

**DRAYCOTT INVESTMENTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2007**

**REGISTRAR'S COPY  
OF ACCOUNTS**



**Cavendish**  
Chartered Certified Accountants  
Registered Auditors  
61 Chandos Place  
London WC2N 4HG

# DRAYCOTT INVESTMENTS LIMITED

## COMPANY INFORMATION

---

**Directors**

A M Khalastchi  
P S D Khalastchi  
D Peltz  
G J Hayhurst

**Secretary**

A K Tanna

**Company number**

04339695

**Registered office**

61 Chandos Place  
London  
WC2N 4HG

**Auditors**

Cavendish  
Chartered Certified Accountants  
Registered Auditors  
61 Chandos Place  
London WC2N 4HG

**Business address**

3 Court Lodge  
48 Sloane Square  
London SW1W 8AT

---

# **DRAYCOTT INVESTMENTS LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 11

---

# DRAYCOTT INVESTMENTS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2007**

---

The directors present their report and financial statements for the year ended 30 April 2007

### Principal activities

The principal activity of the company continued to be that of nominee bare trust company acting on behalf of a joint venture. The principal activity of the joint venture is property investment.

### Directors

The following directors have held office since 1 May 2006

A M Khalastchi  
P S D Khalastchi  
D Peltz  
G J Hayhurst

### Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	30 April 2007	1 May 2006
A M Khalastchi	-	-
P S D Khalastchi	-	-
D Peltz	-	-
G J Hayhurst	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cavendish be reappointed as auditors of the company will be put to the Annual General Meeting

# DRAYCOTT INVESTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2007**

---

### **Directors' responsibilities**

The directors are responsible for preparing 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 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 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.

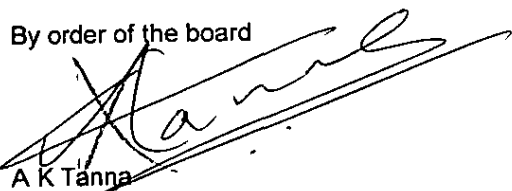
### **Statement of disclosure to auditor**

(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.

By order of the board



A K Tanna

Secretary

24 August 2007

# **DRAYCOTT INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF DRAYCOTT INVESTMENTS LIMITED**

---

We have audited the financial statements of Draycott Investments Limited for the year ended 30 April 2007 set out on pages 5 to 11. 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 2005).

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

The directors' 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 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 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.

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 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 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 11 to the financial statements.

# DRAYCOTT INVESTMENTS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

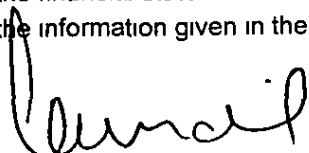
### TO THE SHAREHOLDERS OF DRAYCOTT INVESTMENTS LIMITED

---

#### 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 30 April 2007 and of its result 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



Cavendish

Chartered Certified Accountants  
Registered Auditors

28 August 2007

61 Chandos Place  
London WC2N 4HG

# DRAYCOTT INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2007

	Notes	2007 £	2006 £
Turnover		976,884	1,116,283
Property management expenses		(1,739,445)	(1,308,185)
Administrative expenses		(38,441)	(4,273)
<b>Operating loss</b>	<b>2</b>	<b>(801,002)</b>	<b>(196,175)</b>
(Loss)/Profit on sale of investment properties		(15,371)	261,056
<b>(Loss)/profit on ordinary activities before interest</b>		<b>(816,373)</b>	<b>64,881</b>
Other interest receivable and similar income		1,461	624
Interest payable and similar charges		(836,153)	(706,022)
<b>Loss on ordinary activities before taxation</b>		<b>(1,651,065)</b>	<b>(640,517)</b>
Tax on loss on ordinary activities	<b>4</b>	-	-
<b>Loss on ordinary activities after taxation</b>	<b>10</b>	<b>(1,651,065)</b>	<b>(640,517)</b>



# DRAYCOTT INVESTMENTS LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 2007

---

	2007 £	2006 £
Loss for the financial year	(1,651,065)	(640,517)
Unrealised surplus on revaluation of properties	418,459	1,614,306
<b>Total recognised gains and losses relating to the year</b>	<b>(1,232,606)</b>	<b>973,789</b>

---

### Note of historical cost profits and losses

	2007 £	2006 £
Reported loss on ordinary activities before taxation	(1,651,065)	(640,517)
Realisation of property revaluation gains of previous years	1,651,065	640,517
<b>Historical cost loss on ordinary activities before taxation</b>	<b>-</b>	<b>-</b>
<b>Historical cost loss for the year retained after taxation, extraordinary items and dividends</b>	<b>-</b>	<b>-</b>

---

# DRAYCOTT INVESTMENTS LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	5	16,325,000		18,500,000	
<b>Current assets</b>					
Debtors	6	695,024		57,545	
Cash at bank and in hand		30,993		608	
		<u>726,017</u>		<u>58,153</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(4,155,174)</u>		<u>(3,891,601)</u>	
<b>Net current liabilities</b>		<u>(3,429,157)</u>		<u>(3,833,448)</u>	
<b>Total assets less current liabilities</b>		12,895,843		14,666,552	
<b>Creditors: amounts falling due after more than one year</b>	8	<u>(11,283,815)</u>		<u>(10,985,000)</u>	
		<u>1,612,028</u>		<u>3,681,552</u>	
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Revaluation reserve	10	1,612,026		3,681,550	
<b>Shareholders' funds</b>		<u>1,612,028</u>		<u>3,681,552</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on 24 August 2007

  
P S D Khalastchi  
Director

  
D Peltz  
Director

# DRAYCOTT INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

#### 1.2 Turnover

Turnover represents amounts receivable for rents and sundry income

#### 1.3 Tangible fixed assets and depreciation

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

#### 1.4 Deferred taxation

Deferred tax is recognised in respect of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using a full provision basis. Deferred tax is measured on a non-discounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates or laws enacted or substantively enacted at the balance sheet date

Deferred tax assets are only recognised when they arise from timing differences where their recoverability is regarded as more likely than not

In accordance with FRS 19, deferred tax is not recognised on unrealised property revaluation surpluses unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements

<b>2 Operating loss</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging		
Auditors' remuneration	4,000	3,500
	<u>          </u>	<u>          </u>
<b>3 Investment income</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank interest	459	54
Other interest	1,002	570
	<u>          </u>	<u>          </u>
	<u>1,461</u>	<u>624</u>

# DRAYCOTT INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

### 4 Taxation

On the basis of these financial statements no provision has been made for corporation tax

### 5 Tangible fixed assets

	Investment properties £
<b>Valuation</b>	
At 1 May 2006	18,500,000
Additions	4,493,459
Revaluation	(418,459)
Disposals	(6,250,000)
	<u>16,325,000</u>
At 30 April 2007	<u>16,325,000</u>

The investment properties were revalued to open market value as at 30 April 2007 by the directors

On an historical cost basis these would have been included at an original cost of £14,712,974 (2006 - £14,818,450)

If all the investment properties were sold for the revalued amount, an estimated tax liability of £330,000 (2005 £950,000) would arise

6 Debtors	2007 £	2006 £
Trade debtors	55,613	696
Other debtors	639,411	56,849
	<u>695,024</u>	<u>57,545</u>

7 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	188,409	193,902
Trade creditors	7,050	9,110
Taxation and social security	478,049	157
Participators' loan accounts (Note 12)	3,181,454	3,476,985
Other creditors	300,212	211,447
	<u>4,155,174</u>	<u>3,891,601</u>

# DRAYCOTT INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

8 Creditors amounts falling due after more than one year	2007 £	2006 £
Bank loans	11,283,815	10,985,000
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	225,000	848,255
Not wholly repayable within five years other than by instalments	4,765,443	1,517,158
Wholly repayable within five years	6,461,372	8,781,587
	11,451,815	11,147,000
Included in current liabilities	(168,000)	(162,000)
	11,283,815	10,985,000
Instalments not due within five years	225,000	848,255

The loans are secured by fixed charges over the company's investment properties. The loans are repayable on the earlier of the loan repayment date and the date of the sale of the relevant property on which the loan is secured.

9 Share capital	2007 £	2006 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2

10 Statement of movements on reserves	Revaluation reserve £	Profit and loss account £
Balance at 1 May 2006	3,681,550	-
Loss for the year	-	(1,651,065)
Transfer from revaluation reserve to profit and loss account	(1,651,065)	1,651,065
Revaluation during the year	(418,459)	-
Balance at 30 April 2007	1,612,026	-

# DRAYCOTT INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

### 11 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

### 12 Related party transactions

The beneficial owners of the company are Flodrive Holdings Limited (50%) and London Freeholds Plc (50%)  
The movements on the joint venture participants' loan accounts (note 7) were as follows

	At 30 April 2005 £	Fundings/ drawings £	Share of joint venture £	At 30 April 2006 £
<b>Joint venture participants' loan accounts</b>				
Flodrive Holdings Limited	1,738,493	(962,175)	814,409	1,590,727
London Freeholds Plc	1,738,493	(962,175)	814,409	1,590,727
	<u>3,476,986</u>	<u>(1,924,350)</u>	<u>1,628,818</u>	<u>3,181,454</u>

Included in other debtors are amounts totalling £518,579 (2006 £56,849) due from Flodrive Holdings Limited  
Two of the company's directors, P S Khalastchi and A M Khalastchi, are also directors and shareholders of Flodrive Holdings Limited

Included in trade debtors and other debtors are amounts totalling £67,019 (2006 £nil) and £27,797 (2006 £nil) respectively due from Oxford Hotels & Inns Management Limited (OHIML) P S D Khalastchi and A M Khalastchi are also directors of OHIML

Included in property management expenses are licence fees payable to OHIML totalling £55,515 (2006 £nil)  
During the year the company received interest of £824 (2006 £nil) and recovered insurance of £1,479 (2006 £nil) from OHIML As at 30 April 2007, amounts totalling £1,479 (2006 £nil) were outstanding and included in accrued income

Also included in property management expenses are management charges of £17,421 (2006 £17,151) paid to Flodrive Holdings Limited