

**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2012
for
Cavendish and Gloucester Properties
Limited**

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for the Year Ended 31 December 2012**

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**Cavendish and Gloucester Properties
Limited**

**Company Information
for the Year Ended 31 December 2012**

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

**Chairman's Report
for the Year Ended 31 December 2012**

In my last Chairman's report, I forecast comfortably we should produce a figure in excess of £1 million of pre-tax profits for the forthcoming year. I am afraid we have fallen well short of that with the reasons for this being numerous.

The attitude of the Banks is quite frankly amazing. Normally it takes about 6 months to get a loan agreed, thereafter another 6 months for the first payment for building construction. This means that waiting for activity without the necessary money is not possible. When coupled with local authorities who turn down planning applications for the sake of it, and you have to appeal, this again is a major problem and causes unnecessary delay. As we found, in one area in Hampshire, where we won 3 out of 3 appeals in one week.

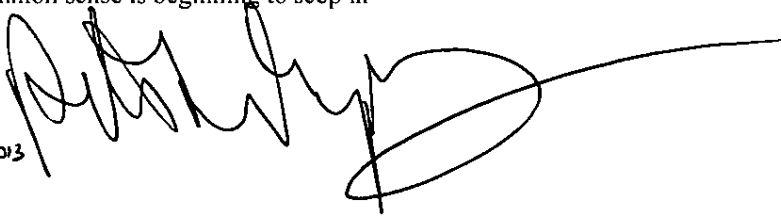
As I write this note, we are responsible for 6 developments, 5 of our own and 1 as a JV partner. These totalled have a GDV of around £40m and the book cost of approximately £20m. Some of this will occur in the present year and the rest in the 1st half of 2014.

Having been adrift in my forecasting last year, I shall refrain from doing so, except to say that we should have our best year but events will dictate how good that is.

Finally, as I forecasted at a property breakfast last December, the market has improved enormously. If it was not for the shortage of money and the attitude of the banks, turnover for the smaller developers would have been at least double. Hopefully, common sense is beginning to seep in.

P L Murphy

Date 09/08/2013

A large, stylized handwritten signature in black ink, appearing to read 'P L Murphy', with a long horizontal line extending to the right.

**Report of the Directors
for the Year Ended 31 December 2012**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activities of the group in the year under review continued to be property development, dealing and investment and the provision of management services

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 2012

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 2012 in the issued share capital of the company were as follows

	31 12 12	1 1 12
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 which is interested in 12.80% (2011 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% (2011 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 12	1 1 12
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 £42 during the year (2011 £39,624)

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 2012**

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

09/08/2013

**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 2012 on pages seven to twenty five. 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 2012 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 13/08/2013

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

**Consolidated Profit and Loss Account
for the Year Ended 31 December 2012**

	Notes	2012 £	2011 £
TURNOVER	2	10,228,260	6,767,004
Cost of sales		(7,497,345)	(4,458,772)
Share of profits payable to joint venturers and others		(946,293)	(326,812)
Profits from joint ventures managed by others		<u>20,651</u>	<u>105,554</u>
GROSS PROFIT		1,805,273	2,086,974
Property and selling costs		399,645	387,313
Administrative expenses		<u>1,485,313</u>	<u>1,244,325</u>
		<u>1,884,958</u>	<u>1,631,638</u>
		(79,685)	455,336
Other operating income		<u>706,141</u>	<u>676,923</u>
OPERATING PROFIT	4	626,456	1,132,259
Profit on sale of investment properties		<u>223,150</u>	<u>3,573</u>
		849,606	1,135,832
Interest receivable and similar income		<u>46,478</u>	<u>66,973</u>
		896,084	1,202,805
Interest payable and similar charges	5	<u>655,331</u>	<u>455,742</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		240,753	747,063
Tax on profit on ordinary activities	6	<u>22,526</u>	<u>215,329</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		218,227	531,734
Minority interest - equity		<u>(21,062)</u>	<u>98,125</u>
RETAINED PROFIT FOR THE GROUP CARRIED FORWARD		<u>239,289</u>	<u>433,609</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

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

**Consolidated Balance Sheet
31 December 2012**

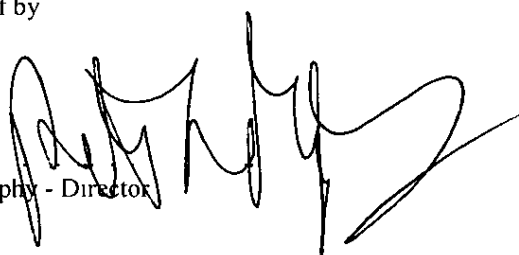
	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	-	32,749
Tangible assets	9	46,405	47,387
Investment property	11	<u>1,913,812</u>	<u>2,116,320</u>
		1,960,217	2,196,456
CURRENT ASSETS			
Stocks	12	21,400,557	21,551,594
Debtors	13	8,756,295	7,828,699
Cash at bank and in hand		<u>1,644,815</u>	<u>2,639,315</u>
		31,801,667	32,019,608
CREDITORS			
Amounts falling due within one year	14	<u>14,058,950</u>	<u>19,494,103</u>
NET CURRENT ASSETS		<u>17,742,717</u>	<u>12,525,505</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,702,934	14,721,961
CREDITORS			
Amounts falling due after more than one year	15	(8,152,353)	(3,389,607)
MINORITY INTERESTS	17	<u>64,033</u>	<u>42,971</u>
NET ASSETS		<u><u>11,614,614</u></u>	<u><u>11,375,325</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	2,184,379	2,184,379
Share premium	19	831,495	831,495
Revaluation reserve	19	369,165	369,165
Capital reserves	19	489,227	489,227
Profit and loss account	19	<u>7,740,348</u>	<u>7,501,059</u>
SHAREHOLDERS' FUNDS	23	<u><u>11,614,614</u></u>	<u><u>11,375,325</u></u>

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

09/08/2013

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 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	3,925	4,361
Investments	10	<u>4,472,116</u>	<u>4,472,116</u>
		4,476,041	4,476,477
CURRENT ASSETS			
Stocks	12	14,602,966	14,520,722
Debtors	13	8,439,364	8,363,855
Cash at bank and in hand		<u>1,451,455</u>	<u>2,424,590</u>
		24,493,785	25,309,167
CREDITORS			
Amounts falling due within one year	14	<u>20,179,880</u>	<u>21,629,459</u>
NET CURRENT ASSETS		<u>4,313,905</u>	<u>3,679,708</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,789,946	8,156,185
CREDITORS			
Amounts falling due after more than one year	15	<u>2,303,149</u>	<u>1,870,257</u>
NET ASSETS		<u><u>6,486,797</u></u>	<u><u>6,285,928</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	2,184,379	2,184,379
Share premium	19	831,495	831,495
Capital reserves	19	1,109	1,109
Profit and loss account	19	<u>3,469,814</u>	<u>3,268,945</u>
SHAREHOLDERS' FUNDS	23	<u><u>6,486,797</u></u>	<u><u>6,285,928</u></u>

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

09/08/2013

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 2012**

		2012	2011
	Notes	£	£
Net cash outflow from operating activities	1	(992,341)	(2,146,350)
Returns on investments and servicing of finance	2	(599,641)	(364,776)
Taxation		(177,435)	-
Capital expenditure and financial investment	2	<u>412,792</u>	<u>(4,330)</u>
		(1,356,625)	(2,515,456)
Financing	2	<u>362,135</u>	<u>3,450,898</u>
(Decrease)/increase in cash in the period		<u>(994,490)</u>	<u>935,442</u>
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/increase in cash in the period		(994,490)	935,442
Cash inflow from increase in debt and lease financing		<u>(362,135)</u>	<u>(3,450,898)</u>
Change in net debt resulting from cash flows		<u>(1,356,625)</u>	<u>(2,515,456)</u>
Movement in net debt in the period		<u>(1,356,625)</u>	<u>(2,515,456)</u>
Net debt at 1 January		<u>(10,409,036)</u>	<u>(7,277,296)</u>
Net debt at 31 December		<u>(11,765,661)</u>	<u>(9,792,752)</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2012**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Operating profit	626,456	1,132,259
Depreciation charges	42,409	50,584
Loss on disposal of fixed assets	4,188	727
Decrease/(increase) in stocks	151,037	(4,694,437)
Increase in debtors	(927,596)	(3,401,770)
(Decrease)/increase in creditors	(888,835)	4,766,287
Net cash outflow from operating activities	<u>(992,341)</u>	<u>(2,146,350)</u>

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

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	46,478	66,973
Interest paid	(646,119)	(431,046)
Interest element of hire purchase or finance lease rentals payments	-	(703)
Net cash outflow for returns on investments and servicing of finance	<u>(599,641)</u>	<u>(364,776)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(27,365)	-
Purchase of investment properties	(82,706)	(13,272)
Sale of tangible fixed assets	14,499	2,000
Sale of investment properties	508,364	6,942
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>412,792</u>	<u>(4,330)</u>
Financing		
Short term loans drawn down	1,447,952	2,617,237
Short term loans repaid	(6,047,304)	(1,701,172)
Capital repayments in year	-	(4,167)
Debt in more than one year loans repaid	(1,798,251)	(255,000)
Debit in more than one year new loans	6,759,738	2,794,000
Net cash inflow from financing	<u>362,135</u>	<u>3,450,898</u>

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

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 12 £	Cash flow £	Other non-cash changes £	At 31 12 12 £
Net cash				
Cash at bank and in hand	2,639,315	(994,500)		1,644,815
Bank overdraft	<u>(10)</u>	<u>10</u>		<u>-</u>
	<u>2,639,305</u>	<u>(994,490)</u>		<u>1,644,815</u>
Debt				
Debts falling due within one year	(9,658,734)	4,599,352	(198,741)	(5,258,123)
Debts falling due after one year	<u>(3,389,607)</u>	<u>(4,961,487)</u>	<u>198,741</u>	<u>(8,152,353)</u>
	<u>(13,048,341)</u>	<u>(362,135)</u>	<u>-</u>	<u>(13,410,476)</u>
Total	<u>(10,409,036)</u>	<u>(1,356,625)</u>	<u>-</u>	<u>(11,765,661)</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2012**

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 2012**

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

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

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

	2012	2011
	£	£
Sale of properties	9,887,135	6,389,135
Management fees	163,718	163,759
Insurance commissions received	16,743	65,388
Investment property rents	111,164	83,472
Lease extension fees	49,500	65,250
	<u>10,228,260</u>	<u>6,767,004</u>

3 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	575,663	452,456
Social security costs	71,609	55,417
Other pension costs	10,890	10,949
	<u>658,162</u>	<u>518,822</u>

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

	2012	2011
Sales and marketing	1	1
Office and management	<u>11</u>	<u>10</u>
	<u>12</u>	<u>11</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

4 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation - owned assets	9,660	17,835
Loss on disposal of fixed assets	4,188	727
Goodwill amortisation	32,749	32,749
Auditors' remuneration	20,200	20,800
Remuneration of auditors for non-audit work	<u>16,200</u>	<u>16,650</u>
Directors' remuneration	<u>126,250</u>	<u>91,875</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	583,575	407,063
Interest payable on overdue tax	1,074	779
Other interest payable	70,682	47,197
Hire purchase interest	<u>-</u>	<u>703</u>
	<u>655,331</u>	<u>455,742</u>

6 TAXATION

Analysis of the tax charge

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

	2012	2011
	£	£
Current tax		
UK corporation tax	154,844	210,397
Adjustment for prior years	<u>(132,318)</u>	<u>4,932</u>
Tax on profit on ordinary activities	<u>22,526</u>	<u>215,329</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

6 TAXATION - continued

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

	2012 £	2011 £
Profit on ordinary activities before tax	<u>240,753</u>	<u>747,063</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 26%)	57,781	194,236
Effects of		
Expenses not deductible for tax purposes	149	3,313
Depreciation in excess of capital allowances	104	7,236
Utilisation of tax losses	(33,405)	-
Adjustments to tax charge in respect of previous periods	(132,318)	4,932
Other tax adjustments	<u>130,215</u>	<u>5,612</u>
Current tax charge	<u>22,526</u>	<u>215,329</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 £80,000 (2011 £83,000)

The group has approximately £94,000 of tax losses (2011 approximately £233,000) at the balance sheet date which can be used against future trading profits

7 PROFIT 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 profit for the financial year was £200,869 (2011 - £(323,888) loss)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

8 GOODWILL

Group	Goodwill £
COST	
At 1 January 2012	
and 31 December 2012	<u>163,745</u>
AMORTISATION	
At 1 January 2012	130,996
Amortisation for year	<u>32,749</u>
At 31 December 2012	<u>163,745</u>
NET BOOK VALUE	
At 31 December 2012	<u>-</u>
At 31 December 2011	<u>32,749</u>

9 TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2012	116,282	46,480	23,099	185,861
Additions	-	23,995	3,370	27,365
Disposals	<u>-</u>	<u>(26,000)</u>	<u>-</u>	<u>(26,000)</u>
At 31 December 2012	<u>116,282</u>	<u>44,475</u>	<u>26,469</u>	<u>187,226</u>
DEPRECIATION				
At 1 January 2012	100,462	19,151	18,861	138,474
Charge for year	1,582	3,661	4,417	9,660
Eliminated on disposal	<u>-</u>	<u>(7,313)</u>	<u>-</u>	<u>(7,313)</u>
At 31 December 2012	<u>102,044</u>	<u>15,499</u>	<u>23,278</u>	<u>140,821</u>
NET BOOK VALUE				
At 31 December 2012	<u>14,238</u>	<u>28,976</u>	<u>3,191</u>	<u>46,405</u>
At 31 December 2011	<u>15,820</u>	<u>27,329</u>	<u>4,238</u>	<u>47,387</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

9 TANGIBLE FIXED ASSETS - continued

Company	Fixtures and fittings £
COST	
At 1 January 2012	
and 31 December 2012	<u>55,573</u>
DEPRECIATION	
At 1 January 2012	51,212
Charge for year	<u>436</u>
At 31 December 2012	<u>51,648</u>
NET BOOK VALUE	
At 31 December 2012	<u>3,925</u>
At 31 December 2011	<u>4,361</u>

10 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 January 2012	
and 31 December 2012	<u>4,636,779</u>
PROVISIONS	
At 1 January 2012	
and 31 December 2012	<u>164,663</u>
NET BOOK VALUE	
At 31 December 2012	<u>4,472,116</u>
At 31 December 2011	<u>4,472,116</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

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			
Covermole 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 or 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 or nominee 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%
Knightspur Homes Limited	England	Ordinary share	100%
C&G Equities Limited	England	Ordinary shares	100%
Alnor Properties Limited	England	Ordinary shares	100%
Stimpson (Investments) Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	100%

11 INVESTMENT PROPERTY

Group	Total £
COST OR VALUATION	
At 1 January 2012	2,116,320
Additions	82,706
Disposals	<u>(285,214)</u>
At 31 December 2012	<u>1,913,812</u>
NET BOOK VALUE	
At 31 December 2012	<u>1,913,812</u>
At 31 December 2011	<u>2,116,320</u>

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £1,544,647 (2011: £1,747,155).

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

12 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Stock of properties	<u>21,400,557</u>	<u>21,551,594</u>	<u>14,602,966</u>	<u>14,520,722</u>

13 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	105,950	141,769	42,573	112,005
Amounts owed by group undertakings	-	-	1,606,753	2,122,183
Other debtors	6,124,463	5,964,743	4,700,918	4,501,027
Amounts invested in joint ventures	1,436,786	1,416,103	1,436,786	1,416,103
Directors' current accounts	2,261	2,000	-	-
VAT	39,202	8,752	60,388	41,931
Prepayments and accrued income	<u>1,047,633</u>	<u>295,332</u>	<u>591,946</u>	<u>170,606</u>
	<u>8,756,295</u>	<u>7,828,699</u>	<u>8,439,364</u>	<u>8,363,855</u>

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 16)	4,835,123	9,284,744	4,669,982	5,303,827
Other loans (see note 16)	423,000	374,000	423,000	374,000
Trade creditors	624,126	764,175	598,966	808,506
Amounts owed to group undertakings	-	-	7,700,081	6,735,258
Corporation tax	302,898	457,807	34,958	55,400
Social security and other taxes	29,375	25,618	28,775	25,618
Other creditors	115,216	646,721	27,682	595,858
Amounts owed to joint venturers	5,337,105	4,754,992	4,904,827	4,357,659
Amounts due to landlords	44,969	62,011	-	-
Directors' current accounts	1,414,202	2,917,350	1,414,202	2,917,350
Accruals and deferred income	<u>932,936</u>	<u>206,685</u>	<u>377,407</u>	<u>455,983</u>
	<u>14,058,950</u>	<u>19,494,103</u>	<u>20,179,880</u>	<u>21,629,459</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.

15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 16)	6,460,353	2,148,607	611,149	629,257
Other loans (see note 16)	<u>1,692,000</u>	<u>1,241,000</u>	<u>1,692,000</u>	<u>1,241,000</u>
	<u>8,152,353</u>	<u>3,389,607</u>	<u>2,303,149</u>	<u>1,870,257</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

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

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	
	2012 £	2011 £	2012 £	2011 £
Amounts falling due within one year or on demand				
Bank overdrafts	-	10	-	10
Bank loans	4,835,123	9,284,734	4,669,982	5,303,817
Other loans	<u>423,000</u>	<u>374,000</u>	<u>423,000</u>	<u>374,000</u>
	<u>5,258,123</u>	<u>9,658,744</u>	<u>5,092,982</u>	<u>5,677,827</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	183,249	33,508	18,108	18,108
Other loans - 1-2 years	<u>423,000</u>	<u>374,000</u>	<u>423,000</u>	<u>374,000</u>
	<u>606,249</u>	<u>407,508</u>	<u>441,108</u>	<u>392,108</u>
Amounts falling due between two and five years				
Bank loans - 2-5 years	6,277,104	2,115,099	593,041	611,149
Other loans - 2-5 years	<u>1,269,000</u>	<u>867,000</u>	<u>1,269,000</u>	<u>867,000</u>
	<u>7,546,104</u>	<u>2,982,099</u>	<u>1,862,041</u>	<u>1,478,149</u>

17 MINORITY INTERESTS

	£
At 1 January 2012	(42,971)
Movement in the year	<u>(21,062)</u>
At 31 December 2012	<u>(64,033)</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£	£
2,184,379	Ordinary shares	£1	<u>2,184,379</u>	<u>2,184,379</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

19 RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital reserves £	Totals £
At 1 January 2012	7,501,059	831,495	369,165	489,227	9,190,946
Profit for the year	<u>239,289</u>				<u>239,289</u>
At 31 December 2012	<u>7,740,348</u>	<u>831,495</u>	<u>369,165</u>	<u>489,227</u>	<u>9,430,235</u>

Company

	Profit and loss account £	Share premium £	Capital reserves £	Totals £
At 1 January 2012	3,268,945	831,495	1,109	4,101,549
Profit for the year	<u>200,869</u>			<u>200,869</u>
At 31 December 2012	<u>3,469,814</u>	<u>831,495</u>	<u>1,109</u>	<u>4,302,418</u>

20 CAPITAL COMMITMENTS

	2012 £	2011 £
Contracted but not provided for in the financial statements	<u>5,889,683</u>	<u>5,620,058</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

21 RELATED PARTY DISCLOSURES

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Reachdrum Limited	79,355	18,638	79,355	18,638
Revelprime Limited	11,944	19,461	11,944	19,461
Mounthead Limited	(38,512)	(28,190)	(38,512)	(28,190)
P L Murphy	(1,938)	-	(1,938)	-
P Murphy Children's Trust	<u>(3,686)</u>	<u>7,894</u>	<u>(3,686)</u>	<u>7,894</u>

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

Reachdrum Limited	25,517	111,441	25,517	111,441
Plaint Limited	<u>(4,866)</u>	<u>(5,388)</u>	<u>(4,866)</u>	<u>(5,388)</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	3,966	134,857	3,966	134,857
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Reachdrum Limited in respect of joint ventures managed by the Cavendish and Gloucester Properties Limited group

Plaint Limited	1,358,804	1,280,664	1,358,804	1,280,664
Revelprime Limited	(167,199)	(155,256)	(167,199)	(155,256)
Mounthead Limited	(572,739)	(399,550)	(572,739)	(399,550)
P L Murphy	(148,062)	-	(148,062)	-
P Murphy Children's Trust	<u>(588,870)</u>	<u>(407,555)</u>	<u>(588,870)</u>	<u>(407,555)</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	5,869,976	5,898,552	4,463,033	4,491,609
Due to Bourne End (Investments) Limited	-	(570,642)	-	(570,642)
Due from Enterprise Properties Limited	210,000	-	210,000	-
Due to Pressmile Limited	<u>(37,964)</u>	<u>-</u>	<u>(37,964)</u>	<u>-</u>

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

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2012**

(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

(iii) Bourne End (Investments) Limited is a wholly owned subsidiary of Enterprise Properties Limited, which in turn is wholly owned by P Murphy

(iv) Pressmile Limited is a wholly owned subsidiary of MFC Estates plc MFC Estates plc, which is under the control of P Murphy, is interested in 12.80% (2011 12.80%) of the issued share capital of Cavendish and Gloucester Properties Limited

(v) Other operating income includes £50,000 (2011 £50,000) in respect of management fees charged to M25 Group Limited

(vi) Turnover includes management fees receivable of £119,866 (2011 £139,649) chargeable to Drivers & Norris Limited, a company under the control of P Murphy Cost of sales include £115,866 (2011 £136,635) of consultancy fees rendered by third parties in respect of work done on behalf of Drivers & Norris Limited

(vii) Interest receivable includes £nil (2011 £56,710) charged on the loan stock issued by MFC Estates plc The loan stock was cancelled during the previous year in exchange for MFC Estates plc's entire equity interest in Invicta Holdings Limited, a property investment company Selling costs include £nil (2011 £99,375) in respect of sales consultancy fees recharged by MFC Estates plc

(viii) 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 (2011 £175,000) payable to P Murphy for the use of a property owned by him Also included under administrative expenses is a sum of £21,996 (2011 £21,996) in respect of rents payable to Reedrent Limited, £20,000 (2011 £60,000) in respect of rents payable to Finchley Developments Limited, and £40,000 (2011 £nil) in respect of rents payable on a property owned by a joint venture in which MFC Estates plc is the major participant Both Reedrent Limited and Finchley Developments C&G Limited are wholly owned subsidiaries of MFC Estates plc

c) The directors' current accounts of £1,414,202 (2011 £2,917,350) shown under creditors for both the company and the group is due entirely to P Murphy The directors' current accounts of £2,261 (2011 £2,000) shown under debtors for the group is due from M Slane No interest has been charged on these sums

d) Other loans of £2,115,000 (2011 £1,615,000) represent amounts borrowed from The KCG Pension Fund, a self administered pension scheme of which P Murphy is a trustee and member The loans are repayable in equal annual instalments within five years from inception 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 £52,644 (2011 £37,039)

22 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 2012**

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012 £	2011 £
Profit for the financial year	<u>239,289</u>	<u>433,609</u>
Net addition to shareholders' funds	239,289	433,609
Opening shareholders' funds	<u>11,375,325</u>	<u>10,941,716</u>
Closing shareholders' funds	<u>11,614,614</u>	<u>11,375,325</u>

Company

	2012 £	2011 £
Profit/(loss) for the financial year	<u>200,869</u>	<u>(323,888)</u>
Net addition/(reduction) to shareholders' funds	200,869	(323,888)
Opening shareholders' funds	<u>6,285,928</u>	<u>6,609,816</u>
Closing shareholders' funds	<u>6,486,797</u>	<u>6,285,928</u>