

Company Registration No. 3360708 (England and Wales)

REGISTRARS
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PIXIEACRE LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2005



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PIXIEACRE LIMITED

COMPANY INFORMATION

Directors	G T Mascolo P P Mascolo R J Staal
Secretary	R W L Berrow
Company number	3360708
Registered office	19 Doughty Street London WC1N 2PL
Auditors	Haines Watts 30 Camp Road Farnborough Hampshire GU14 6EW



PIXIEACRE LIMITED

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PIXIEACRE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

The directors present their report and financial statements for the year ended 31 August 2005.

Principal activities

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

Directors

The following directors have held office since 1 September 2004:

G T Mascolo
P P Mascolo
R J Staal

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2005	1 September 2004
G T Mascolo	1	1
P P Mascolo	1	1
R J Staal	-	-

R J Staal is an alternate director for G T Mascolo, and can act as director in his absence.

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Haines Watts, will be deemed to be reappointed for each succeeding financial year.

PIXIEACRE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2005

Directors' responsibilities

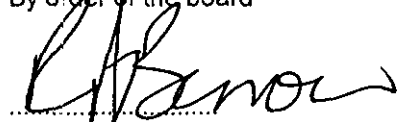
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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



R W L Berrow

Secretary *29.6.06*
Dated



PIXIEACRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIXIEACRE LIMITED

We have audited the financial statements of Pixieacre Limited on pages 5 to 11 for the year ended 31 August 2005. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

PIXIEACRE LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF PIXIEACRE LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts



30 June 2006

**Registered Auditors and
Chartered Accountants**

30 Camp Road
Farnborough
Hampshire
GU14 6EW

 PIXIEACRE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2005**

		2005	2004
	Notes	£	£
Turnover		287,069	212,250
Administrative expenses		(4,123)	(30,386)
Operating profit	2	282,946	181,864
Interest payable and similar charges		(108,616)	(48,695)
Profit on ordinary activities before taxation		174,330	133,169
Tax on profit on ordinary activities	3	(52,887)	(39,951)
Profit on ordinary activities after taxation	9	121,443	93,218

 PIXIEACRE LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2005**

	2005	2004
	£	£
Profit for the financial year	121,443	93,218
<i>Unrealised (deficit)/surplus on revaluation of properties</i>	-	320,328
Total recognised gains and losses relating to the year	121,443	413,546
Prior year adjustment	131,102	-
Total gains and losses recognised since last financial statements	<u>252,545</u>	<u>413,546</u>

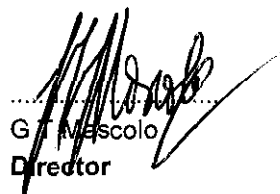
PIXIEACRE LIMITED

BALANCE SHEET AS AT 31 AUGUST 2005

		2005		2004 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		3,618,149		3,283,602
Current assets					
Debtors	5	30,674		35,197	
Cash at bank and in hand		9,326		23,930	
		40,000		59,127	
Creditors: amounts falling due within one year	6	(962,000)		(914,247)	
Net current liabilities			(922,000)		(855,120)
Total assets less current liabilities			2,696,149		2,428,482
Creditors: amounts falling due after more than one year	7		(1,475,652)		(1,329,428)
			1,220,497		1,099,054
Capital and reserves					
Called up share capital	8		2		2
Revaluation reserve	9		740,162		740,162
Profit and loss account	9		480,333		358,890
Shareholders' funds			1,220,497		1,099,054

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 29/10/06 .


G. T. Mascolo
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents rents receivable in the United Kingdom, net of Value Added Tax.

1.3 Tangible fixed assets and depreciation

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 lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), it is a departure from the general requirement of the Companies Act 1985 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 of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

2 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	1,900	-

PIXIEACRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2005

3	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	52,887	39,951
	Current tax charge	<u>52,887</u>	<u>39,951</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>174,330</u>	<u>133,169</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	52,299	39,951
	Effects of:		
	Non deductible expenses	588	-
	Current tax charge	<u>52,887</u>	<u>39,951</u>

4 Tangible fixed assets

	Investment properties as restated £
Cost or valuation	
At 1 September 2004	3,283,602
Additions	334,547
At 31 August 2005	<u>3,618,149</u>

The valuations of investment properties were made as at 31 August 2004 by qualified external valuers, Stiles Harold Williams, on an open market basis in accordance with the practice statements of the Royal Institute of Chartered Surveyors Appraisal Valuation Manual. No depreciation is provided in respect of these properties and the directors consider that there has been no material change in the market value to 31 August 2005. No provision has been made against cost unless there is considered to be a permanent fall in the value of the properties.

On an historical cost basis these would have been included at an original cost of £2,877,987 (2004 : £2,543,440).

The company has an unprovided deferred tax liability arising on the revaluations of investment properties of £218,014 (2004 : £230,719).

PIXIEACRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2005

5 Debtors	2005	2004
	£	£
Trade debtors	30,674	2,697
Other debtors	-	32,500
	<u>30,674</u>	<u>35,197</u>

Other debtors of £nil (2004: £32,500) represent a deposit on a property.

6 Creditors: amounts falling due within one year	2005	2004
	£	£
Bank loans and overdrafts	245,076	202,800
Trade creditors	20	14,737
Taxation and social security	42,383	26,982
Other creditors	674,521	669,728
	<u>962,000</u>	<u>914,247</u>

The bank loan and overdraft are secured as detailed in note 7.

The directors, G T Mascolo and P P Mascolo have provided the company with loans of £350,999 (2004: £350,999) and £300,999 (2004: £300,999) respectively. These loans are interest free and are included in Other creditors.

7 Creditors: amounts falling due after more than one year	2005	2004
	£	£
Bank loans	<u>1,475,652</u>	<u>1,329,428</u>
Analysis of loans		
Wholly repayable within five years	1,720,728	1,532,228
Included in current liabilities	(245,076)	(202,800)
	<u>1,475,652</u>	<u>1,329,428</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.



PIXIEACRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2005

8 Share capital	2005	2004
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>
9 Statement of movements on reserves		
	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 September 2004	609,060	358,890
Prior year adjustment	131,102	-
	<u> </u>	<u> </u>
Balance at 1 September 2004 as restated	740,162	358,890
Retained profit for the year	-	121,443
	<u> </u>	<u> </u>
Balance at 31 August 2005	740,162	480,333
	<u> </u>	<u> </u>

10 Prior year adjustment

In the previous year a deficit on the valuation of the freehold properties, of £131,102, was incorrectly charged to the revaluation reserve. The directors consider that the deficit is not expected to be permanent and therefore the properties have been amended to be carried at cost.

11 Related party transactions

Mascolo Limited is considered to be a related party due to G T Mascolo being a common director.

During the year rents received from Mascolo Limited amounted to £243,826 (2004: £173,470) and at the year end £26,472 (2004 : £nil) was owed by Mascolo Limited. There are loans from the shareholders and directors of £651,998 (2004 : £651,998) as detailed in note 6.