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Pixieacre Limited

Report and Financial Statements

Year Ended 31 August 2004

Company Registration No. 3360708
(England and Wales)



Pixieacre Limited

Annual Report and Financial Statements for the Year Ended 31 August 2004

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Directors

GT Mascolo
PP Mascolo
RJ Staal

Secretary and Registered office

RWL Berrow
19 Doughty Street, London, WC1N 2PL

Company number

3360708

Pixieacre Limited

Report of the directors for the year ended 31 August 2004

The directors present their report together with the financial statements of the company for the year ended 31 August 2004.

Principal activities, trading review and future developments

The principal activity of the company continued to be that of a property investment company.

Results and dividends

The profit and loss account is set out on page 3 and shows the results for the year.

The directors do not recommend the payment of a final ordinary dividend and the balance on the profit and loss account is to be carried forward.

Directors and their interests

The directors and directors' interests of the company during the year were:

	Ordinary A shares of £1 each	
	31 August 2004	31 August 2003
G T Mascolo	1	1
PP Mascolo	1	1
RJ Staal	-	-

RJ Staal is an alternate director for GT Mascolo, and can act as a director in his absence.

Pixieacre Limited

Report of the directors for the year ended 31 August 2004 (*Continued*)

Statement of directors' responsibilities

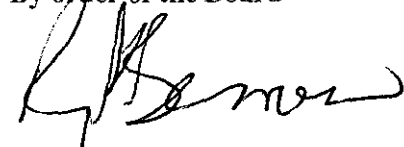
Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st August 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors' 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



R W L Berrow
Secretary

28 June 2005

Pixieacre Limited

Profit and loss account for the year ended 31 August 2004

	Note	2004 £	2003 £
Turnover	1	212,250	160,502
Administrative expenses		(30,386)	(5,426)
Operating profit		181,864	155,076
Interest payable and similar charges	2	(48,695)	(30,960)
Profit on ordinary activities before taxation		133,169	124,116
Taxation on profit on ordinary activities	3	(39,951)	(37,029)
Retained profit for the financial year		93,218	87,087

All amounts relate to continuing activities.

Statement of Total Recognised Gains and Losses

		2004 £	2003 £
Profit for the financial year		93,218	87,087
Unrealised surplus on revaluation of property	9	320,328	-
Total recognised gains for the year		413,546	87,087

The notes on pages 6 to 9 form part of these financial statements.

Pixieacre Limited**Balance sheet at 31 August 2004**

	Note	2004	2003
		£	£
Fixed assets			
Tangible assets	4	3,152,500	1,666,058
Current assets			
Debtors	5	35,197	53,470
Cash at bank and in hand		23,930	23,186
		<u>59,127</u>	<u>76,656</u>
Creditors: Amounts falling due Within one year	6	<u>(914,247)</u>	<u>(1,188,308)</u>
Net current liabilities		<u>(855,120)</u>	<u>(1,111,652)</u>
Total assets less current liabilities		2,297,380	554,406
Creditors: Amounts falling due After more than one year	7	1,329,428	-
Net assets		<u>967,952</u>	<u>554,406</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	358,890	265,672
Revaluation reserve	9	609,060	288,732
Equity shareholders' funds		<u>967,952</u>	<u>554,406</u>

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

Pixieacre Limited

Balance sheet at 31 August 2004 (continued)

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249(B) of the Companies Act 1985. The directors acknowledge their responsibilities for:

- (a) Ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- (b) Preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 August 2004 and of its' profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements on pages 3 to 9 were approved by the board of directors on 28 June 2005 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'PP Mascolo', with a long horizontal flourish extending to the right.

PP Mascolo
Director

Pixieacre Limited

Notes forming part of the financial statements for the year ended 31 August 2004

1 Accounting policies

These financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents rent receivable in the United Kingdom.

Investment properties

The investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the requirements of the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

2 Interest payable and similar charges

	2004 £	2003 £
Bank interest	48,695	30,960

3 Taxation on profit from ordinary activities

	2004 £	2003 £
UK Corporation tax based on the profit for the year	39,951	37,235
Adjustment in respect of prior periods		-206
	39,951	37,029

Pixieacre Limited

Notes forming part of the financial statements for the year ended 31 August 2004 (Continued)

4 Investment Properties	£
<i>Cost</i>	
At 1 September 2003	1,666,058
Additions	1,486,442
As at 31 August 2004	3,152,500
<i>Net book value</i>	
At 31 August 2004	3,152,500
At 31 August 2003	1,666,058

During the year three properties were purchased. All properties were revalued during the year in accordance with the Group's accounting policy, by external valuer, Stiles Harold Williams. The valuation was carried out in accordance with the practice statements of the Royal Institute of Chartered Surveyors Appraisal Valuation Manual.

5 Debtors	2004	2003
	£	£
Trade debtors	2,697	8,470
Other debtors	32,500	45,000
	35,197	53,470

All amounts shown under debtors fall due for payment within one year.
Other Debtors represents a deposit on a property.

Pixieacre Limited

Notes forming part of the financial statements for the year ended 31 August 2004 (*Continued*)

6 Creditors: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	202,800	433,602
Trade creditors	14,737	21,672
Taxation and social security	22,096	18,734
Other creditors	656,884	700,240
Accruals and deferred income	17,730	14,060
	<u>914,247</u>	<u>1,188,308</u>

The bank loan is secured with a fixed and floating charge over the assets of the company. Other creditors include interest free loans due to directors of the company as shown below:

	2004 £	2003 £
GT Mascolo	350,999	350,999
PP Mascolo	300,999	300,999

7 Creditors: Amounts falling due after more than one year

	2004 £	2003 £
Bank loan	1,329,428	-
	<u>1,329,428</u>	<u>-</u>

Maturity of bank loan:

In one year or less, or on demand	202,800	433,602
In more than one year, but not more than two years	202,800	-
In more than two years, but not more than five years	608,400	-
In more than five years	518,228	-
	<u>1,532,228</u>	<u>433,602</u>

Pixieacre Limited

Notes forming part of the financial statements for the year ended 31 August 2004 (*Continued*)

8 Share capital

	Authorised		Allotted, called up and fully paid	
	2004 £	2003 £	2004 £	2003 £
Ordinary shares of £1 each	1,000,000	1,000,000	2	2

9 Reserves

	Profit & Loss Account £	Revaluation Reserve £
As at 1 st September 2003	265,672	288,732
Profit for the year	93,218	-
Revaluation in the year	-	320,328
As at 31 st August 2004	358,890	609,060

10 Related party transactions

During the year, the company has entered into transactions and has balances, with the following companies which fall within the definition of related parties under Financial Reporting Standard No. 8:

Mascolo Limited

Aggregate transactions with these companies were:

	2004 £	2003 £
Rent received	173,470	122,000

Aggregate balances with those companies were:

Debtors	-	45,000
Creditors	-	-