

Company Registration No. 01387774 (England and Wales)

CONEGATE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2005



CONEGATE LIMITED

COMPANY INFORMATION

Director	Mr. C. Sullivan
Secretary	Mrs C. Sullivan
Company number	01387774
Registered office	Ramillies House 2 Ramillies Street London W1F 7LN
Auditors	F. Winter & Co. Ramillies House 2 Ramillies Street London W1F 7LN
Business address	Birch Hall Coppice Row Theydon Bois Essex CM16 7DR

CONEGATE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2005

The director presents his report and financial statements for the year ended 30 September 2005.

Principal activities

The principal activities of the company are those of investors and dealers in properties and securities, etc.

During the accounting period a reorganisation took place in accordance with prior Inland Revenue clearance as a consequence of which two associated groups were created out of a single large group. One being controlled by Conegate Holdings Limited being an investment group and the other controlled by Roldvale Trading Limited being a trading group.

The company's subsidiary undertakings are listed in Note 12 to the accounts.

Director

The following director has held office since 1 October 2004:

Mr. C. Sullivan

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	30 September 2005	1 October 2004
Mr. C. Sullivan	-	-

	2005	2004
Charitable donations	£	£

During the year the company made the following payments:

Charitable donations	5,000	-
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F. Winter & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

CONEGATE LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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



Mrs C. Sullivan

Secretary

13 July 2006

CONEGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONEGATE LIMITED

We have audited the financial statements of Conegate Limited on pages 5 to 18 for the year ended 30 September 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 director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is 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 director's report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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.

CONEGATE LIMITED

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F. Winter & Co
[Signature]
Chartered Accountants
Registered Auditor

13 July 2006

Ramillies House
2 Ramillies Street
London
W1F 7LN

CONEGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2005

		2005	2004
	Notes	£	£
Turnover	2	5,025,351	5,468,596
Cost of sales		(190,179)	(989,389)
Gross profit		4,835,172	4,479,207
Administrative expenses		(828,520)	(1,144,758)
Other operating income	3	683,205	739,667
Operating profit	4	4,689,857	4,074,116
Investment income	5	-	1,887,521
(Loss)/ Profit on disposal of fixed assets	6	277,736	492,446
Other interest receivable and similar income	7	1,170,060	900,674
Interest payable and similar charges	8	(1,535,391)	(654,108)
Profit on ordinary activities before taxation		4,602,262	6,700,649
Tax on profit on ordinary activities	9	(1,063,622)	(2,002,471)
Profit on ordinary activities after taxation	21	3,538,640	4,698,178

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CONEGATE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2005

	2005	2004
	£	£
Profit for the financial year	3,538,640	4,698,178
Unrealised surplus on revaluation of properties	6,568,406	(126,274)
Total recognised gains and losses relating to the year	<u>10,107,046</u>	<u>4,571,904</u>

CONEGATE LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Notes	2005		2004	
		£	£	£	£
Fixed assets					
Tangible assets	10 and 11	106,073,089		72,171,619	
Investments	12	4,257,761		4,741,000	
		<u>110,330,850</u>		<u>76,912,619</u>	
Current assets					
Stocks	13	7,487,370	6,044,626		
Debtors	14	5,262,984	8,199,815		
Investments	15	10,457,793	5,928,011		
Cash at bank and in hand		20,118,146	24,900,900		
		<u>43,326,293</u>	<u>45,073,352</u>		
Creditors: amounts falling due within one year	16	(6,198,908)	(43,655,284)		
Net current assets		<u>37,127,385</u>		<u>1,418,068</u>	
Total assets less current liabilities		<u>147,458,235</u>		<u>78,330,687</u>	
Creditors: amounts falling due after more than one year	17	(78,690,722)	(14,882,543)		
Provisions for liabilities and charges	18	(180,955)	(157,275)		
		<u>68,586,558</u>	<u>63,290,869</u>		
Capital and reserves					
Called up share capital	20	100	100		
Revaluation reserve	21	12,664,018	6,181,339		
Profit and loss account	21	55,922,440	57,109,430		
Shareholders' funds	22	<u>68,586,558</u>	<u>63,290,869</u>		

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 13 July 2006



Mr. C. Sullivan
Director

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 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).

1.2 Turnover

Turnover represents income from property investments.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold buildings	Over the Life of the Lease
Fixtures, fittings & equipment	10% per annum on a straight line basis
Motor vehicles	20% per annum on a straight line basis

Investment properties are included in the balance sheet at their open market value.

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 director 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 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Investments are stated at cost less provision for any permanent diminution in value.

Current asset investments are stated at the cost less provision for any permanent diminution in value. The market value of listed investments is based on the closing middle market price on a recognised stock exchange.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 Accounting policies (continued)

1.8 Deferred taxation

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.

1.9 Group accounts

The company has taken advantage of the exemption available under s248 of the Companies Act and is exempt from the obligation to prepare and deliver group accounts, as the company is itself a subsidiary undertaking of a larger group and the group that it heads qualifies as a small group.

1.10 Leasing Income

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

2 Turnover

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

In the opinion of the director, given the integrated nature of the company's services, it would be both prejudicial and misleading to provide an analysis of turnover and profit by classes of business.

3	Other operating income	2005 £	2004 £
	Profit on disposal of current asset investments	414,802	556,960
	Dividends received from listed investments	176,497	76,852
	Lease rentals receivable	91,906	105,855
		<u>683,205</u>	<u>739,667</u>
4	Operating profit	2005 £	2004 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	25,526	116,706
	Operating lease rentals	24,712	38,511
	Auditors' remuneration	27,000	25,500
		<u>77,238</u>	<u>180,717</u>
5	Investment income	2004 £	2003 £
	Income from shares in group undertakings	-	1,887,521

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2005**

6	Profit on disposal of fixed assets	2005	2004
		£	£
	Profit on sale of investment properties	40,088	308,922
	Profit on sale of unlisted investments	237,648	183,524
		<u>277,736</u>	<u>492,446</u>
7	Other interest receivable and similar income	2005	2004
		£	£
	Deposit interest	1,096,269	847,139
	Other interest	73,791	53,535
		<u>1,170,060</u>	<u>900,674</u>
8	Interest payable	2005	2004
		£	£
	On bank loans and overdrafts	1,520,297	654,108
	On overdue tax	15,094	-
		<u>1,535,391</u>	<u>654,108</u>
9	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	1,142,200	2,003,089
	Adjustment for prior years	(102,258)	(1,523)
		<u>1,039,942</u>	<u>2,001,566</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	23,680	905
		<u>1,063,622</u>	<u>2,002,471</u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2005**

10 Tangible fixed assets

	Short leasehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 October 2004	23,481	46,396	584,978	654,855
Intra group transfers	-	-	(440,961)	(440,961)
Additions	-	-	129,916	129,916
Disposals	(15,343)	-	(168,083)	(183,426)
At 30 September 2005	8,138	46,396	105,850	160,384
Depreciation				
At 1 October 2004	23,481	29,024	310,180	362,685
Intra group transfers	-	-	(140,072)	(140,072)
On disposals	(15,343)	-	(142,109)	(157,452)
Charge for the year	-	4,357	21,169	25,526
At 30 September 2005	8,138	33,381	49,168	90,687
Net book value				
At 30 September 2005	-	13,015	56,682	69,697
At 30 September 2004	-	17,373	274,798	292,171

Included above, the net book value of other tangible fixed assets held for rental income under operating leases amounted to:-

<u>Motor vehicles</u>	2005 £	2004 £
Cost	-	485,997
Less:- Depreciation	-	(257,125)
Net book value	-	228,872

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

11 Tangible fixed assets

Investment properties etc

£

Cost or valuation

At 1 October 2004	71,879,447
Intra group transfers	(4,801,456)
Additions	34,771,491
Revaluation	6,568,406
Disposals	(2,414,496)
At 30 September 2005	106,003,392

The valuations of investment properties were made as at 30 September 2005 by the Director on an open market basis. No depreciation is provided in respect of these properties.

On a historical cost basis these would have been included at an original cost of £92,513,386 (2004 - £65,698,107).

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

12 Fixed asset investments

	Unlisted investments £	Shares in group undertakings and participating interests £	Total £
Cost or valuation			
At 1 October 2004	4,730,400	10,600	4,741,000
Additions	1	-	1
Intra group transfers	-	(9,900)	(9,900)
Disposals	(473,340)	-	(473,340)
At 30 September 2005	4,257,061	700	4,257,761
	Director's valuation £		Director's valuation £
At 30 September 2005	6,275,598		6,275,598
At 30 September 2004	6,807,177		6,807,177

Should the investments be sold at their valuation, a tax charge not exceeding £605,561 (2004 - £623,033) would arise.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Centrewall Limited	England & Wales	Ordinary	100.00
Shape-Up Shops Limited	England & Wales	Ordinary	100.00
Conegate (2002) Limited	England & Wales	Ordinary	100.00
Conegate (2003) Limited	England & Wales	Ordinary	100.00
Conegate (2004) Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2005 £	Profit for the year 2005 £
Centrewall Limited	Dormant	(16,663)	-

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

12 Fixed asset investments

(continued)

Shape-Up Shops Limited	Dormant	(26,147)	-
Conegate (2002) Limited	Investor in property	3,339,234	678,197
Conegate (2003) Limited	Investor in property	5,086,897	74,664
Conegate (2004) Limited	Holding Company	849,155	924
		<u> </u>	<u> </u>

13 Stocks

2005 2004

£ £

Properties held for resale	7,487,370	6,044,626
	<u> </u>	<u> </u>

14 Debtors

2005 2004

£ £

Trade debtors	34,699	5,088
Amounts owed by group undertakings and undertakings in which the company has a participating interest	4,288,110	8,177,072
Other debtors	940,175	17,655
	<u> </u>	<u> </u>
	5,262,984	8,199,815
	<u> </u>	<u> </u>

15 Current asset investments

2005 2004

£ £

Listed investments	10,457,793	5,928,011
	<u> </u>	<u> </u>
Market valuation of listed investments	11,166,949	5,692,773
	<u> </u>	<u> </u>

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

16 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	2,329,028	1,865,496
Trade creditors	2,959,098	592,996
Amounts owed to group undertakings and undertakings in which the company has a participating interest	200	40,276,791
Taxation and social security	451,461	778,836
Other creditors	459,121	141,165
	<u>6,198,908</u>	<u>43,655,284</u>

17 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	39,160,414	14,882,543
Capital funding from parent undertaking	39,530,308	-
	<u>78,690,722</u>	<u>14,882,543</u>

The long term liability represents capital funding previously provided by Roldvale Limited and now by Conegate Holdings Limited. The comparative figure for the previous year would have been £39,231,402.

Analysis of loans

Not wholly repayable within five years by instalments:

Bank loans	41,488,945	16,748,039
Capital funding from parent undertaking	39,530,308	-
	<u>81,019,253</u>	<u>16,748,039</u>
Included in current liabilities	(2,328,531)	(1,865,496)
	<u>78,690,722</u>	<u>14,882,543</u>

Loan maturity analysis

Between one and two years	2,428,370	1,938,174
Between two and five years	7,718,504	5,775,466
In five years or more	68,543,848	7,168,903
	<u></u>	<u></u>

The bank loans are secured by a fixed charge over the company's freehold properties.

The above bank loans are repayable by instalments which will be fully repaid by 2008, 2012, 2015 and 2019. Interest on bank loans will continue to be charged at a rate of 1% above the bank's base rate.

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

18 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 October 2004	157,275
Profit and loss account	23,680
Balance at 30 September 2005	180,955

The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	180,955	157,275

The revaluation of properties does not constitute a timing difference and the potential amount of deferred tax on this has therefore not been quantified.

19 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,000 (2004- £2,000).

Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	2,000	2,000

20 Share capital

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

21 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2004 as previously reported	6,181,338	57,109,430
Reallocation in the course of reorganisation	(412,994)	(4,398,362)
Balance at 1 October 2004 as restated	5,768,344	52,711,068
Retained profit for the year	-	3,538,640
Transfer from revaluation reserve to profit and loss account	327,268	(327,268)
Revaluation during the year	6,568,406	-
Balance at 30 September 2005	12,664,018	55,922,440

22 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	3,538,640	4,698,178
Other recognised gains and losses	6,568,406	(126,274)
Reallocation in the course of reorganisation	(4,811,356)	-
Net addition to shareholders' funds	5,295,690	4,571,904
Opening shareholders' funds	63,290,869	58,718,965
Closing shareholders' funds	68,586,558	63,290,869

23 Financial commitments

At 30 September 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2005 £	2004 £
Expiry date:		
Within one year	5,000	10,792
Between two and five years	-	1,500
In over five years	6,250	5,000
	11,250	17,292

CONEGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2005

24 Control

The Company is under the control of Conegate Holdings Limited and the ultimate control of Mr.D. Sullivan by virtue of his shareholding in Conegate Holdings Limited.

25 Related party transactions

The material related party transactions during the year ended 30th September 2005 were:

- VAT amounting to £154,266 (2004: £398,874) was paid on behalf of the company by Roldvale Limited a company in which Mr. D. Sullivan has an interest.
- VAT amounting to £46,727 (2004: £Nil) was paid by company on behalf of group undertakings.
- Motor vehicles amounting to £300,889 were transferred to Roldvale Limited as intra group transfer at net book value.

During the period under review, and during the course of reorganisation of the group,

- Freehold properties amounting to £4,801,456 were transferred in the course of the reorganisation to Roldvale Trading Limited a company in which Mr. D. Sullivan has an interest.

As at 30 September 2005, the following balance were due:

- £4,287,909(2004:£Nil) from group undertakings.
- £39,997(2004:£Nil) from Roldvale Limited.
- £Nil (2004:£32,099,719) to group undertakings.