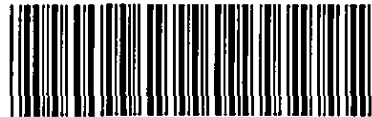

MOUNTGRANGE LAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

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COMPANIES HOUSE

MOUNTGRANGE LAND LIMITED

COMPANY INFORMATION

DIRECTORS	M T Myers Esq S A Corner Esq
SECRETARY	N A Berry Esq
COMPANY NUMBER	04401506
REGISTERED OFFICE	13 Albemarle Street Mayfair London W1S 4HJ
AUDITORS	Brett Adams Chartered Accountants & Registered Auditors 25 Manchester Square London W1U 3PY
BANKERS	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR

MOUNTGRANGE LAND LIMITED

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MOUNTGRANGE LAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and the financial statements for the year ended 31 March 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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,
- 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.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period under review was that of a holding company.

The directors are satisfied with the results of the company and view the coming year with optimism.

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	31/3/06	1/4/05
M T Myers Esq	200	200

S A Corner Esq was appointed a director on 10 January 2007

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made charitable donations amounting to £500,000

MOUNTGRANGE LAND LIMITED

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

AUDITORS

On the 29 August 2006, Barnes Roffe LLP resigned as auditors and the directors appointed Brett Adams to fill the vacancy arising. A resolution for the reappointment of Brett Adams as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The report of the directors 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 *29 March 2007* and signed on its behalf

M T Myers Esq
Director



MOUNTGRANGE LAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE LAND LIMITED

We have audited the financial statements of Mountgrange Land Limited for the year ended 31 March 2006 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 2005).

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 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 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 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.

MOUNTGRANGE LAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE LAND 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 2006 and of its profit 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



BRETT ADAMS
Chartered Accountants
Registered Auditors
25 Manchester Square
London
W1U 3PY

Date 30/3/2007

MOUNTGRANGE LAND LIMITED

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

	Note	2006 £	2005 £
Administrative expenses		<u>(534,499)</u>	<u>(15,942)</u>
OPERATING LOSS	2	(534,499)	(15,942)
Income from investments in related companies		1,345,418	-
Income from other fixed asset investments		-	32,000
Interest payable		<u>(201,231)</u>	<u>(238,835)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		609,688	(222,777)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u>609,688</u>	<u>(222,777)</u>

All amounts relate to the continuing operations

There are no other recognised gains or losses in for the period, other than the profit or loss

The notes on pages 7 to 13 form part of these financial statements

MOUNTGRANGE LAND LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Fixed asset investments	4	1,867,548	1,867,548
CURRENT ASSETS			
Debtors	5	7,377,501	6,844,434
Cash at bank		45,338	-
		<u>7,422,839</u>	<u>6,844,434</u>
CREDITORS: amounts falling due within one year	6	<u>(444,447)</u>	<u>(225,730)</u>
NET CURRENT ASSETS		<u>6,978,392</u>	<u>6,618,704</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,845,940</u>	<u>8,486,252</u>
CREDITORS: amounts falling due after more than one year	7	<u>(1,682,200)</u>	<u>(1,682,200)</u>
NET ASSETS		<u>7,163,740</u>	<u>6,804,052</u>
CAPITAL AND RESERVES			
Called up share capital	8	200	200
Other reserves	9	99,900	99,900
Profit and loss account	9	7,063,640	6,703,952
SHAREHOLDERS' FUNDS		<u>7,163,740</u>	<u>6,804,052</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 2005)

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

29 March 2007


M T Myers Esq
Director

The notes on pages 7 to 13 form part of these financial statements

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

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 the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.5 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.

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

2. OPERATING LOSS

The operating loss is stated after charging

	2006 £	2005 £
Auditors' remuneration	2,500	2,337
Directors' emoluments	4,085	8,172

3. TAXATION

Factors affecting tax charge for the year

The profit for the year included dividend income amounting to £1,345,418, which is not subject to tax and charitable donations during the year amounting to £500,000 that have not been relieved against profits. This means that taxable losses amounting to £235,730 arise for the year.

Factors that may affect future tax charges

At the year end, the company has taxable losses amounting to £595,274 (2005: £359,544) available for carrying forward and offsetting against future profits.

4. FIXED ASSET INVESTMENTS

		Shares in group under- takings £	Sub total carried forward £
Cost or valuation			
At 1 April 2005 and 31 March 2006		60,577	60,577
	Sub total brought forward £	Unlisted invest- ments £	Other invest- ments £
Cost or valuation			Total £
At 1 April 2005 and 31 March 2006	60,577	1,694,631	1,867,548

MOUNTGRANGE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

4. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The subsidiary and associate undertakings are detailed in note 15

Mountgrange Stud Limited
Mountgrange Farms & Stables Limited
Mountgrange (Kingsdown Stables) Limited
Buxstat Limited
Buxstat Investments Limited

The aggregate of the share capital and reserves as at 31 March 2006 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Mountgrange Stud Limited	(7,373,052)	(1,530,146)
Mountgrange Farms & Stables Limited	1,417,205	(280,601)
Mountgrange (Kingsdown Stables) Limited	24,541	-
Buxstat Limited	100,693	1,919
Buxstat Investments Limited	89,992	20,768
	<hr/>	<hr/>

Buxstat Limited was liquidated after the year end and the investment realised

5 DEBTORS

	2006	2005
	£	£
Amounts owed by group undertakings	7,277,486	6,618,774
Other debtors	100,015	225,660
	<hr/>	<hr/>
	7,377,501	6,844,434

Included in other debtors due within one year, is a loan to M T Myers Esq , £Nil (2005 £125,660) The maximum outstanding during the year was £271,555 (2005 £125,660)

MOUNTGRANGE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

6 CREDITORS:

Amounts falling due within one year

	2006	2005
	£	£
Bank loans and overdrafts	-	45,664
Trade creditors	11,163	-
Amounts owed to participating interests	24,541	-
Amounts owed to joint ventures	303,495	176,068
Other creditors	105,248	3,998
	<u>444,447</u>	<u>225,730</u>

Bank loans and overdrafts amounting to £Nil (2005 £45,644) are secured

7. CREDITORS:

Amounts falling due after more than one year

	2006	2005
	£	£
Amounts owed to participating interests	<u>1,682,200</u>	<u>1,682,200</u>

8. SHARE CAPITAL

	2006	2005
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

9. RESERVES

	Other reserves	Profit and loss account
	£	£
At 1 April 2005	99,900	6,703,952
Profit retained for the year		609,688
Dividends Equity capital		(250,000)
	<u>99,900</u>	<u>7,063,640</u>
At 31 March 2006		

MOUNTGRANGE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

10. DIVIDENDS

	2006 £	2005 £
Dividends paid on equity capital	<u>250,000</u>	<u>-</u>

11. CONTINGENT LIABILITIES

The company's bankers hold a Cross Corporate Guarantee between the company, Mountgrange Stud Limited and Mountgrange Farms and Stables Limited. The directors consider it to be a remote possibility that the company will incur a liability under this guarantee and, therefore, no provision is considered necessary in these accounts. The total amount outstanding under the guarantee at the year end, amounted to £5,014,219 (2005 £5,269,413)

The company's bankers have provided an amalgamated group facility of an agreed overdraft of £5,000,000. This is secured by a debenture granted to the banker covering the whole of the assets of the company.

The company has provided an Unlimited Company Guarantee to secure all the liabilities of its subsidiary, Mountgrange Farms and Stables Limited, to HSBC Private Bank. The directors consider it to be a remote possibility that the company will incur a liability under this guarantee and, therefore, no provision is considered necessary in these accounts. The total amount outstanding under this guarantee at the year end, amounted to £2,762,408 (2005 £nil)

12. TRANSACTIONS WITH DIRECTORS

During the year, the company was loaned £500,000 (2005 £450,000) by M T Myers Esq, a director and shareholder of the company, of this amount £300,000 (2005 £300,000) was repaid. In addition, the company paid net expenses on behalf of M T Myers Esq amounting to £257,037 (2005 £406,089). The amount owing to M T Myers at the year end amounts to £99,750 (2005 owed by £125,660).

MOUNTGRANGE LAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

13. RELATED PARTY TRANSACTIONS

During the year, Mountgrange Farms and Stables Limited, a subsidiary undertaking, incurred net expenses on behalf of the company amounting to £28,562 (2005 loan to £96,615) The amount due from Mountgrange Farms and Stables Limited amounted to £1,453,413 (2005 £1,531,325)

During the year, the company made a loan to Mountgrange Stud Limited, a subsidiary undertaking, of £750,000 (2005 £Nil) The loan is interest free and is included with previous advances Mountgrange Stud Limited paid net expenses of £13,390 (2005 £Nil) on behalf of the company At the year end the amount due from Mountgrange Stud Limited amounted to £5,824,058 (2005 £5,087,448)

During the year, the company paid expenses on behalf of Buxstat Investments Limited, a subsidiary undertaking, amounting to £15 (2005 £nil), the amount owing from Buxstat Investments Limited at the year end amounted to £15 (2005 £nil)

M T Myers Esq had an interest in the following transactions due to his directorships and or shareholding in the following companies, Mountgrange Limited, Buxstat Investments Limited and Moorlake Properties Limited

Mountgrange Limited paid net expenses of £127,428 (2005 (£40,320)), on behalf of the company At 31 March 2006 an amount of £303,495 (2005 £176,067) was due within one year to Mountgrange Limited

During the year ended 31 March 2005, Mountgrange Limited sold its holding of 5,268 ordinary £0.05 shares in an unlisted investment, Cashcade Limited, to the company The sale proceeds on the disposal of the shares amounted to £932,200 which was equal to the cost of the shares to Mountgrange Limited The sale proceeds form a loan to Mountgrange Limited

On the date of transfer of these shares Mountgrange Limited also loaned the company £750,000 The £1,682,200 total of the two loans outstanding at 31 March 2005 and 2006 is payable to Mountgrange Limited on the earlier of the sale of the Cashcade Limited shares by the company or 31 December 2007 Interest payable on the loans will be five percent of any profit after tax on disposal of Cashcade Limited shares by the company and five percent of any dividends received in respect of these shares

Since the year end, the loans have been repaid together with a profit share, even though the Cashcade shares are still held

During the year, the company paid expenses on behalf of Moorlake Properties Limited of the company, of £15 (2005 £1,100) The amount due from Moorlake Properties Limited for the year ended 31 March 2006 amounted to £100,015 (2005 £100,000)

14. CONTROLLING PARTY

M T Myers Esq is the ultimate controlling party

MOUNTGRANGE LAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

15. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

a Principal subsidiaries

Company name	Class of shares	Percentage Shareholding	Description
Mountgrange Stud Limited	Ordinary	100	Horse racing and stud farming
Mountgrange Farms & Stables Limited	Ordinary	100	Management of farms and stables
Mountgrange (Kingsdown Stables) Limited	Ordinary	100	Dormant
Buxstat Limited	Ordinary	59 875	Investment company
	Golden	1	
Buxstat Investments Limited	Ordinary	59 875	Investment company

b. Principal associates

Company name	Class of shares	Percentage Shareholding	Description
Mountgrange Capital Plc	Ordinary	44 847	Holding and management company