

BLUSTON SECURITIES LIMITED

REPORT AND ACCOUNTS

for the year ended

31 MARCH 2007

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BLUSTON SECURITIES LIMITED

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BLUSTON SECURITIES LIMITED

DIRECTORS AND ADVISERS

Directors

M D Paisner
R Glatter

Secretary

M D Paisner

Registered office

Prospect House
2 Athenaeum Road
Whetstone
London N20 9YU

Bankers

Barclays Private Bank
59 Grosvenor Street
London W1K 3JD

Auditors

Nexia Smith & Williamson
Registered Auditors
25 Moorgate
London EC2R 6AY

Tax advisers

Smith & Williamson
25 Moorgate
London EC2R 6AY

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Company's registered number

650310

BLUSTON SECURITIES LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 March 2007

Activities

The principal activity of the company continues to be property investment and management

Results for the year

The profit for the year after taxation was £814,958 (2006 £695,658)

Directors and their interests

The directors of the company at 31 March 2007, all of whom served throughout the year, and their interests in the share capital of the company at that date, together with their interests at 31 March 2006, were

	2007	2006
M D Paisner	-	-
R Glatter	-	-

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware, and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985

Auditors

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting

This directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the board of directors and signed on behalf of the board


R Glatter
Director

BLUSTON SECURITIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those accounts, 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 accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Bluston Securities Limited

We have audited the accounts of Bluston Securities Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. These accounts have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We read the information contained within the Directors' Report and consider whether it is consistent with the audited accounts. Our responsibilities do not extend to any other information.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We state in our report whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Qualified opinion arising from departure from an accounting standard

Freehold and long leasehold properties owned by the company for investment purposes are included in the accounts at historical cost less amortisation of £426,563 and £1,337,725 respectively. The historical cost basis is not in accordance with Statement of Standard Accounting Practice No 19 *Accounting for investment properties* which requires investment properties to be included at open market value at the balance sheet date. We are unable to quantify the financial effect of this departure, which would have a significant impact on the value of investment properties and revaluation reserves in the balance sheet.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Bluston Securities Limited (continued)

Opinion

Except for the inclusion of investment properties at cost, in our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended, and
- the accounts have been properly prepared in accordance with the Companies Act 1985

In our opinion the information given in the Directors' Report is consistent with the accounts

In our opinion the matter in respect of which our report was qualified is not material for determining by reference to these accounts whether distributions are permitted under Section 263 of the Companies Act 1985

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date

26.11.2007

BLUSTON SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT for the year ended 31 MARCH 2007**

	Notes	2007 £	2006 £
Turnover	2	781,363	832,807
Administrative expenses		150,679	156,732
Operating profit		630,684	676,075
Interest receivable and income from other investments	6	334,351	331,805
Profit on disposal of investments		161,412	-
Profit on ordinary activities before taxation		1,126,447	1,007,880
Tax on profit on ordinary activities	7	311,489	312,222
Profit on ordinary activities after taxation		814,958	695,658

All of the company's operations are classed as continuing. There were no gains or losses in either year other than those included in the above profit and loss account.

BLUSTON SECURITIES LIMITED

BALANCE SHEET as at 31 MARCH 2007

	Notes	2007 £	2006 £
Fixed assets			
Investment properties	9	1,764,288	1,771,979
Tangible fixed assets	8	26,618	-
		1,790,906	1,771,979
Current assets			
Debtors	10	496,493	368,409
Investments	11	3,196,716	3,030,067
Cash at bank and in hand		4,774,962	5,928,407
		8,468,171	9,326,883
Creditors: amounts falling due within one year	12	679,008	726,351
Net current assets		7,789,163	8,600,532
Net assets		9,580,069	10,372,511
Shareholders' equity			
Called up share capital	13	401,850	401,850
Non-distributable reserve	14	5,677,259	5,677,259
Revenue reserve	14	3,500,960	4,293,402
Shareholders' funds	15	9,580,069	10,372,511

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

The accounts were approved by the Board of Directors on *14th November* and were signed on its behalf by


R Glatter
Director

2007

BLUSTON SECURITIES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007

1 Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices. A summary of the more important accounting policies adopted are described below

Basis of accounting

The accounts have been prepared under the historical cost convention

Fixed assets

The investment properties, which comprise freehold and long leasehold properties, are included in the balance sheet at cost less lease amortisation, and not at their open market value as required by Statement of Standard Accounting Practice No 19 (SSAP 19) because the directors believe that the costs of such a valuation would outweigh any benefits which might be received by the shareholders

No depreciation has been provided in respect of the freehold investment properties. Amortisation is provided in respect of leasehold properties. Although this is in accordance with SSAP 19 it represents a departure from the Companies Act 1985 which requires the systematic annual depreciation of fixed assets. The directors believe that it is inappropriate to charge depreciation because the properties are held for their investment potential

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted

2 Turnover

Turnover represents the amounts receivable for rental income, goods and services, net of VAT

All turnover arises from rental income in the United Kingdom as set out below

	2007 £	2006 £
Gross rental income	1,194,775	1,136,703
Net property outgoings	(413,412)	(303,896)
	781,363	832,807

BLUSTON SECURITIES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

3 Operating Profit is stated after charging

	2007 £	2006 £
Depreciation	17,368	8,305
Auditors' remuneration (see note 4)	20,000	20,000

4 Auditor's remuneration:

	2007 £	2006 £
Fees payable to the auditors for the audit of the annual accounts	12,500	12,000
Fees payable to the company's auditors and its associates for other services		
Other services relating to taxation	7,500	8,000
	20,000	20,000

5 Directors' emoluments

	2007 £	2006 £
All directors	44,475	44,493

6 Interest receivable and income from other investments

	2007 £	2006 £
Income from current asset investments	92,999	82,065
Other interest receivable	241,352	249,740
	334,351	331,805

BLUSTON SECURITIES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

7 Tax on profit on ordinary activities

	2007 £	2006 £
Corporation tax payable based on the profit for the year at 30% (2006 30%)	331,929	297,937
(Over)/under provision in respect of prior years	(20,440)	14,285
Total current tax charge	311,489	312,222
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	1,126,447	1,007,880
Profit on ordinary activities multiplied by standard rate corporation tax in the UK of 30% (2006 30%)	337,934	302,364
<i>Tax effects of</i>		
Expenses not deductible for tax purposes	6,944	8,103
Income not taxable for tax purposes	(2,635)	-
Capital allowances in excess of depreciation	(399)	(1,140)
Marginal relief	(9,915)	(12,769)
Unrelieved tax losses and other deductions in the period	-	1,379
Adjustment to tax charge in respect of previous years	(20,440)	14,285
Total current tax charge for the year	311,489	312,222

BLUSTON SECURITIES LIMITED**NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)**

8	Tangible fixed assets	Fixtures and fittings £
	Cost	
	At 1 April 2006	-
	Additions	35,491
	At 31 March 2007	35,491
	Depreciation	
	At 1 April 2006	-
	Charge for the year	8,873
	At 31 March 2007	8,873
	Net book value	
	At 31 March 2006	-
	At 31 March 2007	26,618

BLUSTON SECURITIES LIMITED
NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

9	Investment properties	Freehold	Long leasehold	Total
		£	£	£
	Cost or valuation			
	At 1 April 2006	426,563	1,398,001	1,824,564
	Additions	-	56,804	56,804
	Recouped	-	(56,000)	(56,000)
	At 31 March 2007	426,563	1,398,805	1,825,368
	Depreciation			
	At 1 April 2006	-	52,585	52,585
	Charge for the year	-	8,495	8,495
	At 31 March 2007	-	61,080	61,080
	Net book value			
	At 31 March 2006	426,563	1,345,416	1,771,979
	At 31 March 2007	426,563	1,337,725	1,764,288
10	Debtors		2007	2006
			£	£
	Trade debtors		375,001	307,543
	Prepayments and accrued income		121,492	60,866
			496,493	368,409
11	Investments		2007	2006
			£	£
	Investments quoted on the London stock exchange		3,196,716	3,030,067
	Market value of listed investments		3,656,711	3,600,051

BLUSTON SECURITIES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

12	Creditors: amounts falling due within one year	2007	2006
		£	£
	Corporation tax	330,347	316,857
	Other creditors	348,661	409,494
		679,008	726,351
13	Called up share capital	2007	2006
		£	£
	Authorised		
	1,800,000 Ordinary shares of 25p each	450,000	450,000
	Allotted, called up and fully paid		
	1,607,400 Ordinary shares of 25p each	401,850	401,850
14	Reserves	Non-distributable Reserve	Revenue
	Total	£	£
	£		
	At 1 April 2006	9,970,661	5,677,259
	Profit for the financial year	814,958	-
	Dividends	(1,607,400)	-
	At 31 March 2007	9,178,219	5,677,259
			3,500,960

Under the company's Memorandum of Association, any surpluses arising net of tax from the disposal of its investment properties are not available for distribution, and therefore credited to a separate non-distributable reserve

BLUSTON SECURITIES LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 MARCH 2007 (continued)

15	Reconciliation of movement on shareholders' funds	2007	2006
		£	£
	Profit for the financial year after taxation	814,958	695,658
	Dividends	(1,607,400)	(482,220)
		(792,442)	213,438
	Opening shareholders' funds	10,372,511	10,159,073
	Closing shareholders' funds	9,580,069	10,372,511
16	Dividends paid	2007	2006
		£	£
	Final dividend in respect of 2006	562,590	-
	Interim dividend	1,044,810	482,220
		1,607,400	482,220

17 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1 "Cash Flow Statements" not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under Section 247 of the Companies Act 1985

18 Transactions with directors

Mr M D Paisner is a partner of Berwin Leighton Paisner. During the year Berwin Leighton Paisner charged the company £59,851 (2006 - £53,336) in relation to property transactions, debt recovery and general legal advice. There was £11,456 outstanding at the year end (2006- £Nil).

19 Ultimate Controlling Party

The ultimate controlling party is the Bluston Charitable Trust by virtue of its majority shareholding in the company.