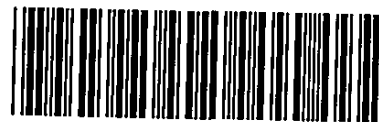


REGISTERED NUMBER: 01067607 (England and Wales)

**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2011
for
Cavendish and Gloucester Properties
Limited**

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for the Year Ended 31 December 2011**

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**Cavendish and Gloucester Properties
Limited**

**Company Information
for the Year Ended 31 December 2011**

DIRECTORS: P L Murphy
M Slane

SECRETARY: P Williams

REGISTERED OFFICE: Balfour House
741 High Road
London
N12 0BP

REGISTERED NUMBER: 01067607 (England and Wales)

AUDITORS: Elliotts Shah
Statutory Auditor
Chartered Accountants
2nd Floor, York House
23 Kingsway
London
WC2B 6UJ

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Chairman's Report
for the Year Ended 31 December 2011**

The situation in the residential market has worsened considerably since our previous report and as a consequence we are turning in figures much lower than we had anticipated. This can only be put down to a complete lack of confidence both by buyers and lenders. This has led to a very awkward market where sales are gold dust.

The cause of most of them lies in the market not just with the corruption etc in the banks but also the terrible consequences of the Euro and all its attendant difficulties.

Having said all this, we have still managed to turn in a profit before tax of £747,063 and I congratulate all those involved in a very worthwhile effort in the face of incredibly highly stacked odds.

We continue to buy property, we continue to obtain planning consents and provided there is no further deterioration in the market we expect to produce a figure in excess of £1 million of pre tax profits for the forthcoming year.

P L Murphy

Date 20 July 2012



**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Report of the Directors
for the Year Ended 31 December 2011**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review continued to be 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 2011

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 2011 in the issued share capital of the company were as follows

	31 12 11	1 1 11
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 MFC Estates plc (formerly known as C & G Properties plc) which is interested in 12.80% (2010 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% (2010 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 11	1 1 11
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 £39,624 during the year (2010 £130,759)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with every other business, the company seeks to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance, and ensuring that adequate financial facilities are in place to meet the requirements of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

As with many businesses in our sector and of our size, the business environment in which the company operates continues to be challenging and influenced mainly by credit restrictions impacting on financing of our developments and on the ability of buyers to finance purchases of property.

**Report of the Directors
for the Year Ended 31 December 2011**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

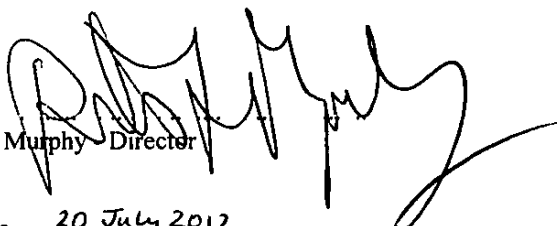
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


P L Murphy Director
Date 20 July 2012

**Report of the Independent Auditors to the Members of
Cavendish and Gloucester Properties
Limited**

We have audited the financial statements of Cavendish and Gloucester Properties Limited for the year ended 31 December 2011 on pages seven to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Members of
Cavendish and Gloucester Properties
Limited**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Manoj Haria (Senior Statutory Auditor)
for and on behalf of Elliotts Shah
Statutory Auditor
Chartered Accountants
2nd Floor, York House
23 Kingsway
London
WC2B 6UJ

Date *24 July 2012*

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2011**

	Notes	2011 £	£	2010 £	£
TURNOVER	2		6,767,004		12,686,527
Cost of sales			(4,458,772)		(8,901,526)
Joint venturers' share of profits			(326,812)		(901,796)
Profits from joint ventures managed by others			<u>105,554</u>		<u>113,825</u>
GROSS PROFIT			2,086,974		2,997,030
Property and selling costs		387,313		580,009	
Administrative expenses		<u>1,244,325</u>		<u>1,185,292</u>	
			<u>(1,631,638)</u>		<u>(1,765,301)</u>
			455,336		1,231,729
Other operating income			<u>676,923</u>		<u>698,099</u>
OPERATING PROFIT	4		1,132,259		1,929,828
Profit on sale of investment properties			<u>3,573</u>		<u>-</u>
			1,135,832		1,929,828
Interest receivable and similar income			<u>66,973</u>		<u>119,295</u>
			1,202,805		2,049,123
Interest payable and similar charges	5		<u>(455,742)</u>		<u>(468,700)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			747,063		1,580,423
Tax on profit on ordinary activities	6		<u>(215,329)</u>		<u>(166,342)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			531,734		1,414,081
Minority interest - equity			<u>(98,125)</u>		<u>(55,965)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>433,609</u>		<u>1,358,116</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2011**

	2011 £	2010 £
PROFIT FOR THE FINANCIAL YEAR	433,609	1,358,116
Revaluation of investment property	<u>-</u>	<u>190,000</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>433,609</u>	<u>1,548,116</u>

The notes form part of these financial statements

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Balance Sheet
31 December 2011**

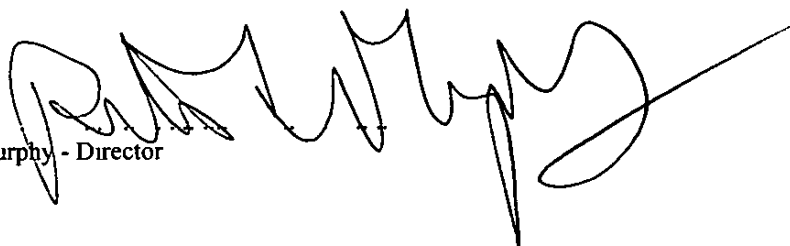
	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	8	32,749	65,498
Tangible assets	9	47,387	67,949
Investments	10	-	2,520,445
Investment property	11	<u>2,116,320</u>	<u>412,000</u>
		2,196,456	3,065,892
CURRENT ASSETS			
Stocks	12	21,551,594	16,857,157
Debtors	13	7,828,699	2,972,588
Cash at bank and in hand		<u>2,639,315</u>	<u>1,697,847</u>
		32,019,608	21,527,592
CREDITORS			
Amounts falling due within one year	14	<u>19,494,103</u>	<u>13,145,499</u>
NET CURRENT ASSETS		<u>12,525,505</u>	<u>8,382,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,721,961	11,447,985
CREDITORS			
Amounts falling due after more than one year	15	(3,389,607)	(647,365)
MINORITY INTERESTS	18	<u>42,971</u>	<u>141,096</u>
NET ASSETS		<u>11,375,325</u>	<u>10,941,716</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	369,165	369,165
Capital reserves	20	489,227	489,227
Profit and loss account	20	<u>7,501,059</u>	<u>7,067,450</u>
SHAREHOLDERS' FUNDS	24	<u>11,375,325</u>	<u>10,941,716</u>

The financial statements were approved by the Board of Directors on its behalf by

20 July 2012

and were signed on

P L Murphy - Director



The notes form part of these financial statements

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Company Balance Sheet
31 December 2011**

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	9	4,361	4,846
Investments	10	<u>4,472,116</u>	<u>4,459,511</u>
		4,476,477	4,464,357
CURRENT ASSETS			
Stocks	12	14,520,722	8,623,217
Debtors	13	8,363,855	5,164,487
Cash at bank and in hand		<u>2,424,590</u>	<u>1,492,849</u>
		25,309,167	15,280,553
CREDITORS			
Amounts falling due within one year	14	<u>21,629,459</u>	<u>12,487,729</u>
NET CURRENT ASSETS		<u>3,679,708</u>	<u>2,792,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,156,185	7,257,181
CREDITORS			
Amounts falling due after more than one year	15	<u>1,870,257</u>	<u>647,365</u>
NET ASSETS		<u>6,285,928</u>	<u>6,609,816</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Capital reserves	20	1,109	1,109
Profit and loss account	20	<u>3,268,945</u>	<u>3,592,833</u>
SHAREHOLDERS' FUNDS	24	<u>6,285,928</u>	<u>6,609,816</u>

The financial statements were approved by the Board of Directors on its behalf by

20 July 2012

and were signed on

P L Murphy - Director

The notes form part of these financial statements

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2011**

	Notes	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	1	(2,146,350)	5,455,123
Returns on investments and servicing of finance	2	(364,776)	(385,185)
Taxation		-	(1,783)
Capital expenditure and financial investment	2	<u>(4,330)</u>	<u>(28,291)</u>
		(2,515,456)	5,039,864
Financing	2	<u>3,450,898</u>	<u>(5,249,419)</u>
Increase/(decrease) in cash in the period		<u>935,442</u>	<u>(209,555)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		935,442	(209,555)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(3,450,898)</u>	<u>5,249,419</u>
Change in net debt resulting from cash flows		<u>(2,515,456)</u>	<u>5,039,864</u>
Movement in net debt in the period		<u>(2,515,456)</u>	<u>5,039,864</u>
Net debt at 1 January		<u>(7,277,296)</u>	<u>(12,317,160)</u>
Net debt at 31 December		<u>(9,792,752)</u>	<u>(7,277,296)</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2011**

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

	2011 £	2010 £
Operating profit	1,132,259	1,929,828
Depreciation charges	50,584	47,802
Loss on disposal of fixed assets	727	18,560
(Increase)/decrease in stocks	(4,694,437)	3,258,365
Increase in debtors	(3,401,770)	(710,034)
Increase in creditors	<u>4,766,287</u>	<u>910,602</u>
Net cash (outflow)/inflow from operating activities	<u>(2,146,350)</u>	<u>5,455,123</u>

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

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	66,973	119,295
Interest paid	(431,046)	(502,974)
Interest element of hire purchase payments	<u>(703)</u>	<u>(1,506)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(364,776)</u>	<u>(385,185)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(28,291)
Purchase of investment properties	(13,272)	-
Sale of tangible fixed assets	2,000	-
Sale of investment properties	<u>6,942</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u>(4,330)</u>	<u>(28,291)</u>
Financing		
Short term loans drawn down	2,617,237	-
Short term loans repaid	(1,701,172)	(5,320,833)
Capital repayments in year	(4,167)	(10,000)
Debt in more than one year loans repaid	(255,000)	(588,586)
Debit in more than one year new loans	<u>2,794,000</u>	<u>670,000</u>
Net cash inflow/(outflow) from financing	<u>3,450,898</u>	<u>(5,249,419)</u>

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2011**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 11 £	Cash flow £	Acquisition of subsidiary undertaking £	Other non-cash changes £	At 31 12 11 £
Net cash					
Cash at bank and in hand	1,697,847	935,452	6,016		2,639,315
Bank overdraft	-	(10)	-		(10)
	<u>1,697,847</u>	<u>935,442</u>	<u>6,016</u>		<u>2,639,305</u>
Debt					
Hire purchase	(4,167)	4,167	-	-	-
Debts falling due within one year	(8,323,611)	(916,065)	(15,400)	(403,658)	(9,658,734)
Debts falling due after one year	<u>(647,365)</u>	<u>(2,539,000)</u>	<u>(606,900)</u>	<u>403,658</u>	<u>(3,389,607)</u>
	<u>(8,975,143)</u>	<u>(3,450,898)</u>	<u>(622,300)</u>	<u>-</u>	<u>(13,048,341)</u>
Total	<u>(7,277,296)</u>	<u>(2,515,456)</u>	<u>(616,284)</u>	<u>-</u>	<u>(10,409,036)</u>

The notes form part of these financial statements

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2011**

4 ACQUISITION OF SUBSIDIARY UNDERTAKING

Acquisition of subsidiary undertaking

On 30 June 2011, the company acquired the entire issued share capital of Invicta Holdings Limited for consideration of £2,520,445 which comprised of the cancellation of the 4 5% loan stock issued by MFC Estates plc to the company. The transaction was based on the value of Invicta Holdings Limited as at 31 March 2011 which was deemed to be the effective date of transfer for the purposes of control.

The investment in the company has been included in the group's balance sheet at its fair value at the date of acquisition.

Analysis of acquisition

	Book value	Revaluation	Fair value to group
Investment properties	2,084,348	(389,931)	1,694,417
Debtors	1,454,341	-	1,454,341
Cash	6,016	-	6,016
Creditors	<u>(634,329)</u>	<u>-</u>	<u>(634,329)</u>
	<u>2,910,376</u>	<u>(389,931)</u>	<u>2,520,445</u>

Invicta Holdings Limited reported a loss after taxation of £283,325 for the year ended 31 March 2011. The summarised profit and loss account prior to the acquisition, is as follows:

	£
Profit and loss account	
Turnover	93,003
Property costs	(13,879)
Administrative expenses	<u>(9,618)</u>
Operating profit	69,506
Profit on sale of investment properties	104,533
Net interest charge	<u>(17,133)</u>
Profit before taxation	156,906
Taxation	<u>(440,231)</u>
Loss after taxation	<u><u>(283,325)</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2011**

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. 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 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 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.

Turnover

Turnover represents sales of properties held as trading stock, fees receivable from property management, rents receivable from investment properties and insurance commissions receivable, all excluding VAT.

Goodwill

Goodwill in connection with the acquisition of the minority interest in a subsidiary in 2008 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

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial statements to give 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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

1 ACCOUNTING POLICIES - continued

Deferred tax

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

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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.

Fixed asset investments

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

Comparative figures

The comparative figure for turnover has been increased by £210,711 with a corresponding reduction in other operating income in respect of management fees rendered by the group as the directors believe this is a significant part of the company's activities and accordingly should be included as turnover and not other operating income. Direct costs attributable to these fees of £80,867 have been reclassified from administrative expenses to cost of sales.

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

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

	2011 £	2010 £
Sale of properties	6,389,135	12,397,100
Property management fees	163,759	240,442
Insurance commissions received	65,388	39,538
Investment property rents	131,472	9,447
Lease extension fees	17,250	-
	<u>6,767,004</u>	<u>12,686,527</u>

3 STAFF COSTS

	2011 £	2010 £
Wages and salaries	452,456	508,337
Social security costs	55,417	57,360
Other pension costs	10,949	13,739
	<u>518,822</u>	<u>579,436</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

3 STAFF COSTS - continued

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

	2011	2010
Sales and marketing	1	1
Office and management	<u>10</u>	<u>11</u>
	<u>11</u>	<u>12</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation - owned assets	17,835	15,053
Loss on disposal of fixed assets	727	18,560
Goodwill amortisation	32,749	32,749
Auditors' remuneration	<u>20,800</u>	<u>16,900</u>
Directors' remuneration	91,875	227,503
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>2,363</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank interest	407,063	437,224
Interest payable on overdue tax	779	-
Other interest payable	47,197	29,970
Hire purchase interest	<u>703</u>	<u>1,506</u>
	<u>455,742</u>	<u>468,700</u>

6 TAXATION

Analysis of the tax charge

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

	2011 £	2010 £
Current tax		
UK corporation tax	210,397	211,635
Adjustment for prior years	<u>4,932</u>	<u>(45,293)</u>
Tax on profit on ordinary activities	<u>215,329</u>	<u>166,342</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

6 TAXATION - continued

Factors affecting the tax charge

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

	2011 £	2010 £
Profit on ordinary activities before tax	<u>747,063</u>	<u>1,580,423</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	194,236	442,518
Effects of		
Non deductible expenses	3,313	3,699
Depreciation	8,641	13,385
Capital allowances	(1,405)	(12,036)
Tax losses utilised	-	(233,938)
Adjustments to previous periods	4,932	(45,293)
Other tax adjustments	<u>5,612</u>	<u>(1,993)</u>
Current tax charge	<u>215,329</u>	<u>166,342</u>

Factors that may affect future tax charges

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 £432,000 (2010 £91,000)

The group has approximately £233,000 of tax losses (2010 approximately £233,000) at the balance sheet date which can be used against future trading profits

7 LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, 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 £(323,888) (2010 - £980,717 profit)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

8 GOODWILL

Group

	Goodwill £
COST	
At 1 January 2011 and 31 December 2011	<u>163,745</u>
AMORTISATION	
At 1 January 2011	98,247
Amortisation for year	<u>32,749</u>
At 31 December 2011	<u>130,996</u>
NET BOOK VALUE	
At 31 December 2011	<u>32,749</u>
At 31 December 2010	<u>65,498</u>

9 TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2011	116,282	66,915	23,099	206,296
Disposals	<u>-</u>	<u>(20,435)</u>	<u>-</u>	<u>(20,435)</u>
At 31 December 2011	<u>116,282</u>	<u>46,480</u>	<u>23,099</u>	<u>185,861</u>
DEPRECIATION				
At 1 January 2011	98,704	27,750	11,893	138,347
Charge for year	1,758	9,109	6,968	17,835
Eliminated on disposal	<u>-</u>	<u>(17,708)</u>	<u>-</u>	<u>(17,708)</u>
At 31 December 2011	<u>100,462</u>	<u>19,151</u>	<u>18,861</u>	<u>138,474</u>
NET BOOK VALUE				
At 31 December 2011	<u>15,820</u>	<u>27,329</u>	<u>4,238</u>	<u>47,387</u>
At 31 December 2010	<u>17,578</u>	<u>39,165</u>	<u>11,206</u>	<u>67,949</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

9 TANGIBLE FIXED ASSETS - continued

Company	Fixtures and fittings £
COST	
At 1 January 2011	
and 31 December 2011	<u>55,573</u>
DEPRECIATION	
At 1 January 2011	50,727
Charge for year	<u>485</u>
At 31 December 2011	<u>51,212</u>
NET BOOK VALUE	
At 31 December 2011	<u>4,361</u>
At 31 December 2010	<u>4,846</u>

10 FIXED ASSET INVESTMENTS

Group	Unlisted investments £
COST	
At 1 January 2011	2,520,445
Disposals	<u>(2,520,445)</u>
At 31 December 2011	<u>-</u>
NET BOOK VALUE	
At 31 December 2011	<u>-</u>
At 31 December 2010	<u>2,520,445</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

10 FIXED ASSET INVESTMENTS - continued

Company	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2011	2,103,729	2,520,445	4,624,174
Additions	2,533,050	-	2,533,050
Disposals	-	(2,520,445)	(2,520,445)
At 31 December 2011	<u>4,636,779</u>	<u>-</u>	<u>4,636,779</u>
PROVISIONS			
At 1 January 2011 and 31 December 2011	<u>164,663</u>	<u>-</u>	<u>164,663</u>
NET BOOK VALUE			
At 31 December 2011	<u>4,472,116</u>	<u>-</u>	<u>4,472,116</u>
At 31 December 2010	<u>1,939,066</u>	<u>2,520,445</u>	<u>4,459,511</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

10 FIXED ASSET INVESTMENTS - continued

Cavendish and Gloucester 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			
Covernile 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 (with some investment activity)	England	Ordinary shares	100%
Roundpoll Insurance Services Limited	England	Ordinary shares	100%
Wadestock Limited	England	Ordinary shares	100%
Investment / holding companies			
Dawnstar Properties Limited	England	Ordinary shares	100%
Invicta Holdings 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			
Canaryridge Limited	England	Ordinary shares	100%
C&G Properties Limited	England	Ordinary shares	100%
Condo Properties Limited	England	Ordinary shares	100%
Desarex Properties Limited	England	Ordinary shares	100%
Knightspur Properties Limited	England	Ordinary shares	100%
Lion Equities Limited	England	Ordinary shares	100%
Lion Housing Limited	England	Ordinary shares	100%
Stimpson (Investments) Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	100%

The unlisted investment for both the group and the company is 4 5% loan stock in MFC Estates plc (formerly C&G properties plc) which was cancelled during the year in exchange for MFC Estates plc's entire interest in the issued share capital of Invicta Holdings Limited

11 INVESTMENT PROPERTY

Group	Total £
COST OR VALUATION	
At 1 January 2011	412,000
Additions	13,272
Disposals	(3,369)
Acquired with subsidiary	<u>1,694,417</u>
At 31 December 2011	<u>2,116,320</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,116,320</u>
At 31 December 2010	<u>412,000</u>

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

11 INVESTMENT PROPERTY - continued

Group

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £1,747,155 (2010 £42,835)

12 STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Stock of properties	<u>21,551,594</u>	<u>16,857,157</u>	<u>14,520,722</u>	<u>8,623,217</u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	141,769	1,007,356	112,005	965,115
Amounts owed by group undertakings	-	-	2,122,183	2,342,673
Other debtors	5,964,743	1,381,746	4,501,027	1,377,278
Amounts invested in joint ventures	1,416,103	319,459	1,416,103	319,459
Directors' current accounts	2,000	605	-	605
VAT	8,752	41,436	41,931	47,710
Prepayments and accrued income	<u>295,332</u>	<u>221,986</u>	<u>170,606</u>	<u>111,647</u>
	<u>7,828,699</u>	<u>2,972,588</u>	<u>8,363,855</u>	<u>5,164,487</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (see note 16)	9,284,744	8,323,611	5,303,827	3,306,701
Other loans (see note 16)	374,000	-	374,000	-
Hire purchase contracts (see note 17)	-	4,167	-	-
Trade creditors	764,175	389,974	808,506	185,524
Amounts owed to group undertakings	-	-	6,735,258	5,357,369
Corporation tax	457,807	241,699	55,400	53,063
Social security and other taxes	25,618	23,684	25,618	18,565
Other creditors	646,721	106,031	595,858	44,989
Amounts owed to joint venturers	4,754,992	3,584,231	4,357,659	3,246,264
Amounts due to landlords	62,011	42,618	-	-
Directors' current accounts	2,917,350	-	2,917,350	-
Accruals and deferred income	<u>206,685</u>	<u>429,484</u>	<u>455,983</u>	<u>275,254</u>
	<u>19,494,103</u>	<u>13,145,499</u>	<u>21,629,459</u>	<u>12,487,729</u>

The bank loans and overdrafts are secured by way of legal mortgages over land and buildings owned by the group. The other loans are secured over land and buildings owned by related entities.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (see note 16)	2,148,607	647,365	629,257	647,365
Other loans (see note 16)	<u>1,241,000</u>	<u>-</u>	<u>1,241,000</u>	<u>-</u>
	<u><u>3,389,607</u></u>	<u><u>647,365</u></u>	<u><u>1,870,257</u></u>	<u><u>647,365</u></u>

The bank loans are secured by way of legal mortgages over land and building owned by the group. The other loans are secured on land and buildings owned by related entities.

16 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	10	-	10	-
Bank loans	9,284,734	8,323,611	5,303,817	3,306,701
Other loans	<u>374,000</u>	<u>-</u>	<u>374,000</u>	<u>-</u>
	<u><u>9,658,744</u></u>	<u><u>8,323,611</u></u>	<u><u>5,677,827</u></u>	<u><u>3,306,701</u></u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	33,508	18,108	18,108	18,108
Other loans - 1-2 years	<u>374,000</u>	<u>-</u>	<u>374,000</u>	<u>-</u>
	<u><u>407,508</u></u>	<u><u>18,108</u></u>	<u><u>392,108</u></u>	<u><u>18,108</u></u>
Amounts falling due between two and five years				
Bank loans - 2-5 years	2,115,099	629,257	611,149	629,257
Other loans - 2-5 years	<u>867,000</u>	<u>-</u>	<u>867,000</u>	<u>-</u>
	<u><u>2,982,099</u></u>	<u><u>629,257</u></u>	<u><u>1,478,149</u></u>	<u><u>629,257</u></u>

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	2011	2010
	£	£
Net obligations repayable		
Within one year	<u>-</u>	<u>4,167</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

18 MINORITY INTERESTS

	£
At 1 January 2011	(141,096)
Movement in the year	<u>98,125</u>
At 31 December 2011	<u>(42,971)</u>

19 CALLED UP SHARE CAPITAL

Allotted, Number	issued and fully paid Class	Nominal value £1	2011 £	2010 £
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 reserves £	Totals £
At 1 January 2011	7,067,450	831,495	369,165	489,227	8,757,337
Profit for the year	<u>433,609</u>				<u>433,609</u>
At 31 December 2011	<u>7,501,059</u>	<u>831,495</u>	<u>369,165</u>	<u>489,227</u>	<u>9,190,946</u>
Company		Profit and loss account £	Share premium £	Capital reserves £	Totals £
At 1 January 2011		3,592,833	831,495	1,109	4,425,437
Deficit for the year		<u>(323,888)</u>			<u>(323,888)</u>
At 31 December 2011		<u>3,268,945</u>	<u>831,495</u>	<u>1,109</u>	<u>4,101,549</u>

21 CAPITAL COMMITMENTS

	2011 £	2010 £
Contracted but not provided for in the financial statements	<u>5,620,058</u>	<u>2,727,365</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

22 RELATED PARTY DISCLOSURES

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Reachdrum Limited	18,638	53,056	18,638	53,042
Revelprime Limited	19,461	12,175	19,461	12,119
Mountheed Limited	(28,190)	154,119	(28,190)	154,119
P Murphy Children's Trust	<u>7,894</u>	<u>(339)</u>	<u>7,894</u>	<u>(339)</u>

Profits / (losses) from joint ventures managed by others comprises of the following amounts with related parties

Reachdrum Limited	111,441	222,010	111,441	222,010
Plaint Limited	<u>(5,388)</u>	<u>(108,185)</u>	<u>(5,388)</u>	<u>(108,185)</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	134,857	443,416	134,857	443,416
Reachdrum Limited in respect of joint ventures managed by the Knightspur Properties Limited group	(440,696)	(370,419)	(440,696)	(369,425)
Plaint Limited	1,280,664	(147,957)	1,280,664	(147,957)
Revelprime Limited	(155,256)	(174,274)	(155,256)	(170,297)
Mountheed Limited	(399,550)	(165,242)	(399,550)	(165,242)
P Murphy Children's Trust	<u>(407,555)</u>	<u>(399,661)</u>	<u>(407,555)</u>	<u>(339,661)</u>

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

Due to Delaway Limited	(12,806)	(12,806)	(12,806)	(12,806)
Due from MFC Estates plc	5,898,552	-	4,491,609	-
Due (to) / from Bourne End (Investments) Limited	<u>(570,642)</u>	<u>1,375,000</u>	<u>(570,642)</u>	<u>1,375,000</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 and Mountheed Limited are wholly owned subsidiaries of M25 Group Limited, a company in which P Murphy is a director and registered shareholder as trustee for the P Murphy Children's Trust

**Cavendish and Gloucester Properties
Limited (Registered number: 01067607)**

**Notes to the Consolidated Financial Statements - continued
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(iii) Other operating income includes £50,000 (2010 £50,000) in respect of management fees charged to M25 Group Limited

(iv) Turnover includes £nil (2010 £16,998) in respect of management fees receivable from Bourne End (Investments) Limited, which is a wholly owned subsidiaries of Enterprise Properties Limited, a company which in turn is wholly owned by P Murphy Turnover also includes management fees receivable of £139,649 (2010 £80,867) chargeable to Drivers & Norris Limited, a company under the control of P Murphy Cost of sales include £136,635 (2010 £80,867) of consultancy fees rendered by third parties in respect of work done on behalf of Drivers & Norris Limited

(v) MFC Estates plc, which is under the control of P Murphy by virtue of his beneficial interest in that company is interested in 12.80% (2010 12.80%) of the issued share capital of Cavendish and Gloucester Properties Limited Interest receivable includes £56,710 (2010 £113,420) charged on the loan stock issued by MFC Estates plc The loan stock was cancelled during the year in exchange for MFC Estates plc's entire equity interest in Invicta Holdings Limited, a property investment company Turnover includes £nil (2010 £112,816) of management fees receivable from various subsidiaries of MFC Estates plc Selling costs include £99,375 (2010 £nil) in respect of sales consultancy fees recharged by MFC Estates plc

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

b) Administrative expenses includes rent of £175,000 (2010 £175,000) payable to P Murphy for the use of a property owned by him

c) The directors' current accounts of £2,917,350 under creditors for both the company and the group is due entirely to P Murphy The directors' current accounts of £2,000 shown under debtors for the group is due from M Slane (2010 £605 due from P Murphy in respect of the company and the group) The overdrawn balance in 2011 has arisen from the sale of a company car to M Slane for its deemed market value for which the sale proceeds were not received until after the year end No interest has been charged on these sums

d) Included under administrative expenses is a sum of £21,996 (2010 £22,000) in respect of rents payable to Reedrent Limited and £60,000 (2010 £40,000) in respect of rents payable to Finchley Developments C&G Limited Both Reedrent Limited and Finchley Developments C&G Limited are wholly owned subsidiaries of MFC Estates plc

e) During the year, the company borrowed a total of £1,870,000 from The KCG Pension Fund, a self administered pension scheme of which P Murphy is a trustee and member The loans are repayable within five years and interest is charged at 2% above the bank base rate The loans are secured on properties owned by MFC Estates plc group and the P Murphy Children's Trust Interest payable for the year was £37,039 At the balance sheet date, the total amount outstanding due to The KCG Pension Fund was £1,615,000 which has been shown as other loans

23 ULTIMATE CONTROLLING PARTY

The group is under the control of the director, P Murphy, by virtue of his beneficial interest in the issued share capital of the parent company

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2011**

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2011 £	2010 £
Profit for the financial year	433,609	1,358,116
Other recognised gains and losses relating to the year (net)	-	190,000
Net addition to shareholders' funds	433,609	1,548,116
Opening shareholders' funds	10,941,716	9,393,600
Closing shareholders' funds	11,375,325	10,941,716
 Company	 2011 £	 2010 £
(Loss)/profit for the financial year	(323,888)	980,717
Net (reduction)/addition to shareholders' funds	(323,888)	980,717
Opening shareholders' funds	6,609,816	5,629,099
Closing shareholders' funds	6,285,928	6,609,816