

REGISTERED NUMBER: 1067607 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2007
for
Knightspur Properties Limited**

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**Contents of the Financial Statements
for the Year Ended 31 December 2007**

	Page
Company Information	1
Chairman's Report	2
Report of the Directors	3-4
Report of the Independent Auditors	5-6
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Cash Flow Statement	11-12
Notes to the Financial Statements	13-25

Knightspur Properties Limited

**Company Information
for the Year Ended 31 December 2007**

DIRECTORS:

P L Murphy
M Slane

SECRETARY:

P Williams

REGISTERED OFFICE:

2a Alexandra Grove
North Finchley
London
N12 8NU

REGISTERED NUMBER:

1067607 (England and Wales)

AUDITORS:

Elliotts Shah
Registered Auditor
2nd Floor, King House
5 -11 Westbourne Grove
London
W2 4UA

Knightspur Properties Limited

**Chairman's Report
for the Year Ended 31 December 2007**

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

I am pleased to report a consolidated profit before taxation of £434,455 (2006 £1,461,901)

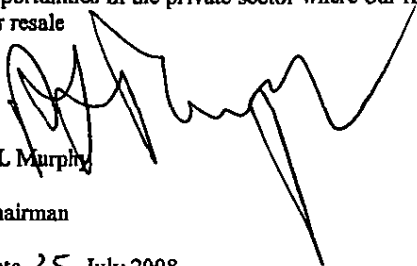
During the year there was further significant progress in the group's joint venture development activities with sales of c£18.65m (2006. c£8.71m) and stock of property under development of c£16.58m (2006. c£16.25m). Sales at Grange Close in Winchester contributed c£2.0m (2006 c£4.63m) to group turnover and the sales of the remaining houses there were completed in 2007. I am also pleased to report that construction work for 4 large houses within the former St Mary's Chapel was finished and 2 sales were completed contributing c£3.94m.

The group progressed with development work at Hertford Lodge, Finchley achieving sales of c£5.4m in the year and has completed construction in 2008 with the last two apartments reserved for sale.

Substantial progress was also achieved at the group's Hankins Garage site in Alresford where the first phase includes a new retail unit let to the Southern Co-op. Sales of residential property contributed c£2.5m in the year and construction is continuing on the site.

I am thankful for the continued support of our bankers, Barclays Bank plc and Investment 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, HSBC and National Westminster Bank.

The group is responding to the difficult economic environment that has developed since the onset of the credit crunch. We are continuously reviewing all expenditure and reducing costs where possible, but we are also seeking new business opportunities, in particular, residential development ventures with Registered Social Landlords and land dealing opportunities in the private sector where our financial resources should enable us to acquire land at advantageous prices for resale.



P L Murphy

Chairman

Date 25 July 2008

Knightspur Properties Limited

Report of the Directors for the Year Ended 31 December 2007

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2007

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review have been that of property development, dealing, investment and management

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2007

DIRECTORS

The directors during the year under review were

P L Murphy
M Slane

The beneficial interests of the directors holding office on 31 December 2007 in the issued share capital of the company were as follows

	31 12 07	1 1 07
Ordinary shares £1 shares		
P L Murphy	1,693,311	1,693,311
M Slane	14,104	14,104

In addition to the interests shown above, P L Murphy also has an indirect interest in the company by virtue of his beneficial interest in C & G Properties plc which is interested in 279,512 ordinary shares (2006 279,512), 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 197,452 ordinary shares (2006 197,452)

In addition to the above, M Slane had a beneficial interest in the following group companies

	Class of Share	31 Dec 2007	1 Jan 2007
Totteridge Common Limited	Ordinary shares	5%	5%
M25 Holdings Limited	Ordinary shares	25%	25%

GROUP'S POLICY 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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made charitable donations of £1,150 during the year (2006 £1,270)

Knightspur Properties Limited

Report of the Directors for the Year Ended 31 December 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

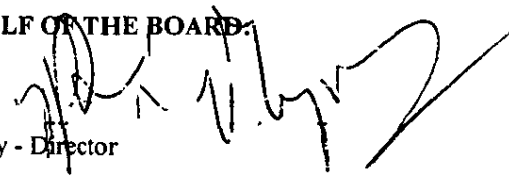
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Elliotts Shah, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


P L Murphy - Director

Date 25 July 2008

Report of the Independent Auditors to the Members of Knightspur Properties Limited

We have audited the financial statements of Knightspur Properties Limited for the year ended 31 December 2007 on pages seven to twenty five. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page four.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

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

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

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the Independent Auditors to the Members of
Knightspur Properties Limited**

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 affairs of the company and the group as at 31 December 2007 and of the profit of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Elliotts Shah

Elliotts Shah
Registered Auditor
2nd Floor, King House
5 - 11 Westbourne Grove
London
W2 4UA

Date 28 July 2008

Knightspur Properties Limited

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2007**

	Notes	2007 £	2006 £
TURNOVER	2	20,419,043	11,463,058
Cost of sales		(17,913,204)	(7,683,856)
Joint venturers' share of profits		(993,384)	(866,876)
Profit from joint ventures managed by others		<u>626,975</u>	<u>376,228</u>
GROSS PROFIT		2,139,430	3,288,554
Property and selling costs		767,087	684,766
Administrative expenses		<u>1,430,627</u>	<u>1,271,645</u>
		2,197,714	1,956,411
		(58,284)	1,332,143
Other operating income		<u>1,198,937</u>	<u>684,092</u>
OPERATING PROFIT	4	1,140,653	2,016,235
Income from fixed asset investments		110	1,135
Interest receivable and similar income		<u>232,756</u>	<u>176,064</u>
		232,866	177,199
		1,373,519	2,193,434
Interest payable and similar charges	5	<u>939,064</u>	<u>731,533</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		434,455	1,461,901
Tax on profit on ordinary activities	6	<u>93,775</u>	<u>432,349</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		340,680	1,029,552
Minority interest - equity		<u>(268,299)</u>	<u>(442)</u>
RETAINED PROFIT FOR THE YEAR FOR THE GROUP		<u>608,979</u>	<u>1,029,994</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

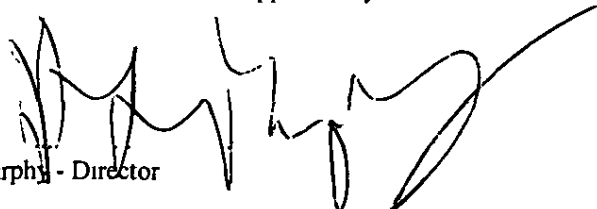
Knightspur Properties Limited

**Consolidated Balance Sheet
31 December 2007**

	Notes	£ 2007	£ 2006
FIXED ASSETS			
Intangible assets	8	-	(24,647)
Tangible assets	9	66,760	48,573
Investments	10	2,520,445	2,520,845
Investment property	11	<u>222,000</u>	<u>222,000</u>
		2,809,205	2,766,771
CURRENT ASSETS			
Stocks	12	18,266,679	19,271,450
Debtors	13	1,360,833	2,521,345
Cash at bank and in hand		<u>3,453,372</u>	<u>1,421,031</u>
		23,080,884	23,213,826
CREDITORS			
Amounts falling due within one year	14	<u>5,757,209</u>	<u>15,339,200</u>
NET CURRENT ASSETS		<u>17,323,675</u>	<u>7,874,626</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,132,880	10,641,397
CREDITORS			
Amounts falling due after more than one year	15	(9,400,803)	(250,000)
MINORITY INTERESTS	18	<u>146,677</u>	<u>(121,622)</u>
NET ASSETS		<u>10,878,754</u>	<u>10,269,775</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Revaluation reserve	20	179,165	179,165
Capital reserve	20	489,227	489,227
Profit and loss account	20	<u>7,194,488</u>	<u>6,585,509</u>
SHAREHOLDERS' FUNDS	24	<u>10,878,754</u>	<u>10,269,775</u>

The financial statements were approved by the Board of Directors on 25 July 2008 and were signed on its behalf by

P L Murphy - Director



The notes form part of these financial statements

Knightspur Properties Limited

**Company Balance Sheet
31 December 2007**

	Notes	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		6,647		7,386
Investments	10		<u>4,234,736</u>		<u>4,235,136</u>
			4,241,383		4,242,522
CURRENT ASSETS					
Stocks	12	7,108,392		12,267,686	
Debtors	13	4,541,954		4,115,539	
Cash at bank and in hand		<u>1,927,204</u>		<u>893,832</u>	
		13,577,550		17,277,057	
CREDITORS					
Amounts falling due within one year	14	<u>8,010,945</u>		<u>14,307,658</u>	
NET CURRENT ASSETS			<u>5,566,605</u>		<u>2,969,399</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,807,988		7,211,921
CREDITORS					
Amounts falling due after more than one year	15		<u>2,360,442</u>		<u>250,000</u>
NET ASSETS			<u>7,447,546</u>		<u>6,961,921</u>
CAPITAL AND RESERVES					
Called up share capital	19		2,184,379		2,184,379
Share premium	20		831,495		831,495
Other reserves	20		1,109		1,109
Profit and loss account	20		<u>4,430,563</u>		<u>3,944,938</u>
SHAREHOLDERS' FUNDS	24		<u>7,447,546</u>		<u>6,961,921</u>

The financial statements were approved by the Board of Directors on 25 July 2008 and were signed on its behalf by

.....
P L Murphy - Director

The notes form part of these financial statements

Knightspur Properties Limited

**Cash Flow Statement
for the Year Ended 31 December 2007**

	Notes	2007 £	2006 £
Net cash (outflow)/inflow from operating activities	1	(797,895)	3,026,397
Returns on investments and servicing of finance	2	(688,060)	(562,891)
Taxation		(282,500)	(796,804)
Capital expenditure and financial investment	2	<u>4,425</u>	<u>(10,039)</u>
		(1,764,030)	1,656,663
Financing	2	<u>3,799,180</u>	<u>(3,690,136)</u>
Increase/(Decrease) in cash in the period		<u>2,035,150</u>	<u>(2,033,473)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(Decrease) in cash in the period		2,035,150	(2,033,473)
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(3,799,180)</u>	<u>3,690,136</u>
Change in net debt resulting from cash flows		(1,764,030)	1,656,663
New hire purchase contracts		<u>(40,000)</u>	<u>-</u>
Movement in net debt in the period		(1,804,030)	1,656,663
Net debt at 1 January		<u>(6,879,149)</u>	<u>(8,535,812)</u>
Net debt at 31 December		<u>(8,683,179)</u>	<u>(6,879,149)</u>

The notes form part of these financial statements

Knightspur Properties Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2007**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	1,140,653	2,016,235
Depreciation and amortisation charges	(5,669)	(11,909)
Profit on disposal of fixed asset investments	(5,490)	-
Loss on disposal of fixed assets	4,300	-
Decrease/(Increase) in stocks	1,004,771	(202,598)
Decrease/(Increase) in debtors	1,178,933	(425,450)
(Decrease)/Increase in creditors	<u>(4,115,393)</u>	<u>1,650,119</u>
Net cash (outflow)/inflow from operating activities	<u>(797,895)</u>	<u>3,026,397</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	232,756	176,064
Interest paid	(920,537)	(740,090)
Interest element of hire purchase payments	(389)	-
Dividends received	<u>110</u>	<u>1,135</u>
Net cash outflow for returns on investments and servicing of finance	<u>(688,060)</u>	<u>(562,891)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,970)	(10,039)
Sale of tangible fixed assets	3,505	-
Sale of fixed asset investments	<u>5,890</u>	<u>-</u>
Net cash inflow / (outflow) for capital expenditure and financial investment	<u>4,425</u>	<u>(10,039)</u>
Financing		
Short term loans drawn down	1,356,980	350,000
Short term loans repaid	(6,678,603)	(3,982,636)
Capital element of hire purchase payments	(5,833)	-
Debt in more than one year loans repaid	(25,000)	(57,500)
Debit in more than one year new loans	<u>9,151,636</u>	<u>-</u>
Net cash inflow/(outflow) from financing	<u>3,799,180</u>	<u>(3,690,136)</u>

The notes form part of these financial statements

Knightspur Properties Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2007**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 07 £	Cash flow £	Other non-cash changes £	At 31 12 07 £
Net cash				
Cash at bank and in hand	1,421,031	2,032,341		3,453,372
Bank overdraft	<u>(5,518)</u>	<u>2,809</u>		<u>(2,709)</u>
	<u>1,415,513</u>	<u>2,035,150</u>		<u>3,450,663</u>
Debt				
Hire purchase	-	5,833	(40,000)	(34,167)
Debts falling due within one year	(8,044,662)	5,321,623	-	(2,723,039)
Debts falling due after one year	<u>(250,000)</u>	<u>(9,126,636)</u>	<u>-</u>	<u>(9,376,636)</u>
	<u>(8,294,662)</u>	<u>(3,799,180)</u>	<u>(40,000)</u>	<u>(12,133,842)</u>
Total	<u>(6,879,149)</u>	<u>(1,764,030)</u>	<u>(40,000)</u>	<u>(8,683,179)</u>

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and are in accordance with applicable accounting standards

Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the parent 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 venturers. 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 venturers 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 result 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.

Turnover

Turnover represents sale of properties held as trading stock, fees receivable from property management and insurance commissions receivable, all net of VAT.

Investments

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- Straight line over 3 years

Investment property

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.

Stocks

Stocks are 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.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. 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 Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

1 ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Contributions payable to the group's pension schemes are charged to the profit and loss account in the period to which they relate

2 TURNOVER

An analysis of turnover by class of business is given below

	2007 £	2006 £
Sale of properties	20,356,400	11,388,935
Property management	35,005	39,945
Insurance commissions received	<u>27,638</u>	<u>34,178</u>
	<u>20,419,043</u>	<u>11,463,058</u>

3 STAFF COSTS

	2007 £	2006 £
Wages and salaries	1,121,411	809,006
Social security costs	138,063	95,948
Other pension costs	<u>15,987</u>	<u>13,419</u>
	<u>1,275,461</u>	<u>918,373</u>

The average monthly number of employees during the year was as follows

	2007	2006
Sales and marketing	1	1
Office and management	<u>11</u>	<u>11</u>
	<u>12</u>	<u>12</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Depreciation - owned assets	18,978	12,737
Operating lease rentals	100,000	100,000
Profit on disposal of fixed assets	(1,190)	-
Goodwill amortisation	(24,647)	(24,646)
Auditors' remuneration	24,950	25,427
Remuneration of auditors for non-audit work	<u>17,863</u>	<u>18,926</u>
Directors' emoluments	<u>180,000</u>	<u>198,500</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	920,039	691,000
Interest on overdue tax	-	17,689
Other interest payable	18,636	22,844
Hire purchase	389	-
	<u>939,064</u>	<u>731,533</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2007	2006
	£	£
Current tax		
UK corporation tax	127,607	435,321
Adjustment for prior years	<u>(33,832)</u>	<u>(2,972)</u>
Tax on profit on ordinary activities	<u>93,775</u>	<u>432,349</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2007	2006
	£	£
Profit on ordinary activities before tax	<u>434,455</u>	<u>1,461,901</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	130,337	438,570
Effects of		
Non deductible expenses	6,602	9,525
Depreciation	5,472	3,821
Capital allowances	(3,069)	(4,260)
Adjustments to previous period	(33,831)	(2,972)
Dividends and distributions received	(33)	(340)
Other tax adjustments	<u>(11,703)</u>	<u>(11,995)</u>
Current tax charge	<u>93,775</u>	<u>432,349</u>

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 £48,000 (2006 £49,000)

Knightspur Properties Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

7 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £485,625 (2006 - £257,380)

8 NEGATIVE GOODWILL

Group

COST

At 1 January 2007

and 31 December 2007

Goodwill
£

(123,231)

AMORTISATION

At 1 January 2007

Amortisation for year

(98,584)

(24,647)

At 31 December 2007

(123,231)

NET BOOK VALUE

At 31 December 2007

-

At 31 December 2006

(24,647)

9 TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2007	115,282	38,935	36,313	190,530
Additions	-	43,995	975	44,970
Disposals	-	(18,500)	-	(18,500)
At 31 December 2007	<u>115,282</u>	<u>64,430</u>	<u>37,288</u>	<u>217,000</u>
DEPRECIATION				
At 1 January 2007	89,861	22,511	29,585	141,957
Charge for year	2,543	13,153	3,282	18,978
Eliminated on disposal	-	(10,695)	-	(10,695)
At 31 December 2007	<u>92,404</u>	<u>24,969</u>	<u>32,867</u>	<u>150,240</u>
NET BOOK VALUE				
At 31 December 2007	<u>22,878</u>	<u>39,461</u>	<u>4,421</u>	<u>66,760</u>
At 31 December 2006	<u>25,421</u>	<u>16,424</u>	<u>6,728</u>	<u>48,573</u>

Knightspur Properties Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

9 TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £
COST	
At 1 January 2007 and 31 December 2007	<u>55,573</u>
DEPRECIATION	
At 1 January 2007	48,187
Charge for year	<u>739</u>
At 31 December 2007	<u>48,926</u>
NET BOOK VALUE	
At 31 December 2007	<u>6,647</u>
At 31 December 2006	<u>7,386</u>

10 FIXED ASSET INVESTMENTS

Group

	Listed investments £	Unlisted investment £	Totals £
COST			
At 1 January 2007	400	2,520,445	2,520,845
Disposals	<u>(400)</u>	<u>-</u>	<u>(400)</u>
At 31 December 2007	<u>-</u>	<u>2,520,445</u>	<u>2,520,445</u>
NET BOOK VALUE			
At 31 December 2007	<u>-</u>	<u>2,520,445</u>	<u>2,520,445</u>
At 31 December 2006	<u>400</u>	<u>2,520,445</u>	<u>2,520,845</u>

Knightspur Properties Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

10 FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	Listed investments £	Unlisted investment £	Totals £
COST				
At 1 January 2007	1,878,954	400	2,520,445	4,399,799
Disposals	-	(400)	-	(400)
At 31 December 2007	<u>1,878,954</u>	<u>-</u>	<u>2,520,445</u>	<u>4,399,399</u>
PROVISIONS				
At 1 January 2007 and 31 December 2007	<u>164,663</u>	<u>-</u>	<u>-</u>	<u>164,663</u>
NET BOOK VALUE				
At 31 December 2007	<u>1,714,291</u>	<u>-</u>	<u>2,520,445</u>	<u>4,234,736</u>
At 31 December 2006	<u>1,714,291</u>	<u>400</u>	<u>2,520,445</u>	<u>4,235,136</u>

Knightspur Properties Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

10 FIXED ASSET INVESTMENTS - continued

Knightspur Properties Limited holds the following interests in equity capital of the undertakings indicated below

Name of company	Country of registration	Holdings	Proportion held
Trading companies			
Covemile Limited	England	Ordinary shares	100%
Gardenstate Properties Limited	England	Ordinary shares	75%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
Roundpoll Limited (with some investment activity)	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 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%
Stumpson (Investments) Limited	England	Ordinary shares	100%
Totteridge House Limited	England	Ordinary shares	100%
Wards Properties (Clacton) Limited	England	Ordinary shares	100%

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 31 December 2003. The loan stock is redeemable at any time after 31 December 2013.

11 INVESTMENT PROPERTY

Group	Total £
COST OR VALUATION	
At 1 January 2007	
and 31 December 2007	<u>222,000</u>
NET BOOK VALUE	
At 31 December 2007	<u>222,000</u>
At 31 December 2006	<u>222,000</u>

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £42,835 (2006 £42,835).

Knightspur Properties Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

12 STOCKS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Stock of properties	<u>18,266,679</u>	<u>19,271,450</u>	<u>7,108,392</u>	<u>12,267,686</u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	130,328	207,153	73,112	204,775
Amounts owed by group undertakings	-	-	3,228,360	2,015,172
Other debtors	594,473	275,319	539,739	85,017
Amounts invested in joint ventures	363,908	1,728,033	363,908	1,728,033
Corporation tax	18,421	-	162,076	25,422
VAT	23,649	-	16,604	-
Prepayments and accrued income	<u>230,054</u>	<u>310,840</u>	<u>158,155</u>	<u>57,120</u>
	<u>1,360,833</u>	<u>2,521,345</u>	<u>4,541,954</u>	<u>4,115,539</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts (see note 16)	2,725,748	8,050,180	1,366,059	6,944,662
Hire purchase contracts (see note 17)	10,000	-	-	-
Trade creditors	537,815	714,094	324,351	556,938
Amounts owed to group undertakings	-	-	4,942,581	3,556,958
Corporation tax	-	170,304	-	-
Social security and other taxes	281,134	210,091	208,126	187,791
Other creditors	114,195	715,270	37,209	377,526
Amounts owed to joint venturers	1,371,343	3,623,453	624,191	1,948,397
Directors' current accounts	181,227	1,269,077	180,828	389,077
Accruals and deferred income	<u>535,747</u>	<u>586,731</u>	<u>327,600</u>	<u>346,309</u>
	<u>5,757,209</u>	<u>15,339,200</u>	<u>8,010,945</u>	<u>14,307,658</u>

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

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans (see note 16)	9,376,636	250,000	2,360,442	250,000
Hire purchase contracts (see note 17)	<u>24,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,400,803</u>	<u>250,000</u>	<u>2,360,442</u>	<u>250,000</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

The bank loans are secured by way of legal mortgages over land and buildings owned by the company and its subsidiary undertakings. Interest is charged at 1.55% above bank base rate on the loan which is not wholly repayable within five years.

16 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year or on demand				
Bank loans	2,723,039	8,044,662	1,366,059	6,944,662
Overdraft	<u>2,709</u>	<u>5,518</u>	<u>-</u>	<u>-</u>
	<u>2,725,748</u>	<u>8,050,180</u>	<u>1,366,059</u>	<u>6,944,662</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>9,176,636</u>	<u>250,000</u>	<u>2,160,442</u>	<u>250,000</u>
Amounts falling due between two and five years				
Bank loans - 2-5 years	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Amounts falling due in more than five years				
Repayable by instalments				
Bank loans due after more than 5 years	<u>125,000</u>	<u>150,000</u>	<u>125,000</u>	<u>150,000</u>

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2007	2006
	£	£
Net obligations repayable		
Within one year	10,000	-
Between one and five years	<u>24,167</u>	<u>-</u>
	<u>34,167</u>	<u>-</u>

18 MINORITY INTERESTS

	£
At 1 January 2007	121,622
Movement in the year	<u>(268,299)</u>
At 31 December 2007	<u>(146,677)</u>

Knightspur Properties Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

19 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £	2006 £
3,000,000	Ordinary shares		<u>3,000,000</u>	<u>3,000,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £	2006 £
2,184,379	Ordinary shares		<u>2,184,379</u>	<u>2,184,379</u>

20 RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital reserve £	Totals £
At 1 January 2007	6,585,509	831,495	179,165	489,227	8,085,396
Profit for the year	<u>608,979</u>				<u>608,979</u>
At 31 December 2007	<u>7,194,488</u>	<u>831,495</u>	<u>179,165</u>	<u>489,227</u>	<u>8,694,375</u>

Company

	Profit and loss account £	Share premium £	Other reserves £	Totals £
At 1 January 2007	3,944,938	831,495	1,109	4,777,542
Profit for the year	<u>485,625</u>			<u>485,625</u>
At 31 December 2007	<u>4,430,563</u>	<u>831,495</u>	<u>1,109</u>	<u>5,263,167</u>

21 CAPITAL COMMITMENTS

	2007 £	2006 £
Contracted but not provided for in the financial statements	<u>829,292</u>	<u>3,063,315</u>

Knightspur Properties Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

22 RELATED PARTY DISCLOSURES

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

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Reachdrum Limited	530,219	42,364	236,469	45,512
Revelprime Limited	795,836	578,396	280,835	595,250
P L Murphy Children's Trust	<u>13,895</u>	<u>7,620</u>	<u>-</u>	<u>-</u>

Profits / (losses) from joint ventures managed by others comprise of the following amounts due from / (to) related parties

Reachdrum Limited	(34,259)	1,776	(34,259)	1,776
Plant Limited	-	374,452	-	374,452
C&G Properties plc group	<u>625,100</u>	<u>-</u>	<u>625,100</u>	<u>-</u>

Amounts owed by / (due to) joint venturers includes the following related party balances

Reachdrum Limited in respect of joint ventures managed by Reachdrum Limited	188,908	168,167	188,908	168,167
Reachdrum Limited in respect of joint ventures managed by the Knightspur Properties Limited group	(104,898)	(293,301)	(10,208)	(156,911)
Plant Limited	175,000	768,924	175,000	768,924
Revelprime Limited	(384,761)	1,012,821	(168,297)	(464,962)
P L Murphy Children's Trust	58,266	(165,746)	-	-
C&G Properties plc group	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>

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

Due from/(to)The KCG Pension Fund	200	(293,738)	200	(293,738)
Due from/(to) C&G Properties plc	50,000	(280,294)	50,000	-
Due (to) Delaway Limited	(12,806)	(12,806)	(12,806)	(12,806)
Due from Enterprise Properties Limited group	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>-</u>

Trade debtors includes amount due from connected companies as follows

<u>-</u>	<u>235</u>	<u>-</u>	<u>-</u>
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Knightspur Properties Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2007

(i) Reachdrum Limited is under the control of the director, M Slane, by virtue of his beneficial interest in that company

(ii) Revelprine Limited is a wholly owned subsidiary of The M25 Group Limited, a company in which P L Murphy is a director and registered shareholder as trusts for the P L M Children's Trust

(iii) Other operating income includes £50,000 (2006 £50,000) in respect of management fees charged to The M25 Group Limited

(iv) Interest payable includes £9,466 (2006 £22,517) charged by The KCG Pension Fund on amounts loaned to the company P L Murphy and his wife are trustees and the only members of The KCG Pension Fund

(v) M25 Securities Limited is a wholly owned subsidiary of Enterprise Properties Limited, a company which is wholly owned by P L Murphy

(vi) Other operating income includes £43,578 (2006 £39,997) in respect of management fees receivable from Bourne End (Investments) Limited and £nil (2006 £11,300) in respect of management fees receivable from Plant Limited, both wholly owned subsidiaries of Enterprise Properties Limited

(vii) C&G Properties plc is under the control of P L Murphy, by virtue of his beneficial interest in that company C&G Properties plc is interested in 12.80% (2006 12.80%) of the issued share capital of Knightspur Properties Limited Interest receivable includes £113,420 (2006 £113,433) charged on the loan stock issued by C&G Properties plc Other operating income includes £347,645 (2006 £120,854) of management fees receivable from various subsidiaries of C&G Properties plc

(viii) Delaway Limited is under the control of P L Murphy and M Slane who each have a 50% interest in that company

a Administrative expenses includes rent of £175,000 (2006 £175,000) payable to P L Murphy for the use of a property owned by him

b The director's current account shown under creditors for both the company and the group comprises of amounts due entirely to P L Murphy No interest has been charged on these sums

c Included under property expenses a sum of £100,000 (2006 £100,000) 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 Limited, 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

23 ULTIMATE CONTROLLING PARTY

The group is under the control of the director, P L Murphy, by virtue of his beneficial interest in the issued share capital of Knightspur Properties Limited as disclosed in the directors' report

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2007 £	2006 £
Profit for the financial year	<u>608,979</u>	<u>1,029,994</u>
Net addition to shareholders' funds	608,979	1,029,994
Opening shareholders' funds	<u>10,269,775</u>	<u>9,239,781</u>
Closing shareholders' funds	<u>10,878,754</u>	<u>10,269,775</u>

Knightspur Properties Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2007**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2007	2006
	£	£
Profit for the financial year	<u>485,625</u>	<u>257,380</u>
Net addition to shareholders' funds	485,625	257,380
Opening shareholders' funds	<u>6,961,921</u>	<u>6,704,541</u>
Closing shareholders' funds	<u>7,447,546</u>	<u>6,961,921</u>