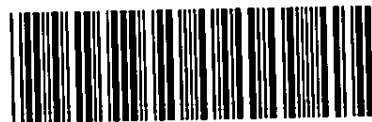

MOUNTGRANGE LAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

FRIDAY



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MOUNTGRANGE LAND LIMITED

COMPANY INFORMATION

DIRECTORS	M T Myers Esq S A Corner Esq
COMPANY 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 2008

The directors present their report and the financial statements for the year ended 31 March 2008.

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.

PRINCIPAL ACTIVITIES

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

DIRECTORS

The directors who served during the year were:

M T Myers Esq
S A Corner Esq

S A Corner Esq does not have an interest in the company's shares or any other group companies' shares.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director 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.

MOUNTGRANGE LAND LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008**

AUDITORS

The auditors, Brett Adams, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 *30th January 2009* 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 2008, set out on pages 5 to 14. 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 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 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 Directors' report is consistent with the financial statements.

EMPHASIS OF MATTER - GOING CONCERN

As described in note 1.7, the current economic environment is challenging and the company has reported an loss for the year of £1,193,537 and net current liabilities of £490,179. The directors' consider that the outlook presents significant challenges in the property and banking markets. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over the future trading results and cash flows.

The company has ongoing discussions with its bankers about the renewal of existing facilities and an additional facility that may prove to be necessary. In the current economic environment, it is likely that these discussions will not be completed for some time.

The directors have concluded that the combination of these circumstances represent a material uncertainty that casts doubt upon the group's and the company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



BRETT ADAMS

Chartered Accountants & Registered Auditors
25 Manchester Square
London
W1U 3PY

Date:

30 JANUARY 2009

MOUNTGRANGE LAND LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 £	2007 £
Administrative expenses		(631,601)	(9,013,563)
Other operating income	2	<u>300,000</u>	<u>-</u>
OPERATING LOSS	3	(331,601)	(9,013,563)
Income from investments in group companies		-	9,218,230
Amounts written off investments		(315,000)	(12,258)
Profit/(loss) on disposal of investments		-	(19,211)
Interest payable		<u>(546,936)</u>	<u>(351,223)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,193,537)	(178,025)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	9	<u>(1,193,537)</u>	<u>(178,025)</u>

The notes on pages 7 to 14 form part of these financial statements.

MOUNTGRANGE LAND LIMITED

BALANCE SHEET AS AT 31 MARCH 2008


	Note	2008 £	2007 £
FIXED ASSETS			
Fixed asset investments	5	4,582,357	1,847,983
CURRENT ASSETS			
Debtors	6	4,076,515	4,371,854
CREDITORS: amounts falling due within one year	7	(4,566,694)	(834,122)
NET CURRENT (LIABILITIES)/ASSETS		(490,179)	3,537,732
TOTAL ASSETS LESS CURRENT LIABILITIES		4,092,178	5,385,715
CAPITAL AND RESERVES			
Called up share capital	8	200	200
Other reserves	9	99,900	99,900
Profit and loss account	9	3,992,078	5,285,615
SHAREHOLDERS' FUNDS		4,092,178	5,385,715

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

30th January 2009.

M T Myers Esq
Director



The notes on pages 7 to 14 form part of these financial statements.

MOUNTGRANGE LAND 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 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 2007).

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 any impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provisions for any 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.

1.6 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.

MOUNTGRANGE LAND LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.7 Going concern

The financial statements have been prepared on the going concern basis, the appropriateness of which depends on the continued support of the company's bankers. However, in common with many property companies, the sharp correction in the property market and the shortage in the market place of bank finance, has meant that the company is in protracted negotiations with its bankers in respect of the securing of bank facilities to allow the company's subsidiaries to trade their assets. The directors remain confident that a suitable facility will be agreed with the bankers but the negotiations will not be concluded for some time. On this basis, the directors consider the going concern basis to be appropriate.

2. OTHER OPERATING INCOME

	2008 £	2007 £
Fees income	300,000	-

3. OPERATING LOSS

The operating loss is stated after charging:

	2008 £	2007 £
Auditors' remuneration	2,938	3,375

During the year, no director received any emoluments (2007 - £NIL).

During the year, Barnes Roffe LLP charged the company £20,650 for the services of the director, S A Corner.

4. TAXATION

	2008 £	2007 £
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The loss for the year includes provisions against investments and intercompany balances amounting to £887,250 that are not allowable for tax purposes.

MOUNTGRANGE LAND LIMITED

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

4. TAXATION (continued)

Factors that may affect future tax charges

At the year end, the company has taxable losses amounting to £1,295,074 (2007 - £988,957) available for carrying forward and offsetting against future profits. As the losses will not be off set in the foreseeable future no provision has been made for the deferred tax asset.

5. FIXED ASSET INVESTMENTS

			Shares in group undertakings £	Sub total carried forward £
Cost or valuation				
At 1 April 2007 and 31 March 2008			701	701
	Sub total brought forward £	Unlisted investments £	Other investments £	Total £
Cost or valuation				
At 1 April 2007	701	1,682,200	177,340	1,860,241
Additions	-	2,799,456	250,000	3,049,456
Disposals	-	-	(12,340)	(12,340)
At 31 March 2008	701	4,481,656	415,000	4,897,357
Impairment				
At 1 April 2007	-	-	12,258	12,258
Charge for the year	-	-	315,000	315,000
Impairment on disposals	-	-	(12,258)	(12,258)
At 31 March 2008	-	-	315,000	315,000
Net book value				
At 31 March 2008	701	4,481,656	100,000	4,582,357
At 31 March 2007	701	1,682,200	165,082	1,847,983

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Mountgrange Stud Limited	100%
Mountgrange Farms & Stables Limited	100%
Buxstat Investments Limited	100%

MOUNTGRANGE LAND LIMITED

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

5. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 March 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Mountgrange Stud Limited	(11,924,725)	(2,466,104)
Mountgrange Farms & Stables Limited	950,835	(188,054)
Buxstat Investments Limited	108,243	(22,442)
	<u> </u>	<u> </u>

6. DEBTORS

	2008 £	2007 £
Amounts owed by group undertakings	4,075,845	4,098,375
Amounts owed by undertakings in which the company has a participating interest	-	250,920
Other debtors	670	22,559
	<u>4,076,515</u>	<u>4,371,854</u>

Included within other debtors due within one year is a loan to M T Myers, a director, amounting to £NIL (2007 - £20,118). The maximum amount outstanding during the year was £27,435.

**7. CREDITORS:
Amounts falling due within one year**

	2008 £	2007 £
Bank loans and overdrafts	3,911,215	417,608
Trade creditors	21,444	12,925
Amounts owed to participating interests	488,316	397,126
Other creditors	145,719	6,463
	<u>4,566,694</u>	<u>834,122</u>

Bank loans and overdrafts amounting to £3,911,215 (2007 - £417,608) are secured.

MOUNTGRANGE LAND LIMITED

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

8. 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		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

9. RESERVES

	Other reserves £	Profit and loss account £
At 1 April 2007	99,900	5,285,615
Loss for the year		(1,193,537)
Dividends: Equity capital		(100,000)
At 31 March 2008	<u>99,900</u>	<u>3,992,078</u>

10. DIVIDENDS

	2008 £	2007 £
Dividends paid on equity capital	<u>100,000</u>	<u>1,600,000</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 £10,370,452 (2007 - £4,632,287).

The company's bankers have provided an amalgamated group facility of an agreed overdraft of £10,000,000. This is secured by a debenture granted to the banker covering the whole of the assets of the company and a personal guarantee from the director M T Myers.

12. OTHER FINANCIAL COMMITMENTS

The company's bankers have granted a performance bond relating to a loan of £1,250,000 provided to Cashcade Limited, one of the company's investments. The cost to the company amounts to £3,906 per quarter for three years. At the year end £39,060 remains outstanding in connection with this facility. This has not provided in the accounts.

MOUNTGRANGE LAND LIMITED

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

13. TRANSACTIONS WITH DIRECTORS

During the year the company paid net expenses on behalf of M T Myers, a director and shareholder, amounting to £274,254 (2007 - £219,867). However, during the same period M T Myers paid expenses on behalf of the company and the group amounting to £143,347 (2007 - £Nil). The amount owed to M T Myers at the year end amounts to £99,094 (2007 - *due from* £20,118).

During the year the company incurred management and accountancy fees amounting to £47,309 (2007 - £21,499) from Barnes Roffe LLP, a firm in which S A Corner, one of the directors of the company, is a partner. At the year end, the company owed to Barnes Roffe LLP £18,506 (2007 - £9,987)

MOUNTGRANGE LAND LIMITED

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

14. RELATED PARTY TRANSACTIONS

During the year, the company made advances amounting to £Nil (2007: £2,659,813) to Mountgrange Farms and Stables Limited, a subsidiary undertaking. Mountgrange Farms and Stables Limited paid net expenses amounting to £17,195 (2007 - £20,230) on behalf of the company. At the year end the amount due from Mountgrange Farms and Stables Limited amounted to £4,075,800 (2007 - £4,092,996).

During the year, the company made advances to Mountgrange Stud Limited, a subsidiary undertaking, amounting to £122,325 (2007: £3,100,000). The advance is interest free and is included with previous advances. Mountgrange Stud Limited paid net expenses amounting to £4,223 (2007 - £30,709) on behalf of the company. At the year end the amount due from Mountgrange Stud Limited amounted to £9,011,451 (2007: £8,893,349). A provision has been made against the total amount due so at the year end there is no balance due from Mountgrange Stud Limited (2007 - £5,349) included the accounts. The charge made to the accounts in relation to the provision is £123,451 (2007 - £8,888,000).

During the year, the company paid expenses on behalf of Buxstat Investments Limited, a subsidiary undertaking, amounting to £15 (2007 - £15), the amount owing from Buxstat Investments Limited at the year end amounted to £45 (2007 - £30).

The company has a participating interest in and M T Myers and S A Corner are both directors of Amanda Lacey (London) Limited. Advances amounting to £497,879 (2007 - £315,920) have been made during the year to this company by Mountgrange Land Limited. Of this amount, £250,000 (2007 - £65,000) was utilised to cover the issue of shares leaving £498,799 (2007 - £250,920) outstanding at the year end. A provision amounting to £498,799 has been made against this debt in this year's accounts, leaving a £Nil balance due from Amanda Lacey (London) Limited.

In addition, to the provision against the amount due from Amanda Lacey (London) Limited, a provision amounting to £315,000 has been made against the company's investment.

M T Myers had an interest in the following transactions due to his directorships and or shareholding in the following companies, Mountgrange Limited and Moorlake Properties Limited. S A Corner also has an interest in the same companies, except Mountgrange Equestrian Property Services Limited, due to his directorships.

Mountgrange Limited paid net expenses of £91,174 (2007 - £93,631), on behalf of the company. At 31 March 2008 an amount of £488,315 (2007 - £397,126) was due to Mountgrange Limited.

During the year, the debt due from Moorlake Properties Limited was reduced by £50,000 as this amount was transferred via the intercompany account to Moorlake Properties Limited to clear M T Myers overdrawn loan account in that company. At the year end £50,030 (2007 - £100,030) was due from Moorlake Properties Limited. However, full provision has been made against the debt so that there is a £Nil balance included the accounts. The credit to the profit and loss account amounted to £50,000 (2007 - charge of £100,030).

During the year, the company paid expenses on behalf of Mountgrange Equestrian Property Services Limited of £347 (2007 - £Nil). The amount due from Mountgrange Equestrian Property Services Limited for the year ended 31 March 2008 amounted to £347.

15. 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 2008

16. 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
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
Amanda Lacey (London) Limited	Ordinary	0	Retailer of cosmetics & beauty products

The company also owns 100% of the Non-Participating and Participating Preference shares issued by Amanda Lacey (London) Limited. These shareholdings together with the director's, M T Myers's, 42% shareholding in the Ordinary shares of Amanda Lacey (London) Limited allows the company to exercise significant influence over its investment.

Vines Management Limited, an associate of the company, was struck off the Companies Register on 18 December 2007.