

Knightspur Properties plc
Annual Report and Financial Statements
for the year ended 31st December 2005



Knightspur Properties plc

Company Information

Directors	Peter Laurence Murphy Matthew Martin Slane
Secretary	Paul Williams
Company number	1067607 (England and Wales)
Registered office	2a Alexandra Grove North Finchley London N12 8NU
Auditors	Elliotts Shah 2 nd Floor King House 5 – 11 Westbourne Grove London W2 4UA

Knightspur Properties plc

Contents

	Page
Chairman's statement	1
Directors' report	2 - 3
Independent auditors' report	4
<i>Consolidated profit and loss account</i>	5
Statement of total recognised gains and losses	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the consolidated cash flow statement	10 - 11
Notes to the financial statements	12 - 26

Knightspur Properties plc

Chairman's statement

Financial statements for the year ended 31st December 2005

Knightspur Properties plc and its subsidiaries are principally involved in the residential sector of the property market. The activities comprise mainly of development and trading in residential property portfolios.

I am pleased to report a consolidated profit before taxation of £1,588,357 for the year to 31st December 2005 (2004: £784,546).

During the year there was further significant progress in the group's joint venture development activities with sales of c£7.55m (2004: c£9.96m) and stock of property under development of c£15.50m (2004: c£11.49m). Sales at Grange Close in Winchester contributed £3.32m to group turnover and the development and sale of the remaining houses there will be completed in 2006. I am also pleased to report that sales at our prestigious development in Mill Hill at the former St Mary's Abbey contributed a further £2.27m to turnover as the first phase completed. We are currently constructing 4 large houses within the former St Mary's Chapel.

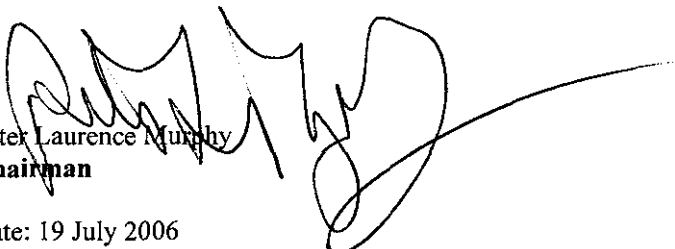
The joint venture at Hodsoll Street was concluded during the year and development work at New Barn Farm in Hampshire and Broadhoath in Kent will be substantially complete in 2006.

The group acquired further sites for re-development where development work had not commenced at the year end date. I am also pleased to report that the group obtained planning consent for 11 luxury apartments at Hertford Lodge, Finchley and has commenced construction.

In addition to development activities, the group exploited a successful dealing opportunity trading for £9m a development site acquired in Deptford.

I am thankful for the continued support of our bankers, Barclays Bank plc and Investec Bank (UK) Limited through long term funding arrangements and for the support we receive for development funding from Allied Irish Bank, the Bank of Ireland and National Westminster Bank.

I am confident of the future prospects for the group and with the current range of properties under development hope to be able to report an improvement in the group results for the forthcoming year.



Peter Laurence Murphy
Chairman

Date: 19 July 2006

Knightspur Properties plc

Directors' report for the year ended 31st December 2005

The directors present their report and the financial statements for the year ended 31st December 2005.

Principal activities and review of the business

The principal activities of the group during the year have been that of property development, dealing, investment and management.

The review of the group's activities during the year and its future prospects are as indicated in the chairman's statement.

Results and dividends

The statutory consolidated profit and loss account which is set out on page 5 shows a profit before taxation of £1,588,357 (2004: £784,546).

The directors do not recommend the payment of a dividend.

Fixed assets

The significant changes in fixed assets during the year are detailed in notes 7 to 9 to the financial statements.

Directors and their interests

The directors who served during the year and their direct beneficial interests in the ordinary share capital of the company were as stated below:

	Class of Share	31 Dec 05	1 Jan 05
Peter Laurence Murphy	Ordinary shares	77.52%	77.52%
Matthew Martin Slane	Ordinary shares	0.64%	0.64%

In addition to the interests shown above, Peter Laurence Murphy also has an indirect interest in the company by virtue of his 85% beneficial interest in C & G Properties plc which is interested in 12.80% (2004: 12.80%) of the company's share capital, and by being a member of The KCG Pension Fund, together with his wife, being the only two members of that scheme, which is interested in a further 9.04% (2004: 9.04%) of the company's share capital.

In addition to the above, Matthew Martin Slane had a beneficial interest in the following group companies:

	Class of Share	31 Dec 05	1 Jan 05
Totteridge Common Limited	Ordinary shares	5%	5%
M25 Holdings Limited	Ordinary shares	25%	25%

Knightspur Properties plc

Directors' report for the year ended 31st December 2005 (continued)

Charitable donations

The group made charitable donations of £1,000 during the year (2004: £nil)

Policy and practice on payment of creditors

It is the company's and group's policy to pay suppliers in accordance with the payment terms negotiated with them.

Auditors

Arvind Shah & Co have combined their business with another firm and are now trading under the name of Elliotts Shah. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

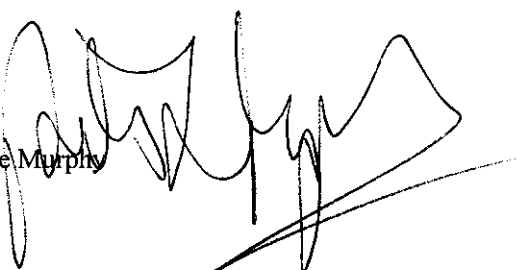
Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for the financial year. In preparing those financial statements, 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 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Peter Laurence Murphy
Director
19 July 2006



**Independent auditors' report
to the shareholders of Knightspur Properties plc**

We have audited the financial statements of Knightspur Properties plc for the year ended 31 December 2005 set out on pages 5 to 26. These financial statements 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 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 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 on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group'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.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Elliotts Shah

Elliotts Shah

**Chartered Accountants
Registered Auditor**

20 July 2006

2nd Floor
King House
5 – 11 Westbourne Grove
London W2 4UA

Knightspur Properties plc
Consolidated profit and loss account
for the year ended 31st December 2005

	Notes	2005		2004	
		£	£	£	£
Turnover	2		17,845,046		10,037,323
Cost of sales			(12,909,557)		(7,795,913)
Joint venturers' share of profits			(1,805,453)		(762,730)
Profits from joint ventures managed by others			189,088		296,771
Gross profit			3,319,124		1,775,451
Selling and marketing costs			(322,127)		(316,268)
Administrative expenses			(1,120,057)		(743,097)
Other operating income					
Rent receivable and sundry income		375,903		197,627	
Less: property costs		(243,327)		(71,452)	
			132,576		126,175
Management fees receivable			241,602		482,500
Operating profit	3		2,251,118		1,324,761
Investment income	4		184		9,863
Other interest receivable and similar income	4		269,508		130,675
Interest payable and similar charges	5		(932,453)		(680,753)
Profit on ordinary activities before taxation			1,588,357		784,546
Tax on profit on ordinary activities	6		(472,764)		(227,207)
Profit on ordinary activities after taxation			1,115,593		557,339
Equity minority interest			(31,109)		7,977
Retained profit for the year	15a		1,084,484		565,316

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Knightspur Properties plc

**Statement of total recognised gains and losses
for the year ended 31st December 2005**

	2005	2004
	£	£
Profit for the financial year	1,084,484	565,316
Unrealised surplus on revaluation of properties	-	57,177
Total recognised gains and losses relating to the year	1,084,484	622,493

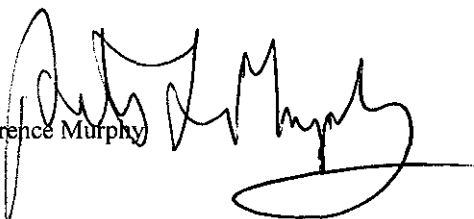
Knightspur Properties plc

**Consolidated balance sheet
as at 31st December 2005**

	Notes	2005 £	£	2004 £	£
Fixed assets					
Negative goodwill	7	(49,293)		(73,939)	
Tangible assets	8a	273,271		290,950	
Investments	9a	<u>2,520,845</u>		<u>2,520,845</u>	
			2,744,823		2,737,856
Current assets					
Stocks	10	19,068,852		16,797,995	
Debtors	11	2,095,895		1,539,926	
Cash at bank and in hand		<u>3,454,504</u>		<u>1,587,140</u>	
		24,619,251		19,925,061	
Creditors:					
Amounts falling due within one year	12	<u>(17,694,729)</u>		<u>(13,954,165)</u>	
Net current assets			6,924,522		5,970,896
Total assets less current liabilities			9,669,345		8,708,752
Creditors:					
Amounts falling due after more than one year	13		(307,500)		(462,500)
			9,361,845		8,246,252
Capital and reserves					
Called up share capital	14	2,184,379		2,184,379	
Share premium account	15a	831,495		831,495	
Revaluation reserve	15a	179,165		179,165	
Capital reserve	15a	489,227		489,227	
Profit and loss account	15a	<u>5,555,515</u>		<u>4,471,031</u>	
Equity shareholders' funds	16	9,239,781		8,155,297	
Equity minority interests		122,064		90,955	
			9,361,845		8,246,252

The financial statements were approved by the Board on 19 July 2006.

Peter Laurence Murphy
Director

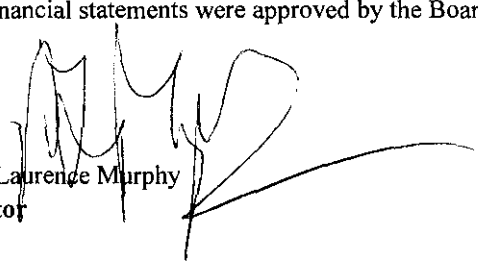


Knightspur Properties plc

**Company balance sheet
as at 31st December 2005**

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	8b		8,207		9,119
Investments	9b		4,399,799		5,196,021
			4,408,006		5,205,140
Current assets					
Stocks	10	12,852,844		10,316,241	
Debtors	11	3,075,581		2,455,431	
Cash at bank and in hand		2,136,050		1,118,817	
		18,064,475		13,890,489	
Creditors:					
Amounts falling due within one year	12	(15,460,440)		(11,993,459)	
Net current assets			2,604,035		1,897,030
Total assets less current liabilities			7,012,041		7,102,170
Creditors:					
Amounts falling due after more than one year	13		(307,500)		(462,500)
			6,704,541		6,639,670
Capital and reserves					
Called up share capital	14		2,184,379		2,184,379
Share premium account	15b		831,495		831,495
Capital reserve	15b		1,109		1,109
Profit and loss account	15b		3,687,558		3,622,687
Equity shareholders' funds	16		6,704,541		6,639,670

The financial statements were approved by the Board on 19 July 2006.


Peter Laurence Murphy
Director

Knightspr Properties plc

Consolidated cash flow statement for the year ended 31st December 2005

	Notes	2005 £	£	2004 £	£
Net cash (outflow) / inflow from operating activities	1		(1,830,473)		3,860,990
Returns on investments and servicing of finance		269,508		17,255	
Interest received		(925,181)		(671,254)	
Interest paid		184		9,563	
Dividends received			(655,489)		(644,436)
Net cash outflow from returns on investments and servicing of finance			(225,632)		(104,103)
Taxation					
Corporation Tax paid				(320)	
Capital expenditure and financial investment				(25,935)	
Purchase of listed investments		(1,430)		2,620	
Purchase of other tangible fixed assets		-		1,000	
Sale of listed investments		-			
Receipts from sales of tangible fixed assets			(1,430)		(22,635)
Net cash outflow from capital expenditure and financial investment					
Financing					
Debt due within one year		6,518,597		1,498,035	
Short term loans drawn down		(1,739,675)		(3,498,869)	
Short term loans repaid			(155,000)		
Debt due in more than one year					(2,155,834)
Loans repaid					
Net cash inflow / (outflow) from financing			4,623,922		
			1,910,898		933,982
Increase in cash in the year					

Knightspur Properties plc

**Notes to the consolidated cash flow statement
for the year ended 31st December 2005**

1 Reconciliation of operating profit to net cash flows from operating activities

	2005	2004
	£	£
Operating profit	2,251,118	1,324,761
Depreciation charges	19,109	21,419
Amortisation of negative goodwill	(24,646)	(24,646)
Loss on disposal of fixed assets	-	6,315
(Increase) / decrease in stocks of properties	(2,270,857)	1,270,567
Increase in debtors	(555,969)	(248,744)
(Decrease) / increase in creditors	(1,249,228)	1,511,318
Net cash (outflow) / inflow from operating activities	(1,830,473)	3,860,990

2 Reconciliation of net cash flow to movement in net debt (note 3)

	2005	2004
	£	£
Increase in cash in the year	1,910,898	933,982
Cash (inflow) / outflow from movement in debt	(4,623,922)	2,155,834
(Increase) / decrease in net debt resulting from cash flows	(2,713,024)	3,089,816
Debt converted into shares during the year	-	294,400
Net debt at start of year	(5,822,788)	(9,207,004)
Net debt at end of year	(8,535,812)	(5,822,788)

Knightspur Properties plc

**Notes to the consolidated cash flow statement (continued)
for the year ended 31st December 2005**

3 Analysis of changes in net debt

	At 1 January 2005 £	Cash flow £	Other non-cash changes £	At 31 December 2005 £
Cash in hand and at bank	1,587,140	1,867,364	-	3,454,504
Overdrafts	(43,552)	43,534	-	(18)
	1,543,588	1,910,898	-	3,454,486
Debt due within one year	(6,903,876)	(4,778,922)	-	(11,682,798)
Debt due after one year	(462,500)	155,000	-	(307,500)
Net debt	(5,822,788)	(2,713,024)	-	(8,535,812)

Knightspur Properties plc

Notes forming part of the financial statements for the year ended 31st December 2005

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

1.2 Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the holding company and all its subsidiaries. Negative goodwill arising on consolidation and representing the excess of the fair value of the net assets acquired over purchase price is amortised over its estimated useful life of five years from the first full financial year after acquisition.

Joint ventures

The group is involved in various property development joint ventures. The nature of most of these joint ventures is such that the group effectively controls the day to day operations with a share of the profits payable to the joint venture partners. Accordingly, the group has consolidated the results of those joint ventures under its control as if they were a normal part of its own trading. The share of profits payable to joint venture partners has been shown separately before arriving at gross profit and the amounts invested by the joint venturers have been included under creditors due within one year.

The results for the joint ventures managed by others has been disclosed separately on the profit and loss account before arriving at gross profit and the amount invested in these joint ventures has been included under debtors.

1.3 Turnover

Turnover represents sales of properties held as trading stock, fees receivable from property management and insurance commissions receivable.

1.4 Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except investment properties, over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

Computer equipment	- straight line over 3 years
Furniture, fixtures and fittings	- 10% per annum on net book value
Motor vehicles	- 25% per annum on net book value

**Notes forming part of the financial statements
for the year ended 31st December 2005**

1 Accounting policies (continued)

1.5 Investment properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.8 Pensions

The group contributes to money purchase pension plans for its employees and for one of the directors. Contributions are charged to the profit and loss account as they become payable.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. On the basis of these financial statements, no provision has been made for deferred tax.

No provision has been made for deferred tax on gains recognised on revaluing investment properties as the group does not intend to sell the revalued assets.

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

2 Turnover analysis by activity

	2005 £	2004 £
Group		
Sales of properties	17,779,500	9,955,868
Property management	37,069	63,455
Insurance commissions receivable	28,477	18,000
	17,845,046	10,037,323

3 Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	19,109	21,419
Loss on disposal of tangible assets	-	6,135
Operating lease rentals	75,000	-
Auditors' remuneration	33,389	40,321
and after crediting:		
Rent receivable	375,903	197,627

4 Investment income

	2005 £	2004 £
Income from listed investments	184	207
Profit on disposal of listed investments	-	300
Income from unlisted investments	-	9,356
Bank interest	89,705	16,573
Other interest	179,803	114,102
	269,692	140,538

Knightspur Properties plc

**Notes to the financial statements
for the year ended 31st December 2005**

5 Interest payable

	2005	2004
	£	£
On bank loans and overdrafts	897,752	644,318
On other loans	34,589	36,213
On overdue tax	112	222
	932,453	680,753

6 Taxation

	2005	2004
	£	£
Domestic current year tax		
UK Corporation Tax	474,391	227,644
Adjustment for prior years	(1,627)	(437)
Current tax charge	472,764	227,207
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,588,357	784,546
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2003: 30%)	476,507	235,364
Effects of:		
Non deductible expenses	11,745	4,546
Depreciation	5,733	13,820
Capital allowances	(3,560)	(6,061)
Adjustments to previous periods	(1,627)	(437)
Chargeable disposals	-	24
Dividends and distributions received	(55)	(2,865)
Other tax adjustments	(15,980)	(17,184)
	(3,744)	(8,157)
Current tax charge	472,764	227,207

No provision has been made for taxation which might become payable if the group's investment properties were sold at the net amount stated in these financial statements; the additional tax liability could amount to approximately £50,000 (2004: £50,000).

Knightspur Properties plc

**Notes to the financial statements
for the year ended 31st December 2005**

7 Negative goodwill - group

	£
Cost	
At 1st January 2005 and at 31st December 2005	123,231
Amortisation	
At 1st January 2005	49,292
Credit for the year	24,646
At 31st December 2005	73,938
Net Book Value at	
31st December 2005	49,293
31st December 2004	73,939

Knightspur Properties plc

**Notes to the financial statements
for the year ended 31st December 2005**

8a. Tangible fixed assets - group

	Investment properties £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1st January 2005	222,000	140,126	38,935	401,061
Additions	-	1,430	-	1,430
At 31st December 2005	222,000	141,556	38,935	402,491
Depreciation				
At 1st January 2005	-	100,375	9,736	110,111
Charge for the year	-	11,809	7,300	19,109
At 31st December 2005	-	112,184	17,036	129,220
Net Book Value at				
31st December 2005	222,000	29,372	21,899	273,271
31st December 2004	222,000	39,751	29,199	290,950

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £42,835 (2004: £42,835).

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

8b. Tangible fixed assets - company

	Fixtures & fittings £
Cost	
At 1st January 2005 and at 31st December 2005	55,573
Depreciation	
At 1st January 2005	46,454
Charge for the year	912
At 31st December 2005	47,366
Net book value at 31st December 2005	8,207
Net book value at 31st December 2004	9,119

9a. Investments - group

	Listed investments £	Unlisted investment £	Total £
Cost			
At 1st January 2005 and 31st December 2005	400	2,520,445	2,520,845

The unlisted investment comprises of 4.5% loan stock in C&G properties plc which was acquired on the transfer of various subsidiaries to C&G Properties plc on 31st December 2003. The loan stock is redeemable at any time after 31st December 2013.

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

9b. Investments - company

	Listed investments £	Unlisted investment £	Subsidiary undertakings £	Total £
Cost or valuation				
At 1st January 2005	400	2,520,445	2,675,176	5,196,021
Additions	-	-	3,776	3,776
Write down of investment to cost	-	-	(799,998)	(799,998)
At 31st December 2005	400	2,520,445	1,878,954	4,399,799

The unlisted investment comprises of 4.5% loan stock in C&G properties plc which was acquired on the transfer of various subsidiaries to C&G Properties plc on 31st December 2003. The loan stock is redeemable at any time after 31st December 2013.

9c Knightspur Properties plc holds the following direct and indirect interests in the equity capital of the undertakings indicated below:

Name of company	Country of registration	Holdings	Proportion held
Trading companies			
Covemile Limited	England	Ordinary shares	90%
Gardenstate Properties Limited	England	Ordinary shares	75%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
Roundpoll Limited	England	Ordinary shares	100%
Roundpoll Insurance Services Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	95%
Wadestock Limited	England	Ordinary shares	100%
Investment / holding companies			
Dawnstar Properties Limited	England	Ordinary shares	100%
M25 Holdings Limited	England	Ordinary shares	75%
M25 Estates Limited	England	Ordinary shares	100%
M25 Investments Limited	England	Ordinary shares	75%
Dormant / nominee companies			
Alnor Properties Limited	England	Ordinary shares	100%
Canaryridge Limited	England	Ordinary shares	100%
Condo Properties Limited	England	Ordinary shares	100%
Desarex Properties Limited	England	Ordinary shares	100%
Plum Properties Limited	England	Ordinary shares	100%
Stimpson (Investments) Limited	England	Ordinary shares	100%
Totteridge House Limited	England	Ordinary shares	100%
Wards Properties (Clacton) Limited	England	Ordinary shares	100%

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

10 Stocks

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Stock of properties	19,068,852	16,797,995	12,852,844	10,316,241

11 Debtors: falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	781,284	1,606	594,976	-
Amounts owed by subsidiary undertakings	-	-	1,413,254	1,523,608
Other debtors	260,308	153,452	119,460	70,287
Amounts invested in joint ventures	843,280	805,283	843,280	805,283
Prepayments and accrued income	211,023	579,585	104,611	56,253
	2,095,895	1,539,926	3,075,581	2,455,431

12 Creditors: falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts	11,682,816	6,947,428	9,314,637	5,444,882
Trade creditors	393,417	191,007	342,586	153,822
Amounts payable on completion	-	1,692,642	-	-
Amount owed to subsidiary undertakings	-	-	2,439,238	2,274,740
Amounts owed to joint venturers	3,690,432	2,357,872	1,953,158	1,797,600
Corporation tax	534,759	287,627	337,361	80,320
Other taxes and social security costs	47,640	26,828	31,888	22,627
Director's current account	150,010	430,473	150,010	430,473
Other creditors	505,494	1,732,213	427,363	1,658,395
Accruals and deferred income	690,161	288,075	464,199	130,600
	17,694,729	13,954,165	15,460,440	11,993,459

The bank loans and overdrafts are secured by way of legal mortgages over land and buildings owned by the company and its subsidiary undertakings.

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

13 Creditors: falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans repayable between				
- one and two years	155,000	155,000	155,000	155,000
- two and five years	152,500	307,500	152,500	307,500
	307,500	462,500	307,500	462,500

14 Share capital

	Number of ordinary shares	£
Authorised		
At 1st January 2005 and 31st December 2005 (£1 ordinary)	3,000,000	3,000,000
Allotted, called up and fully paid		
At 1st January 2005 and 31st December 2005	2,184,379	2,184,379

Knightspur Properties plc

**Notes to the financial statements
for the year ended 31st December 2005**

15a. Statement of movement on reserves - group

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Balance at 1st January 2005	831,495	179,165	489,227	4,471,031
Retained profit for the year	-	-	-	1,084,484
At 31st December 2005	831,495	179,165	489,227	5,555,515

15b. Statement of movement on reserves - company

	Share premium account £	Capital reserve £	Profit and loss account £
Balance at 1st January 2005	831,495	1,109	3,622,687
Retained profit for the year	-	-	64,871
At 31st December 2005	831,495	1,109	3,687,558

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

16 Reconciliation of movements in shareholders' funds

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Profit for the financial year	1,084,484	565,316	64,871	275,957
Other recognised gains and losses	-	57,177	-	-
Proceeds from issue from shares	-	294,400	-	294,400
Net movement in shareholders' funds	1,084,484	916,893	64,871	570,357
Opening shareholders' funds	8,155,297	7,238,404	6,639,670	6,069,313
Closing shareholders' funds	9,239,781	8,155,297	6,704,541	6,639,670

17 Financial commitments

The following commitments in respect of operating leases are due for payment in the year to 31 December 2006:

	Group		Company	
	2005	2004	2005	2004
	Land and buildings	Land and buildings	Land and buildings	Land and buildings
	£	£	£	£
Operating leases which expire :				
Between two and five years	100,000	-	-	-

18 Company profit and loss account

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account. The profit for the financial year is made up as follows:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Holding company's profit for the financial year	64,871	275,957

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

19 Contingent liabilities

The directors are aware of the fact that certain undertakings given by the company to the banks in respect of borrowings of a former subsidiary company, Invicta Holdings Limited, has not been released following the sale of the company to C&G Properties plc. The directors are approaching the bankers with a view to removing the cross guarantees given by the company. At the balance sheet date the contingent liability in respect of those borrowings amounted to £112,500 (2004: £202,500).

20 Directors' emoluments - group and company

	2005 £	2004 £
Emoluments for qualifying services	95,113	93,338

Emoluments disclosed above relate entirely to the highest paid director.

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	Group		Company	
	2005	2004	2005	2004
Sales and marketing	1	1	1	1
Office and management	11	11	8	8
	12	12	9	9

Employment costs

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Wages and salaries	514,440	430,684	463,225	377,034
Social security costs	57,015	50,299	51,546	44,637
Other pension costs	10,378	7,169	8,513	5,002
	581,833	488,152	523,284	426,673

Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

22 Pension costs

The group contributes to individual money purchase pension plans for its employees. The group's contributions to pension plans during the year was £10,378 (2004: £7,169).

23 Control

The group is under the control of the director, Peter Laurence Murphy, by virtue of his beneficial interest in the issued share capital of Knightspur Properties plc as disclosed in the directors' report.

24 Related party transactions

- a. Joint venturers' share of profits includes profits / (losses) attributable to the following related parties:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Revelprime Limited	334,818	306,749	343,096	308,599
Peter Murphy Children's Trust	33,284	(3,158)	-	-
Reachdrum Limited	(9,563)	-	(6,601)	-
Peter Murphy	334,446	-	334,446	-
M25 Securities Limited	500,169	-	500,169	-

Amounts invested in / (due to) joint venturers includes the following related party balances:

Reachdrum Limited	348,808	804,192	348,808	804,192
Plaint Limited	494,472	-	494,472	-
Revelprime Limited	(1,389,829)	(465,011)	(829,672)	(466,616)
Peter Murphy Children's Trust	(158,126)	(124,842)	-	-
Reachdrum Limited	(255,437)	-	(115,899)	-

In addition to the above, other debtors and other creditors include the following related party balances:

Due to The KCG Pension Fund	293,110	289,017	293,110	289,017
Due to C&G Properties plc	110	1,297,680	110	1,297,680
Due to Delaway Limited	12,806	15,064	12,806	15,064
Due to Enterprise Properties Limited	42,231	-	42,231	-

Trade debtors includes amounts due from connected companies as follows:

84,263	-	-	-
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Knightspur Properties plc

Notes to the financial statements for the year ended 31st December 2005

24 Related party transactions (continued)

- (i) Reachdrum Limited is under the control of the director, Matthew Slane, by virtue of his beneficial interest in that company. Operating profit includes £194,616 (2004: £296,771) in respect of the share of profits due from joint ventures managed by Reachdrum Limited. Reachdrum Limited is also involved in three joint ventures managed by the Knightspur Properties plc group and its share of results from those joint ventures and amounts invested in them is as stated in note 24a. above.
 - (ii) Revelprime Limited is a wholly owned subsidiary of The M25 Group Limited, a company in which Peter Murphy is a director and registered shareholder as trustee for the Peter Murphy Children's Trust.
 - (iii) Other operating income includes £50,000 (2004: £42,500) in respect of management fees charged to The M25 Group Limited.
 - (iv) Peter Murphy is a trustee and member of The KCG Pension Fund. Administrative expenses for the year ended 31 December 2004 includes £5,625 for the rent of an office for part of the year from The KCG Pension Fund. The company ceased renting the office in that year. Interest payable includes £22,547 (2004: £21,816) charged by The KCG Pension Fund on amounts loaned to the company.
 - (v) M25 Securities Limited is a wholly owned subsidiary of Enterprise Properties Limited, a company which is wholly owned by Peter Murphy. Other operating income includes £30,713 (2004: £45,000) in respect of management fees receivable from Bourne End (Investments) Limited, a wholly owned subsidiary of Enterprise Properties Limited.
 - (vi) During the year the company invested £500,000 for a 33.33% share in a joint venture managed by Plaint Limited, a wholly owned subsidiary of Enterprise Properties Limited. The company's share of loss from the joint venture for the year was £5,528.
 - (vii) C&G Properties plc is under the control of Peter Murphy, by virtue of his beneficial interest in that company. C&G Properties plc is interested in 12.80% (2004: 12.80%) of the issued share capital of Knightspur Properties plc. Interest receivable includes £113,420 (2004: £113,420) charged on the loan stock issued by C&G Properties plc. Interest payable includes £nil (2004: £14,397) charged by C&G Properties plc. Other operating income includes £160,889 (2004: £395,000) of management fees receivable from various subsidiaries of C&G Properties plc.
 - (viii) Delaway Limited is under the control of Peter Murphy and Matthew Slane who each have a 50% interest in that company. The balance due to Delaway Limited at the balance sheet date is stated in 24a. above.
- b. Administrative expenses includes rent of £175,000 (2004: £nil) payable to Peter Murphy for the use of a property owned by him.
 - c. The director's current account of £150,010 (2004: £430,473) is due to the director, Peter Murphy. No interest has been charged on these sums.
 - d. Included under administrative expenses is a sum of £3,500 (2004: £16,965) and under property expenses a sum of £75,000 (2004: £nil) in respect of rent payable to Reedrent Limited, a wholly owned subsidiary of C&G Properties plc. From 1 April 2005, Roundpoll Limited, a wholly owned subsidiary of Knightspur Properties plc, was granted a three year headlease of the property owned by Reedrent Limited. Prior to that date, Roundpoll Limited rented a part of the property. The annual rent payable by Roundpoll Limited to Reedrent Limited is £100,000.