

Revised

Company Registered Number: 4826921

D. STANLEY PROPERTIES
FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION
(9 JULY 2003)
TO 31 JULY 2004



D. STANLEY PROPERTIES

DIRECTOR'S REPORT

PERIOD ENDED 31 JULY 2004

The director presents his report and the audited financial statements for the period ended 31 July 2004.

INCORPORATION AND SHARE CAPITAL

The company was incorporated on 9 July 2003 under the name San Gabriel 17. The company changed its name to D. Stanley Properties on 25 November 2003. The company has an issued share capital of £102, see note 7.

REVIEW OF THE BUSINESS

The principal activity of the company is property investment.

On 28 November 2003 the company acquired a portfolio of properties and commenced operations.

The results for the year are set out on page 3.

DIRECTOR

The directors who served at any time during the period and their interests in the shares of the company were:

Powrie Appleby Ltd
D J Stanley

(appointed 9 July 2003, resigned 24 November 2003)
(appointed 24 November 2003)

D J Stanley held an interest in the entire issued share capital of the company at both the date of his appointment and at 31 July 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

ON BEHALF OF THE BOARD



T. Lundberg
Secretary
21 January 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

D. STANLEY PROPERTIES

We have audited the financial statements of D. Stanley Properties for the period ended 31 July 2004 which comprise the Profit and Loss Account, the Balance Sheet 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 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 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 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.

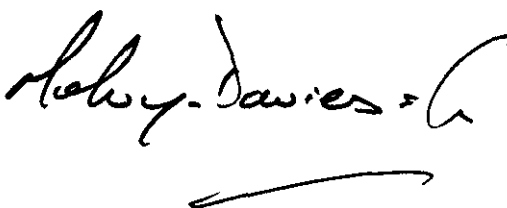
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 of the state of the company's affairs as at 31 July 2004 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

MELVYN DAVIES & CO.

Chartered Accountants
Registered Auditors
21 January 2005



9 Limes Road
Beckenham
BR3 6NS

D. STANLEY PROPERTIES**PROFIT AND LOSS ACCOUNT****PERIOD ENDED 31 JULY 2004**

	Note	2004 £
Turnover		169,186
Administration Costs		77,329
Profit before Taxation	2	<u>91,857</u>
Taxation	3	20,000
Profit for the period after Taxation		<u>£ 71,857</u> =====

All turnover and profit before taxation is derived from continuing operations

All recognised gains and losses are included in the profit and loss account.

D. STANLEY PROPERTIES**BALANCE SHEET****AT 31ST JULY 2004**

	Note	£	2004 £
FIXED ASSETS	4		5,503,842
CURRENT ASSETS			
Debtors	5	92,890	
Cash at Bank		26,345	
		<u>119,235</u>	
CREDITORS: Amounts Falling Due Within One Year	6	51,220	
		<u>68,015</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>£ 5,571,857</u></u>
Financed By:			
SHARE CAPITAL	7		102
SHARE PREMIUM ACCOUNT			5,499,898
PROFIT AND LOSS ACCOUNT			71,857
			<u><u>£ 5,571,857</u></u>

Approved by the Board of Directors on 21 January 2005.

D J Stanley
Director

D. STANLEY PROPERTIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 JULY 2004

1. ACCOUNTING POLICIES

Basis of Accounts

The accounts are prepared on the historical cost basis and in accordance with applicable accounting standards. The accounts are drawn up on a going concern basis since the director has confirmed his continuing financial support for the foreseeable future.

Investment Properties

The company's investment properties are held for long term investment and accounted for in accordance with SSAP 19. Investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation or amortisation is provided in respect of the investment properties.

Tangible Fixed Assets and Depreciation

Depreciation is charged to write off the cost less estimated residual value of all other tangible fixed assets over their estimated useful economic life at the rate of 25% per annum on a straight line basis.

2. PROFIT BEFORE TAXATION

2004

£

This is stated after charging:

Director's Remuneration

nil

Depreciation

769

===

There were no staff during the period other than the director.

3. TAXATION

Corporation Tax based on the profits for the year
at the rate applicable to small companies

£ 20,000

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4. FIXED ASSETS

	Investment Properties £	Furniture & Equipment £	Total £
Cost or Valuation			
Additions	5,500,000	4,611	5,504,611
At 31 July 2004	5,500,000	4,611	5,504,611
Depreciation			
Charge for the period	-	769	769
At 31 July 2004	-	769	769
Net Book Amount			
At 31 July 2004	£ 5,500,000	£ 3,842	£ 5,503,842
	=====	=====	=====

D. STANLEY PROPERTIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 JULY 2004

5. DEBTORS	2004
	£
Trade debtors	6,075
Due from director (see note 10)	86,815
	<u>£ 92,890</u>

6. CREDITORS: Amounts Falling Due Within One Year

Trade creditors	19,310
Accruals and deferred income	11,910
Corporation tax	20,000
	<u>£ 51,220</u>

7. SHARE CAPITAL

The Company does not have limited liability. The share capital comprises 102 issued and fully paid ordinary shares of £1	<u>£ 102</u>
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8. SHAREHOLDERS FUNDS

Balance at Date of Incorporation	-
Shares Issued in Period	102
Share premium account arising on issue of shares	5,499,898
Retained profit for the period	71,857
Balance at 31st July 2004	<u>£ 5,571,857</u>

9. TRANSACTIONS WITH RELATED PARTIES

The Company was formed on 9 July 2003. On 28 November 2003, the Company entered into an agreement with D J Stanley to acquire a portfolio of residential properties from him in return for the issue of 102 ordinary £1 shares in the Company.

Mr Stanley has been involved in the property business for a number of years and, in particular had owned and operated this portfolio prior to its transfer to the Company. The properties were valued by Mr Stanley on an open market basis for the purposes of establishing the acquisition cost to the Company and the resulting share premium arising on the transaction.

During the course of this first period of business, certain income was received directly into Mr Stanley's personal bank account, which had formerly been the operating bank account for the property portfolio. Also, certain costs relating to the Company's operations were borne by Mr Stanley personally. These items are treated as payments and receipts by Mr Stanley on behalf of the Company, effectively creating a loan to him (see note 5).

At 31 July 2004, the net effect of these transactions was that Mr Stanley owed the Company £86,815.

This sum has been repaid to the Company subsequent to the year end.

D. STANLEY PROPERTIES

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 JULY 2004

10. CONTROLLING PARTY

The Company is wholly owned by D J Stanley.

11. POST BALANCE SHEET EVENTS

Subsequent to the year end, the share premium account has been eliminated and the company has declared a dividend of £5,500,000.