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COMPANY REGISTRATION NUMBER 00528421

STARMOUNT (SECURITIES) LIMITED
FINANCIAL STATEMENTS
FOR
30 NOVEMBER 2007



CLAYTON STARK & CO
Chartered Accountants & Registered Auditors
5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ

STARMOUNT (SECURITIES) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

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STARMOUNT (SECURITIES) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Sir S Sternberg
Mr M A M Slowe
Lady H Sternberg
Mrs V J Slowe
Mr M V Sternberg
Mr P Grossmith-Dwek

Company secretary

Mr M A M Slowe

Registered office

5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

Auditor

Clayton Stark & Co
Chartered Accountants
& Registered Auditors
5th Floor Charles House
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STARMOUNT (SECURITIES) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2007

The directors have pleasure in presenting their report and the financial statements of the group and the company for the year ended 30 November 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is that of property investments and to act as a holding company. The principal activities of the main subsidiaries are property dealing, surveying and developing and investing in properties.

As part of a restructuring and reorganisation of the group's business, one of the company's subsidiaries, Martin Slowe Estates Limited, disposed of its estate management business for nominal consideration on 1 December 2006.

The directors consider the results for the year and the state of affairs of the group and the company as set out in the annexed profit and loss accounts and balance sheets respectively, to be satisfactory.

DIRECTORS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

Sir S Sternberg
Mr M A M Slowe
Lady H Sternberg
Mrs V J Slowe
Mr M V Sternberg
Mr P Grossmith-Dwek

(Appointed 5 December 2006)

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 group and the company and of the profit or loss of the group and 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 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 group and 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 group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

STARMOUNT (SECURITIES) LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****DONATIONS**

During the year the group made the following contributions

	2007	2006
	£	£
Charitable	<u>NIL</u>	<u>200</u>

AUDITOR

A resolution to re-appoint Clayton Stark & Co as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

Signed by order of the directors



MR M A M SLOWE
Company Secretary

Approved by the directors on

03 SEP 2008

STARMOUNT (SECURITIES) LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
STARMOUNT (SECURITIES) LIMITED****YEAR ENDED 30 NOVEMBER 2007**

We have audited the group and parent company financial statements of Starmount (Securities) Limited for the year ended 30 November 2007 which comprise the Group and Company Profit and Loss Accounts, the Group and Company Balance Sheets, the Group and Company Statement of Total Recognised Gains and Losses, the Group Cash Flow Statement and the related notes on pages 12 to 21. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), relevant accounting standards relating to groups and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and 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.

STARMOUNT (SECURITIES) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STARMOUNT (SECURITIES) LIMITED *(continued)*

YEAR ENDED 30 NOVEMBER 2007

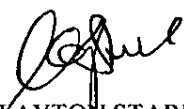
OPINION

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 and relevant accounting standards relating to groups, of the state of the group's and the parent company's affairs as at 30 November 2007 and of the group's and parent company's 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

5th Floor Charles House
108 - 110 Finchley Road
London NW3 5JJ

04 SEP 2008



CLAYTON STARK & CO
Chartered Accountants
& Registered Auditors

STARMOUNT (SECURITIES) LIMITED**GROUP PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2007**

	Note	2007 £	2006 £
TURNOVER		4,813,374	5,570,018
Cost of sales		(1,315,386)	(931,033)
GROSS PROFIT		3,497,988	4,638,985
Administrative expenses		(973,883)	(1,831,965)
Reorganisation and redundancy costs	2(b)	–	(203,215)
Other operating income		–	100,323
OPERATING PROFIT	2(a)	2,524,105	2,704,128
Interest receivable and similar income		29,704	39,541
Interest payable and similar charges		(436,897)	(504,923)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,116,912	2,238,746
Tax on profit on ordinary activities	4(a)	(518,990)	(478,432)
PROFIT FOR THE FINANCIAL YEAR		<u>1,597,922</u>	<u>1,760,314</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**YEAR ENDED 30 NOVEMBER 2007**

	2007 £	2006 £
Profit for the financial year attributable to the shareholders	1,597,922	1,760,314
Unrealised (loss)/profit on revaluation of certain fixed assets	(7,406,750)	10,866,000
Total gains and losses recognised since the last annual report	<u>(5,808,828)</u>	<u>12,626,314</u>

The notes on pages 12 to 21 form part of these financial statements.

STARMOUNT (SECURITIES) LIMITED**GROUP BALANCE SHEET****30 NOVEMBER 2007**

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6(a)	46,732,133	54,223,344
Investments	7(a)	301	301
		<u>46,732,434</u>	<u>54,223,645</u>
CURRENT ASSETS			
Stocks		3,118,368	3,154,027
Debtors	8	1,267,145	1,963,332
Cash at bank and in hand		110,228	621
		<u>4,495,741</u>	<u>5,117,980</u>
CREDITORS: Amounts falling due within one year	9	<u>(6,420,876)</u>	<u>(6,698,819)</u>
NET CURRENT LIABILITIES		<u>(1,925,135)</u>	<u>(1,580,839)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>44,807,299</u>	<u>52,642,806</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(221,102)</u>	<u>(2,167,977)</u>
		<u>44,586,197</u>	<u>50,474,829</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	11	<u>(10,195)</u>	<u>—</u>
		<u>44,576,002</u>	<u>50,474,829</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	426	426
Share premium account	15	41,061	41,061
Revaluation reserve	16	15,861,076	23,267,826
Profit and loss account	17	28,673,439	27,165,516
SHAREHOLDERS' FUNDS		<u>44,576,002</u>	<u>50,474,829</u>

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

03 SEP 2008

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by



SIR S STERNBERG
Director

The notes on pages 12 to 21 form part of these financial statements

STARMOUNT (SECURITIES) LIMITED**COMPANY PROFIT LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2007**

	Note	2007 £	2006 £
TURNOVER		1,461,651	1,408,474
Cost of sales		<u>(308,136)</u>	<u>(353,494)</u>
GROSS PROFIT		1,153,515	1,054,980
Administrative expenses		(43,997)	(41,462)
Other operating income		—	107,611
OPERATING PROFIT	2(a)	1,109,518	1,121,129
Income from shares in group undertakings		1,600,000	—
Interest receivable and similar income		14,079	2,142
Interest payable and similar charges		—	(1,211)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,723,597	1,122,060
Tax on profit on ordinary activities	4(b)	<u>(337,081)</u>	<u>(352,909)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,386,516</u>	<u>769,151</u>

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**YEAR ENDED 30TH NOVEMBER 2007**

	2007 £	2006 £
Profit for the financial year attributable to the shareholders	2,386,516	769,151
Unrealised (loss)/profit on revaluation of certain fixed assets	<u>(1,620,000)</u>	<u>2,961,000</u>
Total gains and losses recognised since the last annual report	<u>766,516</u>	<u>3,730,151</u>

The notes on pages 12 to 21 form part of these financial statements.

STARMOUNT (SECURITIES) LIMITED**COMPANY BALANCE SHEET****30 NOVEMBER 2007**

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6(b)	18,307,000	19,927,000
Investments	7(b)	454	454
		<u>18,307,454</u>	<u>19,927,454</u>
CURRENT ASSETS			
Debtors	8	19,762,175	17,761,431
Cash at bank		96	86
		<u>19,762,271</u>	<u>17,761,517</u>
CREDITORS: Amounts falling due within one year	9	<u>(3,878,180)</u>	<u>(4,173,943)</u>
NET CURRENT ASSETS		<u>15,884,091</u>	<u>13,587,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,191,545</u>	<u>33,515,028</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	426	426
Share premium account	15	41,061	41,061
Revaluation reserve	16	10,350,667	11,970,667
Profit and loss account	17	23,799,391	21,502,874
SHAREHOLDERS' FUNDS		<u>34,191,545</u>	<u>33,515,028</u>

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

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

03 SEP 2008


SIR S STERNBERG
Director

STARMOUNT (SECURITIES) LIMITED**GROUP CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2007**

	2007	2006
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,558,050	3,686,149
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	35,286	37,828
Interest paid	<u>(447,496)</u>	<u>(512,836)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(412,210)	(475,008)
TAXATION	(489,942)	(731,746)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(16,750)	(23,925)
Receipts from sale of fixed assets	<u>93,998</u>	<u>301,111</u>
NET CASH INFLOW FROM CAPITAL EXPENDITURE	77,248	277,186
EQUITY DIVIDENDS PAID	(89,999)	(45,000)
CASH INFLOW BEFORE FINANCING	2,643,147	2,711,581
FINANCING		
Repayment of bank loans	<u>(2,409,375)</u>	<u>(2,815,625)</u>
NET CASH OUTFLOW FROM FINANCING	(2,409,375)	(2,815,625)
INCREASE/(DECREASE) IN CASH	<u>233,772</u>	<u>(104,044)</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating profit	2,524,105	2,704,128
Depreciation	7,213	176,291
Profit on disposal of fixed assets	—	(100,323)
Decrease/(increase) in stocks	35,659	(7,544)
Decrease in debtors	663,421	290,911
Increase in creditors	327,652	622,686
Net cash inflow from operating activities	<u>3,558,050</u>	<u>3,686,149</u>

The notes on pages 12 to 21 form part of these financial statements

STARMOUNT (SECURITIES) LIMITED**GROUP CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 NOVEMBER 2007****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2007		2006	
	£	£	£	£
Increase/(decrease) in cash in the period	233,772		(104,044)	
Net cash outflow from bank loans	<u>2,409,375</u>		<u>2,815,625</u>	
		<u>2,643,147</u>		<u>2,711,581</u>
Change in net debt		<u>2,643,147</u>		<u>2,711,581</u>
Net debt at 1 December 2006		<u>(2,754,021)</u>		<u>(5,465,602)</u>
Net debt at 30 November 2007		<u>(110,874)</u>		<u>(2,754,021)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2006 £	Cash flows £	At 30 Nov 2007 £
Net cash			
Cash in hand and at bank	621	109,607	110,228
Overdrafts	<u>(124,165)</u>	<u>124,165</u>	<u>—</u>
	<u>(123,544)</u>	<u>233,772</u>	<u>110,228</u>
Debt			
Debt due within 1 year	<u>(462,500)</u>	<u>462,500</u>	<u>—</u>
Debt due after 1 year	<u>(2,167,977)</u>	<u>1,946,875</u>	<u>(221,102)</u>
	<u>(2,630,477)</u>	<u>2,409,375</u>	<u>(221,102)</u>
Net debt	<u>(2,754,021)</u>	<u>2,643,147</u>	<u>(110,874)</u>

The notes on pages 12 to 21 form part of these financial statements.

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2007****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and relevant accounting standards relating to groups

Therefore, certain fixed assets are not depreciated in accordance with the Companies Act as explained in the depreciation policy note

In particular, a consolidation adjustment is made to eliminate "intra-group" profit/(loss) on transfer of properties from a subsidiary company's stock of properties to the parent company's portfolio of investment properties. When applicable, such adjustment is taken to the revaluation reserve in the year in which it arises

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the company and its subsidiary undertakings

Goodwill arising on consolidation and representing the excess of the purchase price over the fair value of the net assets acquired, has previously been written off against reserves and, as permitted by FRS10, has not been reinstated in the balance sheet

Turnover

All sales of trading properties are stated net of value added tax and costs incurred on their disposal, and recognised where contracts have been completed during the accounting period

The group's gross property income consists of rental income, service charges and insurances recoverable from tenants of both investment and dealing properties exclusive of value added tax. In accordance with the Accounting Standards Board's (ASB) Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' (UITF 28) the group treats any incentive for lessees to enter into lease agreements as a revenue cost and accounts for rental income from the commencement date of any rent-free period. The cost of all incentives (such as rent-free periods or contributions to tenants fitting out costs) is, therefore, offset against the total rent due and the net rental income is then spread evenly over the shorter of the period from the commencement date to the date of the next rent review or the lease end date or the date of the lease break clause, if applicable

Property and refurbishment costs

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the profit and loss account as costs of sales. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the profit and loss account as incurred

Administration expenses

All costs not directly attributable to the individual properties are treated as administration expenses

Fixed assets

All fixed assets are initially recorded at cost

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Depreciation

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties and changes in that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation 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.

The group's policy is to provide depreciation on all fixed assets other than on investment properties as stated above. The rates used are calculated to write off the cost of each asset over their estimated useful lives as follows:

Leasehold property	over the term of the lease
Motor vehicles	25% on reducing balance
Fixtures and equipment	20% straight line

Investment properties

Investment properties are shown at their market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless, a deficit or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Disposals are recognised where contracts have been completed during the accounting period. Net surpluses in excess of book values arising on the sale of investment properties are taken to the profit and loss account.

Stock of trading properties

Stock of properties has been valued by the directors at the lower of cost and net realisable value on a basis consistent with previous years. Disposals are recognised where contracts have been completed during the accounting period.

Pension costs

Pension scheme contributions charged to the Group's profit and loss account are paid into individuals' personal pension schemes.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

1 ACCOUNTING POLICIES *(continued)*

Deferred taxation *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

No provision is made for tax on capital gains which would arise if investment properties owned by the Group were to be realised at the amounts at which they are stated in the accounts. An estimate of the potential liability is given in note 6. Provision is only made for deferred tax if a commitment has been entered into for the sale of an investment property prior to the balance sheet date

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

Capitalisation of finance costs

Finance costs including bank loan interest payable incurred in respect of assets in the course of construction are capitalised during the period of development

2 OPERATING PROFIT

(a) Operating profit is stated after charging/(crediting)

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Staff pension contributions	26,143	57,685	—	—
Depreciation of owned fixed assets	7,213	176,291	—	—
Profit on disposal of fixed assets	—	(100,323)	—	(107,611)
Auditor's fees	27,000	30,000	9,000	9,000

(b) Reorganisation and redundancy costs

Reorganisation costs	—	118,215	—	—
Redundancy costs	—	85,000	—	—
	—	203,215	—	—

3 DIRECTORS' EMOLUMENTS - Group

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	545,494	510,920

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

4. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

(a) Group

	2007 £	2006 £
Current tax:		
In respect of the year		
UK Corporation tax based on the results for the year	515,000	600,000
Overprovision in prior year	(33,389)	(88,058)
Total current tax	481,611	511,942
Deferred tax:		
Origination and reversal of timing differences (note 11)		
Capital allowances	37,379	(33,510)
Tax on profit on ordinary activities	518,990	478,432

(b) Company

	2007 £	2006 £
Current tax:		
UK Corporation tax based on the results for the year	340,000	355,000
Overprovision in prior year	(2,919)	(2,091)
Total current tax	337,081	352,909

5. DIVIDENDS - Group and Company

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends on ordinary shares	89,999	45,000

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

6 TANGIBLE FIXED ASSETS

(a) Group

	Investment properties £	Leasehold Property £	Motor Vehicles £	Fixtures & Equipment £	Total £
COST OR VALUATION					
At 1 December 2006	54,097,000	6,118	183,697	417,780	54,704,595
Additions	16,750	—	—	—	16,750
Disposals	—	—	(141,242)	(417,780)	(559,022)
Revaluation	(7,406,750)	—	—	—	(7,406,750)
At 30 November 2007	46,707,000	6,118	42,455	—	46,755,573
DEPRECIATION					
At 1 December 2006	—	2,296	81,173	397,782	481,251
Charge for the year	—	82	7,131	—	7,213
On disposals	—	—	(67,242)	(397,782)	(465,024)
At 30 November 2007	—	2,378	21,062	—	23,440
NET BOOK VALUE					
At 30 November 2007	46,707,000	3,740	21,393	—	46,732,133
At 30 November 2006	54,097,000	3,822	102,524	19,998	54,223,344

The group's portfolio of investment properties includes some long leasehold properties. All the long leasehold properties are held by the holding company and details of these are given below.

All of the group's investment properties were valued on an open market basis at 30 November 2007 by Mr M Slowe, a director of the company who is also a Chartered Surveyor.

In the event of the sale of all of the group's investment properties at the amounts at which they are included in the consolidated balance sheet, it is estimated that an additional corporation tax liability amounting to approximately £3.9 million (2006 - £6.4 million) would crystallise.

The historical cost of investment properties attributable to the group at 30 November 2007 was £30,845,924 (2006 - £30,829,174).

(b) Company - Investment Properties

	Freehold £	Long Leasehold £	Total £
AT VALUATION			
At 1 December 2006	18,769,000	1,158,000	19,927,000
Revaluation	(1,487,000)	(133,000)	(1,620,000)
At 30 November 2007	17,282,000	1,025,000	18,307,000

The historical cost of investment properties attributable to the company at 30 November 2007 was £7,956,333 (2006 - £7,956,333).

In the event of the sale of all of the company's investment properties at the amounts at which they are included in the company's balance sheet, it is estimated that additional corporation tax liability amounting to approximately £1.9 million (2006 - £2.4 million) would crystallise.

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2007****7 INVESTMENTS****(a) Group**

	Total £
Unlisted investments at cost	
At 1 December 2006 and 30 November 2007	<u>301</u>

(b) Company

	Investment in Subsidiaries £	Other Unlisted Investments £	Total £
Cost			
At 1 December 2006 and 30 November 2007	<u>153</u>	<u>301</u>	<u>454</u>

The directors' valuation of the investments does not differ materially from that shown above except for the investment in subsidiaries which is consolidated

The company's principal subsidiary undertakings are Martin Slowe Estates Limited whose principal activity is property dealing, estate management and surveying, and Workstone Limited whose principal activity is developing investment properties. Both are wholly owned and incorporated in England and Wales.

8. DEBTORS

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	202,569	226,748	92,951	93,323
Amount due from group undertaking	–	–	19,536,586	17,528,776
Corporation tax recoverable	–	–	71,389	133,058
Other debtors	1,064,576	1,709,400	61,249	6,274
Deferred taxation (note 11)	–	27,184	–	–
	<u>1,267,145</u>	<u>1,963,332</u>	<u>19,762,175</u>	<u>17,761,431</u>

9 CREDITORS: Amounts falling due within one year

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank loan and overdraft	–	586,665	–	–
Trade creditors	195,225	136,189	56,200	65,909
Amount due to group undertakings	–	–	3,634,259	3,926,389
Corporation tax	103,611	111,942	–	–
Other taxes and social security	182,260	223,140	37,354	39,676
Other creditors	5,939,780	5,640,883	150,367	141,969
	<u>6,420,876</u>	<u>6,698,819</u>	<u>3,878,180</u>	<u>4,173,943</u>

Included above is £NIL (2006 - £462,500) representing the portion of the bank loan that is repayable within one year and full details of the loan and security in respect of the loan and the group's overdrafts are given in note 10.

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2007****10 CREDITORS: Amounts falling due after more than one year**

Group	2007	2006
	£	£
Bank loan	–	1,946,875
Other creditors	<u>221,102</u>	<u>221,102</u>
	<u>221,102</u>	<u>2,167,977</u>

The bank loan consists of an Investment Facility of £11 million that was taken up on 19 January 2004. The loan under the Investment Facility is to be repaid within ten years from the date of the first drawing under the Facility by quarterly instalments of £115,625 commencing two years after the first drawing of the Facility, the balance together with all interest accrued and other sums payable to be repaid in full on the Final Repayment Date. The company may also make additional repayments of capital from time to time as and when the directors consider appropriate to do so.

The interest on the Investment Facility is also charged quarterly at a rate of 1.25% over LIBOR.

The bank loan under the Investment Facility and also the group's overdrafts are secured upon the group's investment properties and stock of properties for resale and also by fixed and floating charges over the other assets of the group.

Other creditors are repayable on demand, although it is anticipated that none of these will fall due for repayment within one year.

Additional disclosures relating to debenture loans and bank loans

The bank loan outstanding at the year end amounted to £NIL (2006 - £2,409,375) and included instalments due after more than five years of £NIL (2006 - £96,875).

Included within creditors falling due after more than one year is an amount of £Nil (2006 - £2,409,375) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

11. DEFERRED TAXATION - Group

The deferred tax included in the Balance sheet is as follows:

	2007	2006
	£	£
Included in debtors (note 8)	–	(27,184)
Included in provisions	<u>10,195</u>	<u>–</u>
	<u>10,195</u>	<u>(27,184)</u>

The movement in the deferred taxation account during the year was:

	2007	2006
	£	£
Balance brought forward	(27,184)	6,326
Profit and loss account movement arising during the year	<u>37,379</u>	<u>(33,510)</u>
Balance carried forward	<u>10,195</u>	<u>(27,184)</u>

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

11. DEFERRED TAXATION – Group *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	10,195	–
Excess of depreciation over taxation allowances on fixed assets	–	(27,184)
	<u>10,195</u>	<u>(27,184)</u>

12. CONTINGENCIES

One of the company's subsidiaries, Martin Slowe Estates Limited disposed of its estate management business, and has given guarantees to indemnify the purchaser in respect of any losses that the purchaser may incur arising from any action brought against the purchaser by any current or future employee of the company for a period expiring on 30 November 2010

Up to 30 November 2006, Martin Slowe Estates Limited held funds in trust for clients as a result of its estate management business. As at 30 November 2006 this amounted to £510,773. In the event that there would have been a shortfall of funds, the company would have had to meet this liability.

13. RELATED PARTY TRANSACTIONS

Related parties

Sir Sigmund Sternberg, Mr M Slowe, Lady Hazel Sternberg, Mrs V J Slowe and Mr M V Sternberg are all directors of the company. Finer Homes Limited is a company controlled by Sir Sigmund Sternberg. Sir Sigmund Sternberg Charitable Foundation is a UK registered charity whose Trustees include some of the directors of this company, namely Sir Sigmund Sternberg, Lady Hazel Sternberg, Mr M Sternberg and Mr M Slowe. Martin Slowe Children's Settlement and Martin Slowe Grandchildren's Settlement are two of three trusts with common trustees. The three trusts in total own one-third of the equity share capital of the company. Sir Sigmund Sternberg and Mr M V Sternberg are also directors and shareholders of Shop Constructions (Metropolitan) Limited. Mr M V Sternberg is a director and shareholder of Strathgrove Limited. Mr M Slowe and Mrs V J Slowe are directors and shareholders of Etonband Limited. With effect from 1 December 2006, the group's managing agent is Martin Slowe Property Services Limited, Mr M Slowe, a director of the company, is also a director of Martin Slowe Property Services Limited, although he does not own any shares in the latter company.

Transactions with related parties

Included in other creditors (amounts falling due within one year), are loans to Martin Slowe Estates Limited, a subsidiary of the company, by related parties as follows:

	2007 £	2006 £
Etonband Limited	1,281,046	1,200,000
Finer Homes Limited	1,653,198	1,255,691
Mr M Slowe	305,625	130,284
Lady Hazel Sternberg	50,000	100,000
Mrs V J Slowe	242,119	115,452
Sir Sigmund Sternberg Charitable Foundation	–	359,430
Martin Slowe Children's Settlement	654,216	848,216
Martin Slowe Grandchildren's Settlement	665,572	656,241
Shop Constructions (Metropolitan) Limited	–	43,686
Strathgrove limited	<u>50,000</u>	<u>50,000</u>

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2007

13 RELATED PARTY TRANSACTIONS *(continued)*

Transactions with related parties *(continued)*

All the loans are unsecured and are repayable on demand. Interest is paid on these loans, except as indicated below, at 7%. The total amount of interest in respect of the above loans that remained unpaid at the year end and included in other creditors was £41,095 (2006 - £35,158)

Included in other creditors (amounts falling due after more than one year), is an interest-free loan to Martin Slowe Estates Limited by Finer Homes Limited of £221,102 (2006 - £221,102)

Rents payable by Martin Slowe Estates Limited to Finer Homes Limited in respect of its office premises amounted to £48,000 (2006 - £48,000). Martin Slowe Estates Limited received £NIL (2006 - £32,828) in management and professional fees in respect of the property portfolio of Finer Homes Limited.

Martin Slowe Estates Limited leases office premises to the Sir Sigmund Sternberg Charitable Foundation at a commercial rent and the rent receivable by the company for the year ended 30 November 2007 amounted to £11,570 (2006 - £11,570). Martin Slowe Estates Limited also received £NIL (2006 - £22,908) in management and professional fees in respect of the charity's property portfolio.

With effect from 1 December 2006, Martin Slowe Property Services Limited has entered into a two year lease with Martin Slowe Estates Limited and occupies the first floor and part of the ground floor of the company's office premises at a commercial rent of £58,150 per annum and after allowing for a rent-free period up to 28 February 2007, the rent receivable by Martin Slowe Estates Limited for the period ended 30 November 2007 amounted to £42,590 (2006 - NIL).

The group paid Martin Slowe Property Services Limited £425,358 (2006 - NIL) in management and professional fees in respect of its portfolio of trading and investment properties and a further £27,500 (2006 - NIL) in administration fees. The group also received £278,580 (2006 - NIL) in respect of consultancy services provided to Martin Slowe Property Services Limited.

Interest payable to various related parties in respect of loans to Martin Slowe Estates Limited was as follows

	2007	2006
	£	£
Etonband Limited	83,043	8,630
Finer Homes Limited	99,198	70,043
Mr M Slowe	13,390	10,423
Lady Hazel Sternberg	5,512	6,012
Mrs V J Slowe	12,575	41,432
Sir Sigmund Sternberg Charitable Foundation	5,181	28,547
Martin Slowe Children's Settlement	55,363	42,220
Martin Slowe Grandchildren's Settlement	44,441	38,065
Shop Constructions (Metropolitan) Limited	809	3,463
Strathgrove Limited	3,350	1,592

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2007****14 SHARE CAPITAL – Group and Company****Authorised share capital:**

	2007	2006
	£	£
284 'A' Ordinary shares of £1 each	284	284
142 'B' Ordinary shares of £1 each	142	142
	<u>426</u>	<u>426</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
'A' Ordinary shares of £1 each	284	284	284	284
'B' Ordinary shares of £1 each	142	142	142	142
	<u>426</u>	<u>426</u>	<u>426</u>	<u>426</u>

Both the 'A' and 'B' shares rank pari passu as one class for participation in the profits and assets of the company

'A' shareholders have a right to appoint one director and 'B' shareholders have a right to appoint one director. As at 30 November 2007, there were currently 3 'A' directors and 3 'B' directors

15 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

16 REVALUATION RESERVE

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Balance brought forward	23,267,826	12,515,226	11,970,667	9,116,067
Revaluation of fixed assets	(7,406,750)	10,866,000	(1,620,000)	2,961,000
Transfer to the Profit and Loss Account on realisation	–	(113,400)	–	(106,400)
Balance carried forward	<u>15,861,076</u>	<u>23,267,826</u>	<u>10,350,667</u>	<u>11,970,667</u>

17 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Balance brought forward	27,165,516	25,336,802	21,502,874	20,672,323
Profit / (loss) for the financial year	1,597,922	1,760,314	2,386,516	769,151
Equity Dividends paid (FRS 25)	(89,999)	(45,000)	(89,999)	(45,000)
Transfer from revaluation reserve on realisation	–	113,400	–	106,400
Balance carried forward	<u>28,673,439</u>	<u>27,165,516</u>	<u>23,799,391</u>	<u>21,502,874</u>