

VALIANT HOUSE

(MANAGEMENT) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

24 JUNE 2004

DIRECTORS : D J Andrews

I Averiss

S M Brown

R Jackson

K S Lucas

R Trigle

SECRETARY : D J Andrews

COMPANY NUMBER : 1051860 registered in England and Wales.

REGISTERED OFFICE : 4 Plantagenet Road, New Barnet, Hertfordshire, EN5 5JQ.

AUDITORS : Gallagher & Brocklehurst, Chartered Accountants,
4 Plantagenet Road, New Barnet, Hertfordshire, EN5 5JQ.

SOLICITORS : Russell-Cooke Potter and Chapman,
2 Putney Hill, Putney, London, SW15 6AB

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VALIANT HOUSE (MANAGEMENT) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 24 JUNE 2004

The directors present herewith their report and the financial statements for the year ended 24 June 2004:-

Results

| | |
|---|----------|
| Surplus of income on ordinary activities after taxation | 81,190 |
| Extraordinary costs | 69,192 |
| Increase in reserve for the financial year | 11,998 |
| Reserve, brought forward | 83,133 |
| Reserve, carried forward, per balance sheet | £ 95,131 |

Statement of 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 those financial statements, the directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are responsible and prudent, and prepare the financials statements on a going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are also 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.

Directors

The directors, who were all members of the company and who all served throughout the year except as noted, are set out below.

| | |
|-----------------|--------------------------|
| D J Andrews | |
| I Averiss | |
| S M Brown | |
| R Jackson | Appointed 1 October 2003 |
| K S Lucas | |
| R Trigle | Appointed 7 October 2003 |
| P G Madoc-Jones | Resigned 7 October 2003 |
| B G Leigh-Mason | Resigned 7 October 2003 |

Principal activity

The company continued to manage the company known as Valiant House, Vicarage Crescent, London, SW11 through their agents, Kinleigh Folkard and Hayward.


Auditors

The auditors, Gallagher & Brocklehurst, Chartered Accountants, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small company rules

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. It was approved by the board on 31 August 2004 and signed on its behalf by:

4 Plantagenet Road
New Barnet
Hertfordshire
EN5 5JQ


S M BROWN
Director

VALIANT HOUSE (MANAGEMENT) LIMITED

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 24 JUNE 2004

Independent Auditors' report to the members of Valiant House (Management) Limited

We have audited the financial statements of Valiant House (Management) Limited for the year ended 24 June 2004 on pages 3 to 6. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities ('FRSSE'), which became effective in June 2002, under the historical cost convention and the accounting policies set out on page 5.

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 that 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, or the opinions that we have formed.

Respective responsibilities of directors and independent auditors

As described in the statement of directors' responsibilities on page 1, the company's directors are 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 or not 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed. We read the directors' report and consider the implications for our report, if we become aware of any misstatements within it.

Basis of opinion

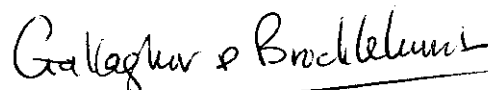
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 the 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 at 24 June 2004 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Dated: 31 August 2004

GALLAGHER & BROCKLEHURST
4 Plantagenet Road
New Barnet, Hertfordshire
EN5 5JQ



CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS

VALIANT HOUSE (MANAGEMENT) LIMITED

INCOME AND EXPENDITURE ACCOUNT RESERVE

FOR THE YEAR ENDING 24 JUNE 2004

| | (Note) | 2004 | 2003 |
|---|--------|----------|---------|
| | | £ | £ |
| <u>INCOME</u> , being maintenance due from residents: | | | |
| Flats | | 296,400 | 270,400 |
| Car spaces | | 6,240 | 6,240 |
| Motor cycle bays | | 175 | 150 |
| TOTAL MAINTENANCE INCOME | | 302,815 | 276,790 |
| <u>NET OPERATING EXPENSES</u> - Administrative expenses | | | |
| Porterage | | 39,016 | 41,543 |
| Buildings insurance | | 13,566 | 11,033 |
| Terrorism insurance | | 6,038 | 0 |
| Electricity | | 6,620 | 6,858 |
| Central heating and hot water costs | | 30,539 | 34,009 |
| Metered water rates | | 13,766 | 15,806 |
| Cleaning, refuse disposal and paladin hire | | 13,261 | 15,356 |
| Lift maintenance, repairs and telephone | | 9,404 | 11,581 |
| Video door entry system | | 9,825 | 9,671 |
| Gardening contractors | | 12,029 | 11,294 |
| Gardening sundries - plants and tree surgery | | 11,762 | 4,700 |
| Repairs | | 35,400 | 27,513 |
| Sundries | | 7,148 | 5,732 |
| Auditors' remuneration | | 4,113 | 2,938 |
| Accountancy and taxation work | | 588 | 588 |
| Management fees | | 18,730 | 18,188 |
| Professional fees | | 5,832 | 1,975 |
| | | 237,637 | 218,785 |
| OPERATING SURPLUS OF INCOME | | 65,178 | 58,005 |
| <u>OTHER OPERATING INCOME</u> | | 10,914 | 10,132 |
| SURPLUS OF INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION | | 76,092 | 68,137 |
| <u>TAXATION</u> - United Kingdom trust tax on interest received | | | |
| Overprovision for previous years | | -6,479 | -653 |
| Due for this year | (1) | 1,381 | 1,672 |
| | | -5,098 | 1,019 |
| SURPLUS OF INCOME ON ORDINARY ACTIVITIES AFTER TAXATION | | 81,190 | 67,118 |
| <u>EXTRAORDINARY COSTS</u> | | 69,192 | 75,100 |
| INCREASE OR -DECREASE- IN RETAINED RESERVES FOR THE YEAR | | 11,998 | -7,982 |
| RESERVE, brought forward | | 83,133 | 91,115 |
| RESERVE PER BALANCE SHEET, carried forward, per page 4 | | £ 95,131 | 83,133 |

The notes on pages 5 and 6 form part of these financial statements

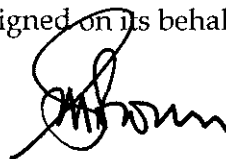
VALIANT HOUSE (MANAGEMENT) LIMITED

BALANCE SHEET

AS AT 24 JUNE 2004

| | (Note) | 2004 | | 2003 | |
|--|--------|---------------|-----------------------|---------------|-----------------------|
| CURRENT ASSETS | | £ | £ | £ | £ |
| Debtors | | | | | |
| Tenants' maintenance arrears | | | 3,453 | | 4,349 |
| Prepayments and sundry debtors | | | 9,673 | | 9,202 |
| | | | <u>13,126</u> | | <u>13,551</u> |
| Cash at bank | | | | | |
| Building society deposit accounts | | 90,111 | | 101,475 | |
| Treasury and bank deposit account | | 155 | | 942 | |
| Bank balance on deposit with managing agent | (2) | <u>61,003</u> | | <u>10,015</u> | |
| | | | 151,269 | | 112,432 |
| TOTAL ASSETS | | £ | <u><u>164,395</u></u> | £ | <u><u>125,983</u></u> |
| Funded by: | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Capital and reserves | | | | | |
| Called up membership capital | (3) | | 0 | | 0 |
| Income and expenditure account reserve, per page 3 | | | 95,131 | | 83,133 |
| Members' funds | | | <u>95,131</u> | | <u>83,133</u> |
| Creditors: amounts falling due within one year: | | | | | |
| Maintenance received in advance | | 49,170 | | 1,355 | |
| Social security and other taxes | (1) | 3,481 | | 8,547 | |
| Expense creditors and accruals | | <u>16,613</u> | | <u>32,948</u> | |
| | | | 69,264 | | 42,850 |
| TOTAL FUNDS EMPLOYED | | £ | <u><u>164,395</u></u> | £ | <u><u>125,983</u></u> |

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 31 August 2004 and signed on its behalf by:



S M BROWN

Director

The notes on pages 5 and 6 form part of these financial statements

VALIANT HOUSE (MANAGEMENT) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24 JUNE 2004

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with the FRSSE, which became effective in June 2002. In particular:-

- (a) The income and expenditure account on page 3 is a statement of income received and expenses paid during the year except that:-
 - Maintenance and other income due from the flats and car spaces is the total due for the year and not the amount received during the year.
 - Expenses, which were unpaid at the year end due to the invoices not having been rendered at the balance sheet date are included.
 - Only substantial expense prepayments at the balance sheet date, are carried forward into the next accounting year.
 - Late payment levies are included on all known late payments for the year to 24 June 2004.
- (b) As last year all additions and improvements on the building and its facilities have been written off directly to the income and expenditure account under extraordinary costs, which includes other non-standard maintenance expenses. This is contrary to what is currently considered to be best practise, but is done to differentiate between annual maintenance expenditure and non recurring items.
- (c) The company has no turnover as it is a mutual trading entity.
- (d) The company charges all lease payments to the income and expenditure account in the year in which they are incurred. As the company does not capitalise its fixed assets, items leased under finance leases are not capitalised contrary to the provisions of SSAP 21. Future finance lease payments are detailed in note 4 on page 6
- (e) The company continues to be a mutual trading entity and taxation is thus only due on its investment income at the trust rate of tax of 34%.
- (f) The company pays no directors' remuneration and there is no company pension scheme.

VALIANT HOUSE (MANAGEMENT) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24 JUNE 2004

2. BANK BALANCE ON DEPOSIT WITH MANAGING AGENT

Valiant House's managing agent, Kinleigh Folkard & Hayward, collects monies, pay expenses and hold the balance as trustee for the company in their client's bank deposit account.

3. CALLED UP MEMBERSHIP CAPITAL

There is no authorised nor issued share capital of the company because the company is limited by guarantee as per Section 5 of the Company's Memorandum of Association, which states that members undertake to contribute a maximum of £1 each to the assets of the company in the event of its being wound up while they are members or within one year after any members ceases to be so. The membership is defined under Sections 3 and 7 of the Company's Articles of Association.

4. CONTINGENT LIABILITIES, CAPITAL AND FUTURE FINANCIAL COMMITMENTS

There were no contingent liabilities nor capital commitments contracted for or authorised by the board at the balance sheet date, but it does have future financial commitments in that the company has entered into a contract for phase two of the external redecorations amounting to £40,250 plus VAT.

At the balance sheet date the company had future financial commitments under an finance lease contract for the video door entry system, inclusive of VAT, which is assumed to remain at the same rate.

| | <u>2004</u> | <u>2003</u> |
|---|-----------------|-----------------|
| Total finance lease costs payable within one year | 9,040 | 9,040 |
| Total finance lease costs payable between the second to fifth years | 36,158 | 36,158 |
| Total finance lease costs payable after more than five years | 28,935 | 37,975 |
| TOTAL FINANCE LEASE PAYMENTS OUTSTANDING | £ <u>74,133</u> | £ <u>83,173</u> |

5. DIRECTORS INTERESTS IN CONTRACTS AND RELATED PARTIES

None of the directors have any interest in any contracts with the company. There is no controlling party, as the company is owned by its 103 members, who all have equal voting rights.

Eighty one members of this company own all the issued share capital of Valiant House Properties Limited, to which this company paid rent of £13,520 (2003 - £14,250) during the year for the use of the porter's flat.