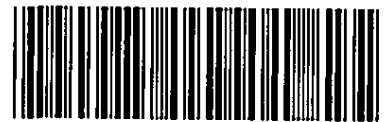


**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2008
for
Knightspur Properties Limited**

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**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2008**

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Knightspur Properties Limited

**Company Information
for the Year Ended 31 December 2008**

DIRECTORS: P L Murphy
M Slane
M Soames

SECRETARY: P Williams

REGISTERED OFFICE: Winston House
First Floor
2 Dollis Park
London
N3 1HF

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 2008**

Knightspur Properties Limited 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 disappointed to report a consolidated loss of £1,618,299 (2007: profit of £608,979). During the year, the contraction in the credit markets resulted in a number of mortgage providers turning to the Government for rescue this in turn led to a complete collapse in the residential property market. Our turnover reduced by 80% on a comparable basis to that achieved the year before and our sales have withered away to a trickle. We have been fortunately placed in that we did not have a lot of unsold properties and with our rental income, kept our losses to manageable proportions. The Chancellors decision to extend the tax loss carry-back provisions has provided a new cash flow which has certainly helped manage the business in the downturn.

The ability of the Group to withstand the loss suffered, is demonstrated by the fact that the Group's net assets exceeded c£9m (2007: £10.8m) at the year end of which cash holdings were in excess of c£2.5m (2007: £3.4m)

I am pleased to point out that we have engaged the services of an experienced Property Executive, Julian Larkin, in charge of our residential activities and we are looking forward to entering into more joint ventures and public sector deals as well as joint ventures with banks to conserve cash and bring the business back into profit. The balance sheet remains strong.

It is too early to predict the results for this year but I remain hopeful that we can at least break even and we are working very hard in our new premises towards that end.

I would like to thank the banks for their forbearance and welcome one or two new banks on board. I am pleased to say several banks have extended our facilities.

P L Murphy

Date: 09 July 2009

Knightspur Properties Limited

Report of the Directors for the Year Ended 31 December 2008

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review were those of property development, dealing, investment and management.

REVIEW OF BUSINESS

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 2008.

DIRECTORS

The directors during the year under review were:

P L Murphy
M Slane
M Soames

The beneficial interests of the directors holding office on 31 December 2008 in the issued share capital of the company were as follows:

	31.12.08	1.1.08
Ordinary shares £1 shares		
P L Murphy	1,693,311 (77.52%)	1,693,311 (77.52%)
M Slane	14,104 (6.46%)	14,104 (6.46%)
M Soames	-	-

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 12.80% (2007: 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% (2007: 9.04%) of the company's share capital.

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

	Class of Share	31.12.2008	1.1.2008
Totteridge Common Limited	Ordinary shares	-	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 £1,170 during the year (2007: £1,150).

Knightspur Properties Limited

**Report of the Directors
for the Year Ended 31 December 2008**

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.

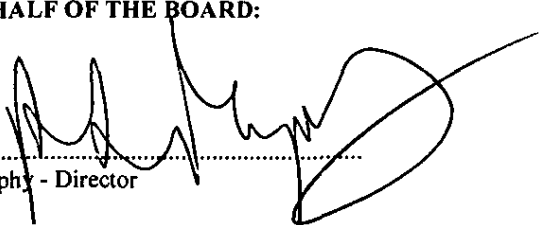
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 or she ought to have taken as a director in order to make himself or herself 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 at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
P L Murphy - Director

Date: 09 July 2009

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

We have audited the group and company financial statements of Knightspur Properties Limited for the year ended 31 December 2008 on pages six to twenty three. 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 a Report of the Auditors 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 group's and company's circumstances, consistently applied and adequately disclosed.

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

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 group's and parent company's affairs as at 31 December 2008 and of the group's loss 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.

Elliott Shah

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

Date: 09 July 2009

Knightspur Properties Limited

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2008**

		2008		2007	
	Notes	£	£	£	£
TURNOVER	2		4,148,316		20,419,043
Cost of sales			(4,478,043)		(17,913,204)
Joint venturers' share of losses / (profits)			361,904		(993,384)
(Loss)/profit from joint ventures managed by others			<u>(295,077)</u>		<u>626,975</u>
GROSS (LOSS)/PROFIT			(262,900)		2,139,430
Property and selling costs		444,965		767,087	
Administrative expenses		<u>1,573,844</u>		<u>1,430,627</u>	
			<u>(2,018,809)</u>		<u>(2,197,714)</u>
			(2,281,709)		(58,284)
Other operating income			<u>968,018</u>		<u>1,198,937</u>
OPERATING (LOSS)/PROFIT	4		(1,313,691)		1,140,653
Income from fixed asset investments		-		110	
Interest receivable and similar income		<u>257,719</u>		<u>232,756</u>	
			<u>257,719</u>		<u>232,866</u>
			(1,055,972)		1,373,519
Amounts written off investments	5		(10,049)		-
Interest payable and similar charges	6		<u>(754,888)</u>		<u>(939,064)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(1,820,909)		434,455
Tax on (loss)/profit on ordinary activities	7		<u>159,932</u>		<u>(93,775)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(1,660,977)		340,680
Minority interest - equity			<u>42,678</u>		<u>268,299</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR FOR THE GROUP			<u>(1,618,299)</u>		<u>608,979</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.

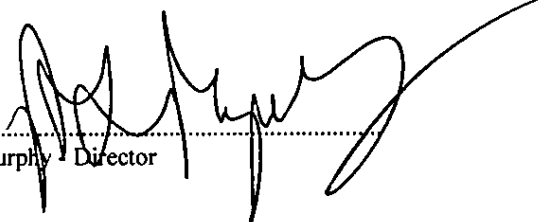
The notes form part of these financial statements

Knightspur Properties Limited (Registered number : 1067607)

**Consolidated Balance Sheet
31 December 2008**

		2008		2007 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	10		130,996		-
Tangible assets	11		55,682		66,760
Investments	12		2,520,445		2,520,445
Investment property	13		<u>222,000</u>		<u>222,000</u>
			2,929,123		2,809,205
CURRENT ASSETS					
Stocks	14	20,063,353		18,266,679	
Debtors	15	1,005,601		1,360,833	
Investments	16	1		-	
Cash at bank and in hand		<u>2,546,756</u>		<u>3,453,372</u>	
		23,615,711		23,080,884	
CREDITORS					
Amounts falling due within one year	17	<u>(16,837,180)</u>		<u>(5,191,792)</u>	
NET CURRENT ASSETS			<u>6,778,531</u>		<u>17,889,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,707,654		20,698,297
CREDITORS					
Amounts falling due after more than one year	18		(697,584)		(9,966,220)
MINORITY INTERESTS	21		<u>250,385</u>		<u>146,677</u>
NET ASSETS			<u>9,260,455</u>		<u>10,878,754</u>
CAPITAL AND RESERVES					
Called up share capital	22		2,184,379		2,184,379
Share premium	23		831,495		831,495
Revaluation reserve	23		179,165		179,165
Capital reserve	23		489,227		489,227
Profit and loss account	23		<u>5,576,189</u>		<u>7,194,488</u>
SHAREHOLDERS' FUNDS	27		<u>9,260,455</u>		<u>10,878,754</u>

The financial statements were approved by the Board of Directors on 09 July 2009 and were signed on its behalf by:


P L Murphy Director

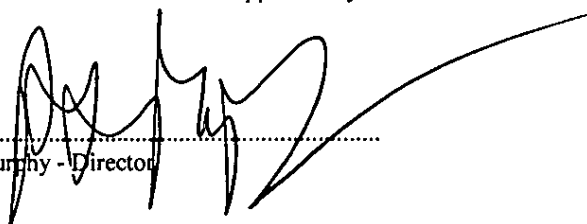
The notes form part of these financial statements

Knightspur Properties Limited (Registered number : 1067607)

**Company Balance Sheet
31 December 2008**

		2008		2007 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11		5,982		6,647
Investments	12		<u>4,459,511</u>		<u>4,234,736</u>
			4,465,493		4,241,383
CURRENT ASSETS					
Stocks	14	9,400,476		7,108,392	
Debtors	15	3,600,684		4,541,954	
Investments	16	1		-	
Cash at bank and in hand		<u>1,632,712</u>		<u>1,927,204</u>	
		14,633,873		13,577,550	
CREDITORS					
Amounts falling due within one year	17	<u>(12,621,497)</u>		<u>(7,445,528)</u>	
NET CURRENT ASSETS			<u>2,012,376</u>		<u>6,132,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,477,869		10,373,405
CREDITORS					
Amounts falling due after more than one year	18		<u>(683,417)</u>		<u>(2,925,859)</u>
NET ASSETS			<u>5,794,452</u>		<u>7,447,546</u>
CAPITAL AND RESERVES					
Called up share capital	22		2,184,379		2,184,379
Share premium	23		831,495		831,495
Other reserves	23		1,109		1,109
Profit and loss account	23		<u>2,777,469</u>		<u>4,430,563</u>
SHAREHOLDERS' FUNDS	27		<u>5,794,452</u>		<u>7,447,546</u>

The financial statements were approved by the Board of Directors on 09 July 2009 and were signed on its behalf by:



 P L Murphy - Director

The notes form part of these financial statements

Knightspur Properties Limited

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2008**

		2008		2007	
	Notes	£	£	£	£
Net cash outflow from operating activities	1		(216,887)		(797,895)
Returns on investments and servicing of finance	2		(542,622)		(688,060)
Taxation			(22,050)		(214,779)
Capital expenditure and financial investment	2		<u>(116,500)</u>		<u>4,425</u>
			(898,059)		(1,764,030)
Financing	2		<u>(5,964)</u>		<u>3,799,180</u>
(Decrease)/Increase in cash in the period			<u>(904,023)</u>		<u>2,035,150</u>

Reconciliation of net cash flow to movement in net debt

	3		
(Decrease)/Increase in cash in the period		(904,023)	2,035,150
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>5,964</u>	<u>(3,799,180)</u>
Change in net debt resulting from cash flows		(898,059)	(1,764,030)
New finance leases		<u>-</u>	<u>(40,000)</u>
Movement in net debt in the period		(898,059)	(1,804,030)
Net debt at 1 January		<u>(8,683,179)</u>	<u>(6,879,149)</u>
Net debt at 31 December		<u>(9,581,238)</u>	<u>(8,683,179)</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2008**

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

	2008 £	2007 £
Operating (loss)/profit	(1,313,691)	1,140,653
Amortisation and depreciation charges	49,152	(5,669)
Profit on disposal of fixed assets investments	-	(5,490)
Loss on disposal of fixed assets	-	4,300
Decrease in stocks	1,743,527	1,004,771
Decrease in debtors	499,211	1,178,933
Decrease in creditors	<u>(1,195,086)</u>	<u>(4,115,393)</u>
Net cash outflow from operating activities	<u>(216,887)</u>	<u>(797,895)</u>

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

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	257,719	232,756
Interest paid	(798,835)	(920,537)
Interest element of hire purchase payments	(1,506)	(389)
Dividends received	<u>-</u>	<u>110</u>
Net cash outflow for returns on investments and servicing of finance	<u>(542,622)</u>	<u>(688,060)</u>
Capital expenditure and financial investment		
Purchase of minority interest in subsidiary	(101,125)	-
Purchase of tangible fixed assets	(5,325)	(4,970)
Sale of tangible fixed assets	-	3,505
Sale of fixed asset investments	-	5,890
Purchase of current asset investments	<u>(10,050)</u>	<u>-</u>
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(116,500)</u>	<u>4,425</u>
Financing		
Short term loans drawn down	1,380,000	1,356,980
Short term loans repaid	(1,320,694)	(6,678,603)
Capital element of hire purchase payments	(10,000)	(5,833)
Debt in more than one year loans repaid	(55,270)	(25,000)
Debit in more than one year new loans	<u>-</u>	<u>9,151,636</u>
Net cash (outflow)/inflow from financing	<u>(5,964)</u>	<u>3,799,180</u>

The notes form part of these financial statements

Knightspur Properties Limited**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2008****3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.08 £	Cash flow £	Other non-cash changes £	At 31.12.08 £
Net cash:				
Cash at bank and in hand	3,453,372	(906,616)		2,546,756
Bank overdraft	<u>(2,709)</u>	<u>2,593</u>		<u>(116)</u>
	<u>3,450,663</u>	<u>(904,023)</u>		<u>2,546,640</u>
Debt:				
Hire purchase	(34,167)	10,000	-	(24,167)
Debts falling due within one year	(2,157,622)	(59,306)	(9,203,366)	(11,420,294)
Debts falling due after one year	<u>(9,942,053)</u>	<u>55,270</u>	<u>9,203,366</u>	<u>(683,417)</u>
	<u>(12,133,842)</u>	<u>5,964</u>	<u>-</u>	<u>(12,127,878)</u>
Total	<u>(8,683,179)</u>	<u>(898,058)</u>	<u>-</u>	<u>(9,581,238)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2008**

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 except one subsidiary held exclusively for resale. 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.

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 or losses attributable 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 or losses attributable 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 sales of properties held as trading stock, fees receivable from property management and insurance commissions receivable, all excluding VAT.

Goodwill

Goodwill in connection with the acquisition during the year of the minority interest in a subsidiary is being amortised evenly over its estimated useful life of five years.

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.

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme in respect of one director and one employee and makes contributions to other directors' and employees' personal pension schemes.

Knightspur Properties Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2008

2. TURNOVER

An analysis of turnover by class of business is given below:

	2008	2007
	£	£
Sales of properties	4,024,000	20,356,400
Property management	10,057	35,005
Insurance commissions received	24,259	27,638
	<u>4,148,316</u>	<u>20,419,043</u>

3. STAFF COSTS

	2008	2007
	£	£
Wages and salaries	988,790	1,121,411
Social security costs	122,010	138,063
Other pension costs	16,843	15,987
	<u>1,127,643</u>	<u>1,275,461</u>

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

	2008	2007
Sale and marketing	1	1
Office and management	11	11
	<u>12</u>	<u>12</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2007 - operating profit) is stated after charging/(crediting):

	2008	2007
	£	£
Depreciation - owned assets	16,403	18,978
Profit on disposal of fixed assets	-	(1,190)
Goodwill amortisation	32,749	(24,647)
Auditors' remuneration	<u>17,700</u>	<u>24,950</u>
Directors' emoluments	476,500	529,012
Directors' pension contributions to money purchase schemes	<u>4,200</u>	<u>5,063</u>

Information regarding the highest paid director is as follows:

	2008	2007
	£	as restated £
Emoluments etc	305,000	349,012
Pension contributions to money purchase schemes	<u>-</u>	<u>5,063</u>

Knightspur Properties Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2008

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2008 £	2007 £
Provision for diminution in value of current asset investments	<u>10,049</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank interest	751,035	920,039
Interest on overdue tax paid	2,019	-
Other interest payable	328	18,636
Hire purchase	<u>1,506</u>	<u>389</u>
	<u>754,888</u>	<u>939,064</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2008 £	2007 £
Current tax:		
UK corporation tax	-	127,607
Adjustment for prior years	<u>(159,932)</u>	<u>(33,832)</u>
Tax on (loss)/profit on ordinary activities	<u>(159,932)</u>	<u>93,775</u>

Factors affecting the tax (credit)/charge

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

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	<u>(1,820,909)</u>	<u>434,455</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007 - 30%)	(509,855)	130,337
Effects of:		
Non deductible expenses	3,856	6,602
Depreciation	13,763	5,472
Capital allowances	(3,563)	(3,069)
Adjustments to previous period	(159,932)	(33,832)
Dividends and distributions received	-	(33)
Other tax adjustments	<u>495,799</u>	<u>(11,702)</u>
Current tax (credit)/charge	<u>(159,932)</u>	<u>93,775</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 £45,000 (2007: £48,000).

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

8. LOSS 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 loss for the financial year was £(1,653,094) (2007 - £485,625 profit).

9. RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures for creditors due within one year and after one year have been restated in respect of the loan maturity of a bank loan which was previously shown as falling due all within one year.

10. GOODWILL

Group

	Goodwill £
COST	
At 1 January 2008	-
Additions	<u>163,745</u>
At 31 December 2008	<u>163,745</u>
AMORTISATION	
At 1 January 2008	-
Amortisation for year	<u>32,749</u>
At 31 December 2008	<u>32,749</u>
NET BOOK VALUE	
At 31 December 2008	<u>130,996</u>
At 31 December 2007	<u>-</u>

Negative goodwill brought forward of £123,231 has been fully amortised and is therefore no longer reflected in this note.

11. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2008	115,282	64,430	37,288	217,000
Additions	-	-	5,325	5,325
Disposals	<u>-</u>	<u>-</u>	<u>(24,844)</u>	<u>(24,844)</u>
At 31 December 2008	<u>115,282</u>	<u>64,430</u>	<u>17,769</u>	<u>197,481</u>
DEPRECIATION				
At 1 January 2008	92,404	24,969	32,867	150,240
Charge for year	2,288	9,865	4,250	16,403
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(24,844)</u>	<u>(24,844)</u>
At 31 December 2008	<u>94,692</u>	<u>34,834</u>	<u>12,273</u>	<u>141,799</u>
NET BOOK VALUE				
At 31 December 2008	<u>20,590</u>	<u>29,596</u>	<u>5,496</u>	<u>55,682</u>
At 31 December 2007	<u>22,878</u>	<u>39,461</u>	<u>4,421</u>	<u>66,760</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

**11. TANGIBLE FIXED ASSETS - continued
Company**

	Fixtures and fittings £
COST	
At 1 January 2008 and 31 December 2008	<u>55,573</u>
DEPRECIATION	
At 1 January 2008	48,926
Charge for year	<u>665</u>
At 31 December 2008	<u>49,591</u>
NET BOOK VALUE	
At 31 December 2008	<u>5,982</u>
At 31 December 2007	<u>6,647</u>

**12. FIXED ASSET INVESTMENTS
Group**

	Unlisted investments £
COST	
At 1 January 2008 and 31 December 2008	<u>2,520,445</u>
NET BOOK VALUE	
At 31 December 2008	<u>2,520,445</u>
At 31 December 2007	<u>2,520,445</u>

Company

	Shares in group undertakings £	Unlisted * investment £	Totals £
COST			
At 1 January 2008	1,878,954	2,520,445	4,399,399
Additions	<u>224,775</u>	<u>-</u>	<u>224,775</u>
At 31 December 2008	<u>2,103,729</u>	<u>2,520,445</u>	<u>4,624,174</u>
PROVISIONS			
At 1 January 2008 and 31 December 2008	<u>164,663</u>	<u>-</u>	<u>164,663</u>
NET BOOK VALUE			
At 31 December 2008	<u>1,939,066</u>	<u>2,520,445</u>	<u>4,459,511</u>
At 31 December 2007	<u>1,714,291</u>	<u>2,520,445</u>	<u>4,234,736</u>

Knightspur Properties Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2008

12. FIXED ASSET INVESTMENTS - continued

Knightspur Properties Limited holds the following direct and indirect 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	100%
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%

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

13. INVESTMENT PROPERTY

Group	Total £
COST OR VALUATION	
At 1 January 2008	
and 31 December 2008	<u>222,000</u>
NET BOOK VALUE	
At 31 December 2008	<u>222,000</u>
At 31 December 2007	<u>222,000</u>

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £42,835 (2007: £42,835).

Knightspur Properties Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

14. STOCKS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Stock of properties	<u>20,063,353</u>	<u>18,266,679</u>	<u>9,400,476</u>	<u>7,108,392</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	37,842	130,328	1,013	73,112
Amounts owed by group undertakings	-	-	2,737,931	3,228,360
Other debtors	488,725	594,473	482,335	539,739
Amounts invested in joint ventures	159,331	363,908	159,331	363,908
Directors' loan accounts	6,735	-	-	-
Corporation tax recoverable	162,400	18,421	136,099	162,076
VAT	35,620	23,649	13,681	16,604
Prepayments and accrued income	<u>114,948</u>	<u>230,054</u>	<u>70,294</u>	<u>158,155</u>
	<u>1,005,601</u>	<u>1,360,833</u>	<u>3,600,684</u>	<u>4,541,954</u>

16. CURRENT ASSET INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Shares in group undertakings	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

The amount shown above comprises of a cost of £10,050 less a provision for diminution in value of £10,049 in respect of 100% interest in the equity capital of EC Development Fund Limited, an undertaking acquired in the year and held exclusively for resale. The directors consider that the undertaking be excluded from consolidation because of the temporary nature of the parent undertaking's interest and accordingly it is recognised as a current asset at the lower of cost and net realisable value.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
		as restated		as restated
	£	£	£	£
Bank loans and overdrafts (see note 19)	11,420,410	2,160,331	2,961,570	800,642
Hire purchase contracts (see note 20)	10,000	10,000	-	-
Trade creditors	214,169	537,815	64,808	324,351
Amounts payable on completion	3,540,201	-	3,540,201	-
Amounts owed to group undertakings	-	-	5,027,199	4,942,581
Corporation tax	29,718	67,721	-	-
Social security and other taxes	91,072	213,413	90,637	208,126
Other creditors	114,163	70,617	62,554	37,209
Amounts owed to joint venturers	661,967	1,371,343	290,175	624,191
Amounts due to landlords	46,769	43,578	-	-
Directors' current accounts	293,083	181,227	293,083	180,828
Accruals and deferred income	415,628	535,747	291,270	327,600
	<u>16,837,180</u>	<u>5,191,792</u>	<u>12,621,497</u>	<u>7,445,528</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.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
		as restated		as restated
	£	£	£	£
Bank loans (see note 19)	683,417	9,942,053	683,417	2,925,859
Hire purchase contracts (see note 20)	<u>14,167</u>	<u>24,167</u>	<u>-</u>	<u>-</u>
	<u>697,584</u>	<u>9,966,220</u>	<u>683,417</u>	<u>2,925,859</u>

The bank loans are secured by way of legal mortgages over land and building owned by the company and its subsidiary undertakings. Interest is charged at variable rates of between 1.55% to 2% above Bank Base Rate on loans which are not wholly repayable within five years.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2008	2007	2008	2007
	£	as restated £	£	as restated £
Amounts falling due within one year or on demand:				
Bank overdrafts	116	2,709	-	-
Bank loans	<u>11,420,294</u>	<u>2,157,622</u>	<u>2,961,570</u>	<u>800,642</u>
	<u>11,420,410</u>	<u>2,160,331</u>	<u>2,961,570</u>	<u>800,642</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>105,000</u>	<u>9,176,636</u>	<u>105,000</u>	<u>2,160,442</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>325,000</u>	<u>403,667</u>	<u>325,000</u>	<u>403,667</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans due after more than 5 years	<u>253,417</u>	<u>361,750</u>	<u>253,417</u>	<u>361,750</u>

20. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2008	2007
	£	£
Net obligations repayable:		
Within one year	10,000	10,000
Between one and five years	<u>14,167</u>	<u>24,167</u>
	<u>24,167</u>	<u>34,167</u>

21. MINORITY INTERESTS

	£
At 1 January 2008	(146,677)
Acquired during the year	(61,029)
Movement in the year	<u>(42,679)</u>
At 31 December 2008	<u>(250,385)</u>

Knightspur Properties Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2008

22. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2008	2007
			£	£
3,000,000	Ordinary shares	£1	<u>3,000,000</u>	<u>3,000,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2008	2007
			£	£
2,184,379	Ordinary shares	£1	<u>2,184,379</u>	<u>2,184,379</u>

23. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital reserve £	Totals £
At 1 January 2008	7,194,488	831,495	179,165	489,227	8,694,375
Deficit for the year	<u>(1,618,299)</u>				<u>(1,618,299)</u>
At 31 December 2008	<u>5,576,189</u>	<u>831,495</u>	<u>179,165</u>	<u>489,227</u>	<u>7,076,076</u>

Company

	Profit and loss account £	Share premium £	Other reserves £	Totals £
At 1 January 2008	4,430,563	831,495	1,109	5,263,167
Deficit for the year	<u>(1,653,094)</u>			<u>(1,653,094)</u>
At 31 December 2008	<u>2,777,469</u>	<u>831,495</u>	<u>1,109</u>	<u>3,610,073</u>

24. CAPITAL COMMITMENTS

	2008	2007
	£	£
Contracted but not provided for in the financial statements	<u>1,058,897</u>	<u>829,292</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2008**

25. RELATED PARTY DISCLOSURES

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

		Group		Company	
	Note	2008 £	2007 £	2008 £	2007 £
Reachdrum Limited	(i)	13,396	530,219	(12,296)	236,469
Revelprime Limited	(ii)	193,177	795,836	139,687	280,835
P L Murphy Children's Trust	(ii)	<u>(114)</u>	<u>13,895</u>	<u>-</u>	<u>-</u>

(Loss)/profit from joint ventures managed by others comprises of the following (losses)/profits from joint ventures with related parties:

Reachdrum Limited		(75,833)	(34,259)	(75,833)	(34,259)
Plaint Limited	(v)	(219,244)	-	(219,244)	-
C&G Properties plc group	(vi)	<u>-</u>	<u>625,100</u>	<u>-</u>	<u>625,100</u>

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

Reachdrum Limited in respect of joint ventures managed by that company		203,574	188,908	203,574	188,908
Reachdrum Limited in respect of joint ventures managed by the Knightspur Properties Limited group		(20,092)	(104,898)	(9,529)	(10,208)
Plaint Limited		(44,244)	175,000	(44,244)	175,000
Revelprime Limited		(245,236)	(384,761)	(152,984)	(168,297)
P L Murphy Children's Trust		<u>-</u>	<u>114</u>	<u>-</u>	<u>-</u>

In addition to the above, other debtors and other creditors include the following related parties balances due from /(to):

Due from the KCG Pension Fund	(iv)	200	200	200	200
Due from C&G Properties plc		-	50,000	-	50,000
Due to Delaway Limited	(vii)	(12,806)	(12,806)	(12,806)	(12,806)
Due from Bourne End (Investments) Limited	(v)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

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

(ii) Revelprime Limited is a wholly owned subsidiary of M25 Group Limited, a company in which P Murphy is a director and registered shareholder as trustee for the P L Murphy Children's Trust. P L Murphy Children's Trust is a trust settled by P L Murphy for the benefit of his children.

(iii) Other operating income includes £50,000 (2007:£50,000) in respect of management fees charged to M25 Group Limited.

(iv) Interest payable includes £nil (2007:£9,466) charged by the KCG Pension Fund on amounts loaned to the company. P L Murphy and his wife are trustees and only members of the KCG Pension Fund.

Knightspur Properties Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2008

(v) Other operating income includes £34,869 (2007:£43,578) in respect of management fees receivable from Bourne End (Investments) Limited and £450 (2007: £nil) from Plaint Limited. Both companies are wholly owned subsidiaries of Enterprise Properties Limited, a company which is wholly owned by P L Murphy.

(vi) C&G Properties plc is under the control of P Murphy, by virtue of his beneficial interest in that company. C&G Properties plc is interested in 12.80% (2007:12.80%) of the issued share capital of Knightspur Properties Limited. Interest receivable includes £113,420 (2007: £113,420) charged on the loan stock issued by C&G Properties plc. Other operating income includes £177,186 (2007: £347,645) of management fees receivable from various subsidiaries of C&G Properties plc.

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

b. Administrative expenses includes rent of £175,000 (2007: £175,000) payable to P Murphy for the use of a property owned by him. Also included under administrative expenses are management fees paid to Reachdrum Limited of £50,000 (2007: £nil).

c. The directors current accounts shown under creditors for both the company and the group comprise of £169,433 (2007: £181,227) due to P L Murphy and £123,650 (2007: £nil) due to M Slane. No interest has been charged on these sums.

d. Included under property expenses is a sum of £25,000 (2007: £100,000) and under administrative expenses a sum of £16,500 (2007: £nil) in respect of rent payable to Reedrent Limited, a wholly owned subsidiary of C&G Properties plc.

26. TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the year ended 31 December 2008 and 31 December 2007:

	2008 £	2007 £
M Soames		
Balance outstanding at start of year	15,161	27,511
Balance outstanding at end of year	6,735	15,161
Maximum balance outstanding during year	<u>15,161</u>	<u>30,060</u>

The figures shown for the comparatives relate to the date from when M Soames was appointed as a director.

27. 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.

28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2008	2007
	£	£
(Loss)/Profit for the financial year	<u>(1,618,299)</u>	<u>608,979</u>
Net (reduction)/addition to shareholders' funds	(1,618,299)	608,979
Opening shareholders' funds	<u>10,878,754</u>	<u>10,269,775</u>
Closing shareholders' funds	<u>9,260,455</u>	<u>10,878,754</u>

Company

	2008	2007
	£	£
(Loss)/Profit for the financial year	<u>(1,653,094)</u>	<u>485,625</u>
Net (reduction)/addition to shareholders' funds	(1,653,094)	485,625
Opening shareholders' funds	<u>7,447,546</u>	<u>6,961,921</u>
Closing shareholders' funds	<u>5,794,452</u>	<u>7,447,546</u>