REGISTRAR OF
COMPANIES

Prime Commercial Properties Management Limited
(formerly Crestform Limited)

Report and Financial Statements

Year Ended

31 March 2007

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BDO Stoy Hayward
CHARTERED ACCOUNTANTS

Prime Commercial Properties Management Limited

Report and financial statements for the year ended 31 March 2007

Contents

Directors

Page:

1	Report of the directors
4	Report of the independent auditors
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Directors

P Gubbay
C Gubbay

Secretary and registered office

P Gubbay, 7 Praed Street, London, W2 1NJ

Company number

3484809

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Prime Commercial Properties Management Limited

Report of the directors for the year ended 31 March 2007

The directors present their report together with the audited financial statements for the year ended 31 March 2007

Change of name

The company changed its name from Crestform Limited to Prime Commercial Properties Management Limited on 12 March 2007

Principal activities and future developments

The principal activity of the company continued to be that of property management agents and no change in activity is envisaged in the ensuing year

Review of the business

On the 15 December 2006 the parent company Prime Commercial Properties Plc undertook a group restructure and its shareholding in Prime Commercial Properties Management Limited was transferred to a new parent company, Crestform (Holdings) Limited

The profit and loss account is set out on page 6 and shows turnover for the year of £12,298,807 (2006 - £15,693,177) and a profit after tax for the year of £5,645,723 (2006 - £8,089,727)

Turnover has decreased by 22%, caused by the fact that in prior year there were fees relating to the disposals of five of the properties managed by the company In the current year, there was only one disposal

Administrative expenses has increased overall by 6% due to travel costs and an increase in employment costs Travel costs have increased due to the company's increased activities abroad Additional permanent and temporary staff were employed to cope with the company's increased activities

Overall the decrease in turnover and the increased costs have resulted in a decrease in profit after taxation of 30%

The directors paid a dividend on the ordinary share capital of £9,200,000 (2006 - £4,500,000) during the year No final dividend is declared (2006 - £Nil)

During the year the company continued to grow its activities in Germany and Japan and the directors anticipate that projects overseas will continue to contribute significantly to the company's fee income in the coming year

There have been no events since the balance sheet date which materially affect the position of the company

Principal risks and uncertainties

Property market
The company's fee income is dependent on the performance of the property investments that it manages The directors are seeking opportunities in new geographical markets with the intention of diversifying and spreading risk

Credit risk
The company's credit risk is primarily attributable to its trade debtors Credit risk is managed by monitoring payments against contractual agreements

Principal risks and uncertainties *(Continued)*

Foreign currency exposure
Services rendered to mainland Europe are made in Euros There are also some transactions in US Dollars and Japanese Yen The company is therefore exposed to movements in these currencies to Sterling exchange rate The exposure however is very small and hedging is not deemed necessary at this stage

Cashflow risk
The Board reviews the company's cash flow on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Charitable donations

During the year the company made charitable donations of £11,666 (2006 - £13,376)

Directors

The directors of the company during the year and to the date of this report were as follows

R Gubbay	(resigned 12 October 2007)
T Kremer	(resigned 2 April 2007)
E Gubbay	(resigned 2 April 2007)
P Gubbay	(appointed 2 April 2007)
C Gubbay	(appointed 2 April 2007)

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

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 year 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, and
- 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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

By order of the Board

P Gubbay

Secretary

Date 30/10/2007

Prime Commercial Properties Management Limited

Report of the independent auditors

To the shareholders of Prime Commercial Properties Management Limited

We have audited the financial statements of Prime Commercial Properties Management Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those 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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

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 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

Date 30 October 2007

Prime Commercial Properties Management Limited

Profit and loss account for the year ended 31 March 2007

	Note	2007 £	2006 £
Turnover	2	**12,298,907**	15,693,177
Administrative expenses		**4,407,829**	4,141,300
Operating profit	5	**7,891,078**	11,551,877
Interest receivable		**249,751**	66,376
Interest payable		**(22,654)**	(672)
Profit on ordinary activities before taxation		**8,118,175**	11,617,581
Taxation on profit from ordinary activities	6	**2,472,452**	3,527,854
Profit on ordinary activities after taxation	12	**5,645,723**	8,089,727

All amounts relate to continuing activities
All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

Prime Commercial Properties Management Limited

Balance sheet at 31 March 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	7		**282,842**		306,303
Current assets					
Debtors	8	**540,953**		5,381,720	
Cash at bank and in hand		**740,933**		3,158,854	
		1,281,886		8,540,574	
Creditors: amounts falling due within one year	9	**1,512,276**		5,226,502	
Net current (liabilities)/assets			**(230,390)**		3,314,072
Total assets less current liabilities			**52,452**		3,620,375
Provisions for liabilities and charges	10		**(17,000)**		(30,646)
Net assets			**35,452**		3,589,729
Capital and reserves					
Called up share capital	11		**2**		2
Profit and loss account	12		**35,450**		3,589,727
Shareholders' funds	13		**35,452**		3,589,729

The financial statements were approved by the Board of Directors and authorised for issue on 30/10/2007

P Gubbay
Director

The notes on pages 8 to 14 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention The following principal accounting policies have been applied

Turnover

Turnover represents fees receivable based on the following

i) Revenue is recognised when services are provided

ii) Revenue for introduction and disposal fees are recognised on completion of acquisition and disposal of properties

iii) Revenue for promote fees are recognised on an accruals basis

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives It is calculated at the following rates

Fixtures and fittings	- 25% on cost
Leasehold improvements	- 15 years

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

Dividends

Equity dividends are recognised when they become legally payable Final equity dividends are recognised when approved by the shareholders at an annual general meeting

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period they become payable The assets of the scheme are held in a separately administered fund

Foreign currency translation

Transactions denominated in a foreign currency are translated into the functional currency at the rate of exchange ruling on the date the transactions occurred

2 Turnover

Turnover is wholly attributable to the principal activity of the company Turnover from activities within the United Kingdom amounted to £7 4m (2006 - £14 7m), £4 1m (2006 - £1 0m) was derived from activities in Europe and £0 8m (2006 - £Nil) was derived from activities in Asia

3 Employees

	2007 £	2006 £
Staff costs consist of		
Wages and salaries	**1,612,189**	1,271,775
Social security costs	**198,512**	151,791
Pension costs	**-**	74,250
	1,810,701	1,497,816

The average number of employees during the year was 17 (2006 - 15)

4 Directors

The directors received aggregate emoluments of £587,350 (2006 - £490,700) during the year The emoluments of the highest paid director were £373,100 (2006 - £346,417)

5 Operating profit

	2007 £	2006 £
This is arrived at after charging		
Depreciation	**41,647**	72,203
Auditors' remuneration	**4,000**	4,000
Operating lease rentals in respect of land and buildings	**120,000**	120,000

6 Taxation on profit from ordinary activities

	2007 £	2006 £
(i) Analysis of tax charge in year		
Current tax		
UK corporation tax	**2,486,098**	3,563,912
Adjustments in respect of previous years	**-**	(13,804)
Total current tax	**2,486,098**	3,550,108
Deferred tax		
Reversal of timing differences	**(13,646)**	(22,254)
	2,472,452	3,527,854
(ii) Factors affecting the tax charge for the year		
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2006 - 30%)	**2,435,452**	3,485,275
Expenses not deductible for tax purposes	**51,235**	60,795
Depreciation for year in excess of capital allowances	**(589)**	17,842
Adjustment to tax charge in respect of previous years	**-**	(13,804)
Current tax charge for year	**2,486,098**	3,550,108

7 Tangible assets

	Fixtures and fittings £	Leasehold improvements £	Total £
Cost			
At 1 April 2006	147,173	269,488	416,661
Additions	20,356	-	20,356
Disposals	(2,978)	-	(2,978)
At 31 March 2007	**164,551**	**269,488**	**434,039**
Depreciation			
At 1 April 2006	86,242	24,116	110,358
Provided for the year	23,664	17,983	41,647
Disposals	(808)	-	(808)
At 31 March 2007	**109,098**	**42,099**	**151,197**
Net book value			
At 31 March 2007	**55,453**	**227,389**	**282,842**
At 31 March 2006	60,931	245,372	306,303

8 Debtors

	2007 £	2006 £
Trade debtors	**368,320**	5,232,522
Other debtors	**83,183**	35,986
Prepayments and accrued income	**89,450**	113,212
	540,953	5,381,720

All amounts shown under debtors fall due for payment within one year

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	**153,590**	122,990
Other creditors	**46,795**	4,725
Amounts due to group undertakings	**-**	57,895
Taxes and social security	**38,179**	1,037,000
Corporation tax	**979,489**	2,592,191
Accruals and deferred income	**294,223**	1,411,701
	1,512,276	5,226,502

10 Provisions for liabilities

	£
Deferred tax liability	
At 1 April 2006	30,646
Released to profit and loss account	(13,646)
At 31 March 2007	**17,000**

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 £	2006 £	2007 £	2006 £
Ordinary shares of £1 each	**100**	100	**2**	2

12 Profit and loss account

	£
At 31 March 2006	3,589,727
Profit for the year	5,645,723
Equity dividends paid in year	(9,200,000)
At 31 March 2007	**35,450**

	2007 £	2006 £
Dividends paid on equity shares		
Dividend on ordinary shares at £4 6m per share (2006 - £2 25m per share)	**9,200,000**	4,500,000

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for year	**5,645,723**	8,089,727
Dividends	**(9,200,000)**	(4,500,000)
Net addition/(reduction) to shareholders' funds	**3,567,923**	3,589,727
Opening shareholders' funds	**3,589,729**	2
Closing shareholders' funds	**35,452**	3,589,729

14 Ultimate parent company

On 15 December 2006, the company was de-merged from the Prime Commercial Properties Plc group, thereby becoming a wholly owned subsidiary of Crestform (Holdings) Limited

At 31 March 2007, the company's ultimate parent company was Crestform (Holdings) Limited

Copies of the financial statements of Prime Commercial Properties Plc are available from Companies House

15 Financial commitments

At 31 March 2007, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2007 £	Land and buildings 2006 £
Operating leases which expire		
Over five years	**120,000**	120,000

16 Related party disclosures

The company has taken advantage of the exemption allowed by FRS 8 not to disclose related party transactions with group undertakings that are eliminated in the consolidated financial statements of Prime Commercial Properties Plc, up to 15 December 2006

The company was controlled by Prime Commercial Properties Plc of which Mr R Gubbay, Mr C Gubbay and Mr P Gubbay are directors until 15 December 2006 The company was subsequently controlled by Crestform (Holdings) Limited, of which Mr P Gubbay and Mr C Gubbay are directors

The company entered into various commercial transactions with its directors and connected parties as summarised below

	2007 £	2006 £
Rent paid to Moveglade Limited of which Mr R Gubbay is a director	**120,000**	120,000
Legal services paid to Paul Gubbay Solicitors in the year Mr P Gubbay is a director of the company	**300,389**	260,232
Loan receivable from/(payable to) Mr C Gubbay at 31 March 2007 Mr C Gubbay is a director of the company	**(1,737)**	30,026
Building services paid to Beneton Building Services Limited Mr J Gubbay is a director of Beneton Building Services Limited and a son of Mr R Gubbay	**51,150**	-
Consultancy services paid to Westwood Properties Limited of which Mr P Gubbay and Mr C Gubbay are shareholders, and Mr R Gubbay is a director	**61,570**	-