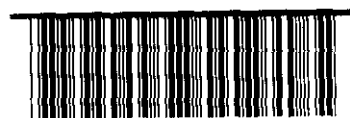


Kerion Properties Limited

Registration Number: 4737310

Directors' Report and Financial Statements

for the year ended 31 March 2005



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Kerion Properties Limited

Company Information

Directors	A Mehra P Koo V Mehra
Secretary	A Mehra
Company Number	4737310
Registered Office	<i>c/o Parker Cavendish</i> 28 Church Road Stanmore Middlesex

Kerion Properties Limited

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Kerion Properties Limited
Directors' Report
for the year ended 31 March 2005

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

Principal Activity

The company was dormant until 31 March 2004. The company commenced activity from 1 April 2004 and its principal activity is that of property investment, dealing and letting.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31 March 2005	1 April 2004
A Mehra	-	-
P Koo	-	-

V Mehra was appointed director on 1 August 2005

Directors' Responsibilities

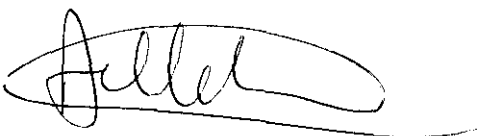
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 31 July 2006 and signed on its behalf by



A Mehra
Director

Kerion Properties Limited

**Profit and Loss Account
for the year ended 31 March 2005**

		01.04.04 To 31.03.05	16.04.03 To 31.03.04
	Notes	£	£
Turnover	2	125,047	-
Administrative expenses		(61,446)	-
Operating profit		63,601	-
Interest receivable and similar income		2,854	-
Interest payable and similar charges		(81,811)	-
(Loss)/retained profit for the year		(15,356)	-
Statement of total recognised gains and losses			
(Loss)/profit on ordinary activities after taxation		(15,356)	-
Unrealised movement on revaluation of property		59,552	-
Total recognised gains relating to the year		44,196	-

The notes on pages 5 to 8 form an integral part of these financial statements.

Kerion Properties Limited

**Balance Sheet
at 31 March 2005**

	Notes	2005		2004	
		£	£	£	£
Fixed Assets					
Tangible assets	3		1,650,000		-
Current Assets					
Debtors	4	22,798		-	
Cash at bank and in hand		167,086		300	
		<u>189,884</u>		<u>300</u>	
Creditors: amounts falling due within one year	5	(145,388)		-	
Net Current Assets			44,496		300
Total Assets Less Current Liabilities			<u>1,694,496</u>		<u>300</u>
Creditors: amounts falling due after more than one year	6		(1,650,000)		-
Net Assets			<u>44,496</u>		<u>300</u>
Capital and Reserves					
Called up share capital	7		300		300
Revaluation reserve	8		59,552		-
Profit and loss account	8		(15,356)		-
Shareholders' Funds			<u>44,496</u>		<u>300</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 5 to 8 form an integral part of these financial statements.

Kerion Properties Limited

Balance Sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 31 March 2005**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;

(b) members have not required the company, under Section 249B(2) of the Companies Act 1985, to obtain an audit for the year ended 31 March 2005 and

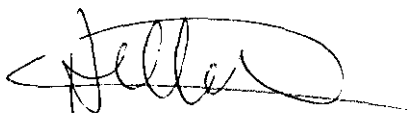
(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are 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 31 July 2006 and signed on its behalf by



A Mehra
Director

The notes on pages 5 to 8 form an integral part of these financial statements.

Kerion Properties Limited

Notes to the Financial Statements for the year ended 31 March 2005

1. Accounting Policies

1.1. Accounting convention

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

1.2. Turnover

Turnover represents rents receivable in the period.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

The freehold investment property is stated at market value and any surplus or deficit arising on the revaluation of the property is transferred to a revaluation reserve. No depreciation is provided in respect of this property. This is a departure from the requirement of the Companies Act 1985 which requires all properties to be depreciated. This property is not held for consumption but for investment and directors consider that to depreciate the property would not give a true and fair view.

1.4. Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Kerion Properties Limited

Notes to the Financial Statements
for the year ended 31 March 2005

3. Tangible fixed assets

	Freehold investment property £	Total £
Cost/revaluation		
At 1 April 2004	-	-
Additions	1,590,448	1,590,448
Revaluation	59,552	59,552
At 31 March 2005	1,650,000	1,650,000
At 1 April 2004	-	-
Net book values		
At 31 March 2005	1,650,000	1,650,000
At 31 March 2004	-	-

The freehold investment property was revalued at 31 March 2005 by the directors.

4. Debtors

	2005 £	2004 £
Trade debtors	20,252	-
Other debtors	1,547	-
Prepayments and accrued income	999	-
	22,798	-

5. Creditors: amounts falling due
within one year

	2005 £	2004 £
Trade creditors	682	-
Other creditors	137,826	-
Accruals and deferred income	6,880	-
	145,388	-

Kerion Properties Limited

Notes to the Financial Statements for the year ended 31 March 2005

6.	Creditors: amounts falling due after more than one year	2005 £	2004 £
	Bank loan	1,650,000	-
	Loans		
	Repayable in five years or more	1,558,333	-
	The loan is secured over the company's investment property.		
7.	Share capital	2005 £	2004 £
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	300 Ordinary shares of £1 each	300	300
8.	Reserves	Revaluation reserve £	Profit and loss account £
	At 1 April 2004	-	-
	Revaluation of property	59,552	59,552
	(Loss)/retained profit for the year	(15,356)	(15,356)
	At 31 March 2005	59,552	44,196

9. Transactions with directors

During the year the company purchased fixed assets of £36,630 from B & R Residential Lettings Limited and also paid agents' commission of £17,699 to B & R Residential Lettings Limited, a company in which A Mehra is a director and controlling shareholder.

Included within other creditors is a balance of £125,356 owed to Upgrade Investments Limited, a company which has common shareholders and in which Mrs A Mehra is a director. During the year the company paid management charges of £15,600 to Upgrade Investments Limited.

Kerion Properties Limited

**Notes to the Financial Statements
for the year ended 31 March 2005**

10. Related party transactions

Included within other creditors is a loan of £12,470 from R Kumar, a shareholder of the company.

11. Ultimate controller

The company is jointly controlled by by Mr R Kumar, Mr Z Zi-Pear and Vatican Limited, of which Mr P. Koo is a shareholder.