities Limited, a wholly-owned subsidiary. Included in debtors is an amount of £175,274 (2007 £7,362 in creditors) due from that company.

14. Controlling party

The ultimate controlling party is HN Sharif by virtue of his 100% holding in the company.