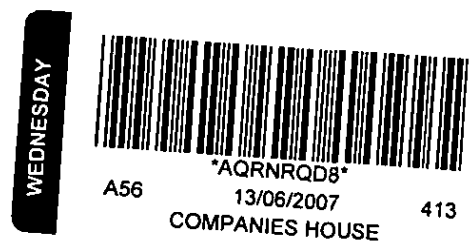


Earl (Tresham) Limited

**Directors' Report and Financial Statements
For the year ended 30 September 2006**



Earl (Tresham) Limited

Company information

| | |
|--------------------------|---|
| Directors | M D Posen M J Christmas M T Harrison |
| Secretary | M T Harrison |
| Company number | 3980796 |
| Registered office | Barbican House 26-34 Old Street London EC1V 9QQ |
| Auditors | Blevins Franks Limited Chartered Accountants & Registered Auditors Barbican House 26-34 Old Street London EC1V 9QQ |
| Business address | 24 Brook's Mews London W1K 4EA |

Earl (Tresham) Limited

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Earl (Tresham) Limited

Directors' Report For the year ended 30 September 2006

The directors present their report and the financial statements for the year ended 30 September 2006

Principal activities

The company's principal activity during the period was that of property investment

Directors

The directors who served during the year were

M D Posen
M J Christmas
M T Harrison

The directors' interests in the shares of the parent company are disclosed in the directors' report of the parent company, Earl Estates Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 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.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Earl (Tresham) Limited

**Directors' Report
For the year ended 30 September 2006**

Auditors

The auditors, Blevins Franks Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

The report of the directors has been 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 29 May 2007 and signed on its behalf

A handwritten signature in black ink, appearing to read 'M T Harrison', with a stylized, wavy flourish at the end.

M T Harrison
Director

Earl (Tresham) Limited

Independent auditors' report to the shareholders of Earl (Tresham) Limited

We have audited the financial statements of Earl (Tresham) Limited for the year ended 30 September 2006 set out on pages 5 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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.

Earl (Tresham) Limited

Independent auditors' report to the shareholders of Earl (Tresham) Limited

Qualified opinion from non-disclosure of market value of investment properties

As explained in Note 1, the open market value of investment properties has not been disclosed in the accounts as required by Financial Reporting Standard for Smaller Entities (effective January 2005) It is not possible for us to estimate and disclose this

With the exception of the above, in our opinion

-the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2006 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

Blevins Franks Limited

Blevins Franks Limited

Chartered Accountants

Registered Auditors

Barbican House

26-34 Old Street

London

EC1V 9QQ

BA/E1509

29 May 2007

Earl (Tresham) Limited

**Profit and loss account
For the year ended 30 September 2006**

| | Note | 2006 £ | 2005 £ |
|--|-------------|-------------------|-------------------|
| Turnover | 1 | 107,217 | 111,766 |
| Direct property costs | | (18) | (28,038) |
| Gross profit | | 107,199 | 83,728 |
| Administrative expenses | | (1,574) | (10,313) |
| Operating profit | 2 | 105,625 | 73,415 |
| Interest receivable | | - | 3 |
| Interest payable | | - | (40,127) |
| Profit on ordinary activities before taxation | | 105,625 | 33,291 |
| Tax on profit on ordinary activities | 3 | (3,378) | (13,480) |
| Profit on ordinary activities after taxation | 8 | 102,247 | 19,811 |

The notes on pages 7 to 9 form part of these financial statements

Earl (Tresham) Limited

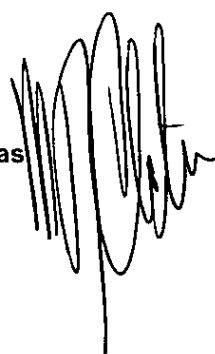
Balance Sheet
As at 30 September 2006

| | Note | 2006 £ | 2005 £ |
|--|------|----------------|---------------|
| Investment property | 4 | 779,230 | 779,230 |
| Current assets | | | |
| Debtors | 5 | 10,802 | 47,234 |
| Creditors amounts falling due within one year | 6 | (594,328) | (733,007) |
| Net current liabilities | | (583,526) | (685,773) |
| Total assets less current liabilities | | <u>195,704</u> | <u>93,457</u> |
| Capital and Reserves | | | |
| Called up share capital | 7 | 2 | 2 |
| Profit and loss account | 8 | 195,702 | 93,455 |
| Shareholders' funds | | <u>195,704</u> | <u>93,457</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 May 2007


M D Posen
Director


M J Christmas
Director

The notes on pages 7 to 9 form part of these financial statements

Earl (Tresham) Limited

Notes to the financial statements For the year ended 30 September 2006

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of rents receivable

1.3 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.4 Investment properties

Investment properties are included in the balance sheet at cost. Investment properties are not revalued annually at their open market value as required by Financial Reporting Standard for Smaller Entities. The directors consider that no useful purpose would be served in incurring the expense of a professional valuation. In absence of a professional valuation, it is not possible for the directors to estimate with reasonable accuracy the open market value of the properties.

No depreciation is provided on investment properties. This conflicts with the requirement of the Companies Act 1985 that all properties should be depreciated. The directors consider that these properties are not held for consumption, but for investment potential. Thus to depreciate them would not give a true and fair view, and that it is necessary to adopt the Financial Reporting Standard for Smaller Entities (effective January 2005) in order to give a true and fair view.

2 Operating profit

The operating profit is stated after charging

| | 2006 £ | 2005 £ |
|-------|--------------|--------------|
| Audit | <u>1,544</u> | <u>1,542</u> |

During the year, no director received any emoluments (2005 - £NIL)

Directors' remuneration is borne and disclosed in the accounts of the parent company, Earl Estates Limited

Earl (Tresham) Limited

Notes to the financial statements For the year ended 30 September 2006

3 Taxation

| | 2006 £ | 2005 £ |
|---|--------------|---------------|
| Analysis of tax charge in the year | | |
| UK corporation tax charge on profits for the year | 3,500 | 5,500 |
| Adjustments in respect of prior periods | (122) | 7,980 |
| Total current tax | 3,378 | 13,480 |
| Tax on profit on ordinary activities | 3,378 | 13,480 |

Factors affecting tax charge for the year

The company's tax charge of for the year of £32,000 has been reduced by £28,500 due to losses of £92,000 surrendered by fellow subsidiary

The company claimed small company marginal relief of £3,100 which has been reflected in the tax charge

The tax charge for the year has been calculated on the ordinary activities before tax and the above adjustments at the standard rate of corporation tax in the UK of 19% (2005- 19%)

Factors that may affect future tax charges

There were no factors that may affect future tax charges

4 Investment property

| | Freehold property £ |
|---|---------------------------|
| Cost and valuation | |
| At 1 October 2005 and 30 September 2006 | 779,230 |
| Comprising | |
| Cost | 779,230 |
| | 779,230 |

Freehold property was not revalued. The directors' consider that no useful purpose would be served in incurring the expenses of a professional valuation

5. Debtors

| | 2006 £ | 2005 £ |
|---------------|---------------|---------------|
| Trade debtors | 4,891 | 38,856 |
| Other debtors | 5,911 | 8,378 |
| | 10,802 | 47,234 |

Earl (Tresham) Limited

Notes to the financial statements For the year ended 30 September 2006

6 Creditors Amounts falling due within one year

| | 2006 £ | 2005 £ |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 559,481 | 696,197 |
| Corporation tax | 3,500 | 5,500 |
| Other creditors | 31,347 | 31,310 |
| | <u>594,328</u> | <u>733,007</u> |

7 Share capital

| | 2006 £ | 2005 £ |
|---|------------|------------|
| Authorised | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Allotted, called up and fully paid | | |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

8 Reserves

| | Profit and loss account £ |
|------------------------------|---------------------------------|
| At 1 October 2005 | 93,455 |
| Profit retained for the year | <u>102,247</u> |
| At 30 September 2006 | <u>195,702</u> |

9 Related party transactions

In accordance with Financial Reporting Standard No 8, the company has taken advantage of the exemption not to disclose details of any transactions or balances between the group that have been eliminated on consolidation

10 Ultimate parent undertaking and controlling party

The company's ultimate parent company is Earl Estates Limited which is incorporated in the United Kingdom and registered in England and Wales. Copies of the parent company accounts may be obtained by writing to the Company Secretary at 24 Brook's Mews, London, W1K 4EA