

COMPANY REGISTRATION NUMBER 00528421

STARMOUNT (SECURITIES) LIMITED
FINANCIAL STATEMENTS
FOR
30 NOVEMBER 2011



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

STARMOUNT (SECURITIES) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

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STARMOUNT (SECURITIES) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Sir S Sternberg
M A M Slowe
Mrs V J Slowe
M V Sternberg QC
P Grossmith-Dwek
N Tamir

Company secretary

M A M Slowe

Registered office

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

Auditor

Clayton Stark & Co
Chartered Accountants
& Statutory Auditor
5th Floor Charles House
108-110 Finchley Road
London NW3 5JJ

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

STARMOUNT (SECURITIES) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 November 2011

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 and consultancy services, and developing and investing in properties, the subsidiary that previously provided consultancy services ceased to do so with effect from 1 September 2010 and now only carries out its principal activity of property dealing.

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 were as follows:

Sir S Sternberg
M A M Slowe
Mrs V J Slowe
M V Sternberg QC
P Grossmith-Dwek
N Tahir

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and 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 2006. 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 group's and 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 2011****DONATIONS**

During the year the company made the following charitable contributions

	2011	2010
	£	£
Religious organisations	1,350	3,000
Other	<u>650</u>	<u>1,000</u>

AUDITOR

Clayton Stark & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

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

Signed by order of the directors



M A M SLOWE
Company Secretary

Approved by the directors on

- 6 AUG 2012

STARMOUNT (SECURITIES) LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STARMOUNT (SECURITIES) LIMITED****YEAR ENDED 30 NOVEMBER 2011**

We have audited the group and parent company financial statements ("the financial statements") of Starmount (Securities) Limited for the year ended 30 November 2011 on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities), relevant accounting standards relating to groups and on the basis of the accounting policies set out on pages 12 to 14.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 November 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

STARMOUNT (SECURITIES) LIMITED

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

YEAR ENDED 30 NOVEMBER 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



NIRANJANA KARIYA FCA (Senior
Statutory Auditor)
For and on behalf of
CLAYTON STARK & CO
Chartered Accountants
& Statutory Auditor

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

- 7 AUG 2012

STARMOUNT (SECURITIES) LIMITED**GROUP PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2011**

	Note	2011 £	2010 £
GROUP TURNOVER		5,562,884	4,773,777
Cost of sales		(1,378,581)	(1,485,431)
GROSS PROFIT		4,184,303	3,288,346
Administrative expenses		(978,873)	(1,282,362)
OPERATING PROFIT	2	3,205,430	2,005,984
Interest receivable and similar income		82,676	89,720
Amounts written off investments	4	(301)	–
Interest payable and similar charges		(52,479)	(51,777)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,235,326	2,043,927
Tax on profit on ordinary activities	5	(830,414)	(650,911)
PROFIT FOR THE FINANCIAL YEAR	6	2,404,912	1,393,016

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

STARMOUNT (SECURITIES) LIMITED**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 NOVEMBER 2011**

	2011 £	2010 £
Profit for the financial year attributable to the shareholders of the parent company	2,404,912	1,393,016
Unrealised (loss)/profit on revaluation of investment properties	(112,175)	5,188,144
Total gains and losses recognised since the last annual report	<u>2,292,737</u>	<u>6,581,160</u>

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

STARMOUNT (SECURITIES) LIMITED**GROUP BALANCE SHEET****30 NOVEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	41,001,412	39,718,494
Investments	9	—	301
		<u>41,001,412</u>	<u>39,718,795</u>
CURRENT ASSETS			
Stocks		3,132,013	2,944,678
Debtors	10	1,807,382	1,461,939
Cash at bank		2,447,841	2,712,266
		<u>7,387,236</u>	<u>7,118,883</u>
CREDITORS: Amounts falling due within one year	11	<u>(2,860,589)</u>	<u>(3,332,356)</u>
NET CURRENT ASSETS		<u>4,526,647</u>	<u>3,786,527</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>45,528,059</u>	<u>43,505,322</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(221,102)</u>	<u>(221,102)</u>
		<u>45,306,957</u>	<u>43,284,220</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	426	426
Share premium account	16	41,061	41,061
Revaluation reserve	16	8,464,353	8,576,528
Profit and loss account	16	36,801,117	34,666,205
SHAREHOLDERS' FUNDS		<u>45,306,957</u>	<u>43,284,220</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

- 6 AUG 2012


SIR S STERNBERG
Director

Company Registration Number 00528421

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

STARMOUNT (SECURITIES) LIMITED**COMPANY BALANCE SHEET****30 NOVEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	17,820,000	17,683,000
Investments	9	153	654
		<u>17,820,153</u>	<u>17,683,654</u>
CURRENT ASSETS			
Debtors	10	22,299,702	20,764,790
Cash at bank		75	59
		<u>22,299,777</u>	<u>20,764,849</u>
CREDITORS Amounts falling due within one year	11	(200,661)	(230,093)
NET CURRENT ASSETS		<u>22,099,116</u>	<u>20,534,756</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,919,269</u>	<u>38,218,410</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	426	426
Share premium account	16	41,061	41,061
Revaluation reserve	16	9,727,123	9,744,511
Profit and loss account	16	30,150,659	28,432,412
SHAREHOLDERS' FUNDS		<u>39,919,269</u>	<u>38,218,410</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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- 6 AUG 2012


SIR S STERNBERG
Director

Company Registration Number 00528421

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

STARMOUNT (SECURITIES) LIMITED**GROUP CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2011**

	2011	2010
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,144,159	3,645,628
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	54,236	58,235
Interest paid	(53,784)	(48,748)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	452	9,487
TAXATION	(672,943)	(791,014)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(1,395,175)	(276,856)
Receipts from sale of fixed assets	(70,918)	39,159
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(1,466,093)	(237,697)
EQUITY DIVIDENDS PAID	(270,000)	(405,000)
(DECREASE)/INCREASE IN CASH	(264,425)	2,221,404

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	3,205,430	2,005,984
Depreciation	82	3,657
Loss on disposal of fixed assets	70,918	65,777
(Increase)/decrease in stocks	(187,335)	22,762
(Increase)/decrease in debtors	(317,003)	366,791
(Decrease)/increase in creditors	(627,933)	1,180,657
Net cash inflow from operating activities	<u>2,144,159</u>	<u>3,645,628</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011	2010
	£	£
(Decrease)/Increase in cash in the period	<u>(264,425)</u>	<u>2,221,404</u>
Movement in net funds in the period	<u>(264,425)</u>	<u>2,221,404</u>
Net funds at 1 December 2010	<u>2,491,164</u>	<u>269,760</u>
Net funds at 30 November 2011	<u>2,226,739</u>	<u>2,491,164</u>

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

STARMOUNT (SECURITIES) LIMITED**GROUP CASH FLOW CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30 NOVEMBER 2011****ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Dec 2010 £	Cash flows £	At 30 Nov 2011 £
Net cash			
Cash in hand and at bank	2,712,266	(264,425)	2,447,841
Debt			
Debt due after 1 year	(221,102)	–	(221,102)
Net funds	<u>2,491,164</u>	<u>(264,425)</u>	<u>2,226,739</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 2011

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 April 2008) and relevant accounting standards applicable to groups

Therefore, certain fixed assets are not depreciated in accordance with the Companies Act as explained in the investment properties 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

Inter-company transactions, balances and unrealised profits and losses on properties transferred within the group are eliminated on consolidation

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 Financial Reporting Standard 10, has not been reinstated in the balance sheet

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

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

Fixed assets

All fixed assets are initially recorded at cost. Subsequently, they are stated at valuation or net of depreciation as applicable

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****1 ACCOUNTING POLICIES** *(continued)***Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Leasehold property - over the term of the lease

In accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), 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.

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.

Property purchases and disposals

Purchases and disposals of both investment and trading properties 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.

Property maintenance 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.

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.

Pension costs

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

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

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

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 obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

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

2 OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£	£
Staff pension contributions	—	8,140
Depreciation of owned fixed assets	82	3,657
Loss on disposal of fixed assets	70,918	65,777
Auditor's fees	<u>27,000</u>	<u>27,000</u>

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Aggregate remuneration	<u>558,980</u>	<u>640,067</u>

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****4. AMOUNTS WRITTEN OFF INVESTMENTS**

	2011 £	2010 £
Amount written off investments	<u>301</u>	<u>-</u>

5 TAXATION ON ORDINARY ACTIVITIES**Analysis of charge in the year**

	2011 £	2010 £
Current tax:		
UK Corporation tax based on the results for the year	840,000	665,000
Over/under provision in prior year	<u>(9,586)</u>	<u>(17,057)</u>
Total current tax	830,414	647,943
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	<u>-</u>	<u>2,968</u>
Tax on profit on ordinary activities	<u>830,414</u>	<u>650,911</u>

6 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £1,988,247 (2010 - £1,224,289)

7 DIVIDENDS**Equity dividends**

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	<u>270,000</u>	<u>405,000</u>

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****8 TANGIBLE FIXED ASSETS**

Group	Investment properties £	Leasehold Property £	Total £
COST OR VALUATION			
At 1 December 2010	39,715,000	6,118	39,721,118
Additions	1,395,175	—	1,395,175
Revaluation	(112,175)	—	(112,175)
At 30 November 2011	<u>40,998,000</u>	<u>6,118</u>	<u>41,004,118</u>
DEPRECIATION			
At 1 December 2010	—	2,624	2,624
Charge for the year	—	82	82
At 30 November 2011	<u>—</u>	<u>2,706</u>	<u>2,706</u>
NET BOOK VALUE			
At 30 November 2011	<u>40,998,000</u>	<u>3,412</u>	<u>41,001,412</u>
At 30 November 2010	<u>39,715,000</u>	<u>3,494</u>	<u>39,718,494</u>

All of the group's investment properties were valued on an open market basis at 30 November 2011 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 £1 5 million (2010 - £1 7 million) would crystallise

The historical cost of investment properties attributable to the group at 30 November 2011 was £32,533,647 (2010 - £31,138,472)

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

Company	Investment properties £
COST OR VALUATION	
At 1 December 2010	17,683,000
Additions	154,388
Revaluation	(17,388)
At 30 November 2011	<u>17,820,000</u>

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

8 TANGIBLE FIXED ASSETS *(continued)*

The company's investment properties as at 30 November 2011 included long leasehold properties valued at £1,026,000 (2010 - £1,084,000) There were no additions or disposals in respect of any long leasehold properties

The historical cost of investment properties attributable to the company at 30 November 2011 was £8,092,877 (2010 - £7,938,489)

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 5 million (2010 - £1 6 million) would crystallise

9 INVESTMENTS

Group

Unlisted investments at cost

	Total £
COST	
At 1 December 2010 and 30 November 2011	<u>301</u>
AMOUNTS WRITTEN OFF	
Written off in year	<u>301</u>
At 30 November 2011	<u>301</u>
NET BOOK VALUE	
At 30 November 2011	<u>-</u>
At 30 November 2010	<u>301</u>

Company

	Group companies £	Other Unlisted Investments £	Total £
COST			
At 1 December 2010 and 30 November 2011	<u>353</u>	<u>301</u>	<u>654</u>
AMOUNTS WRITTEN OFF			
Written off in year	<u>200</u>	<u>301</u>	<u>501</u>
At 30 November 2011	<u>200</u>	<u>301</u>	<u>501</u>
NET BOOK VALUE			
At 30 November 2011	<u>153</u>	<u>-</u>	<u>153</u>
At 30 November 2010	<u>353</u>	<u>301</u>	<u>654</u>

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

9 INVESTMENTS *(continued)*

The directors' valuation of the investments does not differ materially from that shown above except for the investments in subsidiary companies which are consolidated

The company's principal subsidiary undertakings are Martin Slowe Estates Limited whose principal activity is property dealing and consultancy services, and Workstone Limited and Myfield Limited whose principal activity is holding investment properties. All the companies are wholly owned and incorporated in England and Wales

10 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	191,040	293,982	41,742	54,499
Amounts owed by group undertakings	—	—	21,708,605	20,171,492
Other debtors	1,356,487	968,670	496,546	496,546
Prepayments and accrued income	259,855	199,287	52,809	42,253
	<u>1,807,382</u>	<u>1,461,939</u>	<u>22,299,702</u>	<u>20,764,790</u>

The debtors above include the following amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other debtors	<u>1,299,150</u>	<u>954,500</u>	<u>496,000</u>	<u>496,000</u>

11 CREDITORS: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	178,637	2,554	—	—
Amounts owed to group undertakings	—	—	3,212	3,412
Corporation tax	545,414	387,943	—	52,943
Other taxes and social security	196,995	117,724	44,124	37,656
Other creditors	1,383,635	2,264,397	17,587	17,382
Accruals and deferred income	555,908	559,738	135,738	118,700
	<u>2,860,589</u>	<u>3,332,356</u>	<u>200,661</u>	<u>230,093</u>

12 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other creditors	<u>221,102</u>	<u>221,102</u>	<u>—</u>	<u>—</u>

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

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

13 CONTINGENCIES

Legal proceedings were commenced in the Cayman Islands against one of the company's subsidiaries, Martin Slowe Estates Limited (considered to be the main defendant), the company, and other related parties claiming damages for breach of duty of confidence, breach of duty of good faith, etc. The action was in respect of land and property transactions that were later developed into a substantial investment property of Workstone Limited, a subsidiary company. The amount of damages claimed is not specified and the directors, who are vigorously defending the action, are of the opinion that the action will be unsuccessful. A similar claim was made in a legal action by the plaintiffs against the company and related parties in England in 2004 which was eventually struck out as a result of the Claimants' failure to provide security for costs.

Workstone Limited also has a claim against it in respect of certain charges amounting to approximately £34,000 which is in dispute.

14. RELATED PARTY TRANSACTIONS

Related parties

Sir Sigmund Sternberg, M Slowe, Mrs V J Slowe and M V Sternberg QC are all directors of the company. Lady Hazel Sternberg is the wife of Sir Sigmund Sternberg. Finer Homes Limited is a company controlled by Sir Sigmund Sternberg. Sir Sigmund Sternberg Charitable Foundation ("the Foundation") is a UK registered charity whose Trustees include some of the directors of this company, namely Sir Sigmund Sternberg, M Sternberg QC, M Slowe and N Tamir. Martin Slowe Children's Settlement and Martin Slowe Grandchildren's Settlement are two of three trusts with common trustees. The three trusts own in total, one-third of the equity share capital of the company. Sir Sigmund Sternberg and M V Sternberg QC are also directors and shareholders of Shop Constructions (Metropolitan) Limited. M V Sternberg QC is a director and shareholder of Strathgrove Limited. M Slowe and Mrs V J Slowe are directors and shareholders of Martin Slowe Consultancy Limited. The group's managing agent is Martin Slowe Property Services Limited. M Slowe was a director of Martin Slowe Property Services Limited until he resigned on 31 August 2010 and the information disclosed of the transactions with the group for the year under review is only for the period from 1 December 2009 to 31 August 2010. Mrs E Scholl and Mrs H Grossmith Dwek are M Slowe's daughters.

Transactions with related parties

During the year under review, Martin Slowe Estates Limited, a subsidiary of the company, advanced loans to Shop Constructions (Metropolitan) Limited, totalling £53,882 (2010 - £230,988). Repayments amounted to £64,506 (2010 - £217,364). The balance outstanding at the end of the year that is included in other debtors amounted to £3,000 (2010 - £13,624). Interest was received on this loan at 2.5% over the Bank Base Rate in line with market rates and amounted to £79 (2010 - 2,145). As the balance with this company was also in credit for part of the year, interest was paid on the same terms and this is shown below under details of interest payable to related parties.

During the year under review, Mrs H Grossmith advanced loans to the company totalling £61,870 which was also repaid together with interest, details of which are shown below under details of interest payable to related parties.

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

	2011	2010
	£	£
Martin Slowe Consultancy Limited	68,934	437,230
Finer Homes Limited	404,754	290,896
The Foundation	404,481	510,385
M Slowe and Mrs V J Slowe	311,009	434,048
Martin Slowe Children's Settlement	41,604	243,313
Martin Slowe Grandchildren's Settlement	285,942	55,893
Mrs E Scholl	22,853	55,403

STARMOUNT (SECURITIES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2011

14 RELATED PARTY TRANSACTIONS *(continued)*

All the loans received (except for the loan from the Foundation) are unsecured and are repayable on demand. The company has given an undertaking through its solicitors that certain properties will be held to the order of the Foundation and £100,000 of the principal amount is repayable on demand, with the balance requiring three months notice. Interest was paid during the year on these loans at 2.5 % over the Bank Base Rate in line with market rates. The total amount of interest in respect of the above loans that remained unpaid at the year end and included in accruals and deferred income was £6,021 (2010 - £7,091).

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 (2010 - £221,102).

Consultancy fees payable by Martin Slowe Estates Limited to Martin Slowe Consultancy Limited amounted to NIL (2010 - £14,763).

Rents payable by Martin Slowe Estates Limited to Finer Homes Limited in respect of its office premises amounted to £60,000 (2010 - £60,000).

The Foundation occupies the second floor of the office premises of Martin Slowe Estates Limited at a commercial rent and the rent receivable for the year ended 30 November 2011 amounted to £12,896 (2010 - £12,896). Service charges received amounted to £21,475 (2010 - £22,012).

Martin Slowe Property Services Limited occupies the first floor and part of the ground floor of the office premises of Martin Slowe Estates Limited at a commercial rent and the rent and service charges receivable for the period from 1 December 2009 to 31 August 2010 amounted to £39,978 and £12,617 respectively. The group paid Martin Slowe Property Services Limited £319,710 in management and professional fees in respect of its portfolio of investment and trading properties and a further £101,622 in administration fees and the group also received £203,000 in respect of consultancy services provided to Martin Slowe Property Services Limited for the period from 1 December 2009 to 31 August 2010.

Interest payable to various related parties in respect of loans to the company was as follows

	2011	2010
	£	£
Martin Slowe Consultancy Limited	9,762	12,001
Finer Homes Limited	9,025	4,749
Mr M Slowe and Mrs V J Slowe	8,303	10,073
The Foundation	13,737	11,586
Martin Slowe Children's Settlement	2,950	6,491
Martin Slowe Grandchildren's Settlement	1,000	1,389
Shop Constructions (Metropolitan) Limited	306	—
Mrs E Scholl	1,318	700
Mrs H Grossmith Dwek	403	—

Dividends paid to related parties were as follows

Sir Sigmund Sternberg	127,394	191,092
Lady Hazel Sternberg	634	951
M V Sternberg QC	15,845	23,768
Martin Slowe Grandchildren's Settlement	32,324	48,486
Martin Slowe Children's Settlement	45,000	67,500
Martin Slowe Wife and Family Settlement	12,676	19,014

STARMOUNT (SECURITIES) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2011****15. SHARE CAPITAL**

Allotted, called up and fully paid:

	2011		2010	
	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 equally 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 2011 there were 3 'A' directors and 3 'B' directors

16. RESERVES

Group	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	41,061	8,576,528	34,666,205
Profit for the year	—	—	2,404,912
Equity dividends	—	—	(270,000)
Other gains and losses			
- Revaluation of fixed assets	—	(112,175)	—
Balance carried forward	<u>41,061</u>	<u>8,464,353</u>	<u>36,801,117</u>
Company	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	41,061	9,744,511	28,432,412
Profit for the year	—	—	1,988,247
Equity dividends	—	—	(270,000)
Other gains and losses			
- Revaluation of fixed assets	—	(17,388)	—
Balance carried forward	<u>41,061</u>	<u>9,727,123</u>	<u>30,150,659</u>