

ELMDENE PROPERTY INVESTMENTS LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

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*This page does not form part of the statutory accounts of the Company.

Company Registration Number: 2474607



ELMDENE PROPERTY INVESTMENTS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2006

The directors present their annual report and the audited accounts of the Company for the year ended 31st March 2006.

ACTIVITIES

The principal activity of the Company during the year was investment in properties. The shareholders approved a final dividend of £45,000 during the year.

DIRECTORS

The directors who served during the year were Mrs. S. Van Dooren, Mr. E. J. Van Dooren, Mrs. P. Crawford, Mrs. S. Neville, Mrs. M. Goodwin and Miss. L. Van Dooren.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. In preparing those accounts, they are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent, and prepare the accounts on a going concern basis where appropriate. The directors are also responsible for maintaining adequate accounting records, safeguarding the assets of the Company, and for the prevention of fraud and other irregularities. So far as each of the directors is aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information.

DIRECTORS INTERESTS IN SHARES

The Directors had interests in the share capital of the Company, as follows:

	Ordinary Shares Held	
	At 31.03.2006	At 31.03.2005
Mr. E. J. Van Dooren	687,931	692,181
Mrs. S. Van Dooren	663,826	668,076
Miss L. Van Dooren	579,102	579,102
Mrs. S. Neville	572,649	876,899
Mrs. M. Goodwin	544,458	544,458
E. J. Van Dooren and S. Van Dooren - Trustee Holding	653,000	644,500
Mrs P. Crawford – Trustee holding	215,090	215,090
Mrs S Neville – Trustee holding	612,000	307,750

No rights to subscribe for shares in the company were granted to or exercised by the directors or their families during the year.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD
E. J. Van Dooren
Secretary

6 July 2006

ELMDENE PROPERTY INVESTMENTS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELMDENE PROPERTY INVESTMENTS LIMITED**

We have audited the financial statements of Elmdene Property Investments Limited for the year ended 31st March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 and whether the information given in the directors' report is consistent with the financial statements. We also 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and in our opinion the information given in the directors' report is consistent with the financial statements.

Helmore

HELMORES

Chartered Accountants and Registered Auditors
Grosvenor Gardens House
35/37 Grosvenor Gardens
London SW1W 0BY

6 July 2006

ELMDENE PROPERTY INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006

		2006	2005
	Notes	£	£
PROPERTY INCOME		160,570	159,822
Property Expenses		45,860	74,827
NET RENTAL INCOME		114,710	84,995
Administrative Expenses		23,992	29,756
OPERATING PROFIT	2	90,718	55,239
Profit on Disposal of Property		-	1,000
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		90,718	56,239
Interest Receivable		-	11
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		90,718	56,250
Tax on Profit on Ordinary Activities		21,080	10,878
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		69,638	45,372

The notes on pages 6 to 8 form a part of these accounts.

ELMDENE PROPERTY INVESTMENTS LIMITED**ANNUAL ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2006****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2006 £	2005 £
Profit for the Financial Year	69,638	45,372
Unrealised Surplus on Revaluation of Properties	260,000	437,000
	<u>329,638</u>	<u>482,372</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2006 £	2005 £
Reported Profit on Ordinary Activities Before Taxation	<u>90,718</u>	<u>56,250</u>
Historical Cost Profit on Ordinary Activities Before Taxation	<u>90,718</u>	<u>56,250</u>
Retained Historical Cost Profit for the Year	<u>24,638</u>	<u>372</u>

**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS FUNDS**

	2006 £	2005 £
Total Recognised Gains and Losses for the Year	329,638	482,372
Dividends	(45,000)	(45,000)
Movement in Shareholders Funds	<u>284,638</u>	<u>437,372</u>
Opening Shareholders Funds	3,909,146	3,471,774
Closing Shareholders Funds	<u>4,193,784</u>	<u>3,909,146</u>

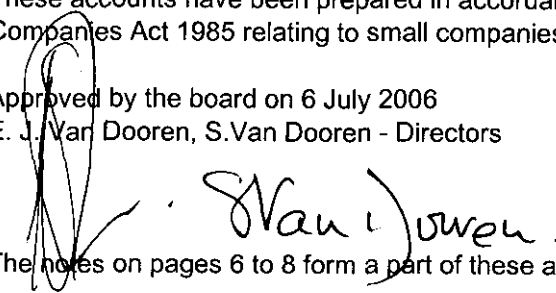
ELMDENE PROPERTY INVESTMENTS LIMITED**BALANCE SHEET
AT 31ST MARCH 2006**

		2006		2005	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	3		4,214,000		3,954,000
CURRENT ASSETS					
Debtors	4	51,200		37,442	
Cash at Bank and in Hand		<u>4,095</u>		<u>6,768</u>	
		<u>55,295</u>		<u>44,210</u>	
CREDITORS: Amounts Falling Due Within One Year	5	<u>75,511</u>		<u>89,064</u>	
NET CURRENT ASSETS / (LIABILITIES)			(20,216)		(44,854)
NET ASSETS			<u><u>4,193,784</u></u>		<u><u>3,909,146</u></u>
CAPITAL AND RESERVES					
Called Up Share Capital	6		100		100
Revaluation Reserve	7		4,073,928		3,813,928
Profit and Loss Account	8		119,756		95,118
SHAREHOLDERS FUNDS			<u><u>4,193,784</u></u>		<u><u>3,909,146</u></u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 6 July 2006

E. J. Van Dooren, S. Van Dooren - Directors

The notes on pages 6 to 8 form a part of these accounts.

ELMDENE PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006

1. ACCOUNTING POLICIES

a) Accounting Convention

The accounts have been prepared under the historical cost convention, as modified by the inclusion of land and buildings at a valuation.

b) Land and Buildings

Land and buildings are included at their valuation on an open market basis at the balance sheet date. The valuation was carried out by Middlesex Property Management Limited. Any surplus or deficit arising is transferred to revaluation reserve. No provision is made in respect of any future corporation tax liability on unrealised capital gains.

c) Investment Properties

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of freehold properties which are classified as investment properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

d) Disposals of Property

Gains and losses on disposal of property are calculated by reference to the book value of the property. Where appropriate, a transfer is made from revaluation reserve of an amount equivalent to the difference between the book value and historical cost.

2. OPERATING PROFIT

The following amounts have been included in arriving at the Operating Profit:

	2006	2005
	£	£
Directors Emoluments	20,000	20,000
Auditors Remuneration	2,465	2,367

3. TANGIBLE FIXED ASSETS

	£
Land and Buildings	
Opening Balance	3,954,000
Revaluation	260,000
Closing Balance	<u>4,214,000</u>
Net Book Value - 2006	<u>4,214,000</u>
Net Book Value - 2005	<u>3,954,000</u>

The original cost of land and buildings included at valuation was £144,820 (2005 - £144,820). A potential estimated liability to corporation tax of £900,000 (2005: £850,000) would arise on a simultaneous disposal of the company's properties at the amount at which they are stated.

ELMDENE PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006
(Continued)

4. DEBTORS

	2006 £	2005 £
Trade Debtors	30,021	33,782
Amounts Owed by Group Companies	16,000	-
Others	5,179	3,660
	<u>51,200</u>	<u>37,442</u>

The aggregate amount of debtors falling due after one year amounts to £3,660 (2005 - £3,660).

5. CREDITORS

	2006 £	2005 £
Amounts Owed to Group Companies	-	31,000
Taxation and Social Security	21,460	10,877
Other Creditors	9,051	2,187
Dividends	45,000	45,000
	<u>75,511</u>	<u>89,064</u>

6. SHARE CAPITAL

	2006 £	2005 £
Authorised:		
1,000 Shares of £1 Each	<u>1,000</u>	<u>1,000</u>
Issued and Fully Paid:		
100 Shares of £1 Each	<u>100</u>	<u>100</u>

7. REVALUATION RESERVE

	2006 £	2005 £
Balance Brought Forward	3,813,928	3,376,928
Surplus on Revaluation of Property	260,000	437,000
	<u>4,073,928</u>	<u>3,813,928</u>

ELMDENE PROPERTY INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006 (Continued)

8. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
PROFIT FOR THE FINANCIAL YEAR	69,638	45,372
Dividends	45,000	45,000
RETAINED PROFIT FOR THE YEAR	24,638	372
Balance Brought Forward	95,118	94,746
BALANCE CARRIED FORWARD	<u>119,756</u>	<u>95,118</u>

9. PARENT COMPANY

The company is a wholly owned subsidiary of Belgravia Finance Co. (1990) Limited, a company incorporated in Great Britain. Belgravia Finance Co. (1990) Limited was the ultimate parent company at 31st March 2005.

10. RELATED PARTIES

At 31 March 2006, the company was owed £16,000 by Belgravia Finance Co. (1990) Limited (the Parent Company). At 31 March 2005 the company owed Belgravia Finance Co. (1990) Limited £31,000.

The company is ultimately controlled by Mr. E. J. Van Dooren.

11. INTERESTS IN SHARE CAPITAL

A partner in the company's auditors has a trustee holding in 1,480,090 ordinary shares in the parent company, representing 32.54% of the issued share capital.