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COMPANY REGISTRATION NUMBER 01432634

**RIVERMEAD COURT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011**



HEXTALL MEAKIN
Chartered Accountants & Statutory Auditor
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

RIVERMEAD COURT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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RIVERMEAD COURT LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Susan Jane Fox Peter Gilby Green Timothy Peter Julian Halford Suzanne Jean Henderson Richard Frank-Coleman Pollitzer Deborah Louisa Kate Richards David Heathcote Tatham Anthony John Walker
Company secretary	Susan Jane Fox
Registered office	The House Manager's Office Rivermead Court Ranelagh Gardens London SW6 3SB
Auditor	Hextall Meakin Chartered Accountants & Statutory Auditor Argon House Argon Mews Fulham Broadway London SW6 1BJ
Managing Agent	Faraday Property Management Limited 3rd Floor (West) High Holborn House 52 – 54 High Holborn London WC1V 6RL

RIVERMEAD COURT LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2011

Results

As you can see from the Accounts, the Company made a gross profit on its own activities of £36,474 and a deficit on service charge income and expenditure of £146,874. This deficit arose as a result of the high cost of the planned major works expenditure. Following interest receivable, investment income and profit on investments of £105,107, and the allocation of the service charge deficit to the Service Charge Reserve, the Company made a profit on ordinary activities before taxation of £140,289 and an after tax profit of £134,484.

Net assets at 31 December were £1,864,676 in comparison with £1,875,774 at the end of 2010. The book value of investments was £1,531,085, as compared with £1,402,996 and their market value was £1,699,103. In consequence of the service charge deficit, the Service Charge Reserve declined from £156,806 to only £11,224 but the Profit and Loss Account stood at £1,853,345 after crediting the surplus for the year. These fund movements are discussed in greater detail in the Treasurer's Report.

You will note that in the Service Charge Accounts, we are now publishing a separate Balance Sheet and the reasons for this are fully explained in the Treasurer's Report.

Treasurer's Report

For the past two years, the Treasurer has published his own separate Report and, as this has been generally welcomed by shareholders, the same procedure is repeated this year. His Report forms part of the AGM package sent to shareholders, but it is informal by nature and does not form part of the Annual Financial Statements or Service Charge Accounts. We hope that you will continue to find this reporting method useful.

Major Works

This has been a busy year for major works. During the year we embarked on the fourth phase of the extensive decoration of the exterior of our buildings which was commenced in 2008, namely the re-decoration of the two long elevations of the East Block. This exercise was not entirely problem free and, although there was, inevitably, some inconvenience for the Block's inhabitants, in general the work progressed smoothly. I believe that this was, in part, because we employed a Clerk of Works to further monitor the work carried out by Beckfords in addition of course to Faradays. As a result, the standard of work was enhanced and will, the Board believes, mean a longer period of time before the Block needs to be decorated again. The same procedure is being used for the re-decoration of the West Block.

Other projects included the removal of asbestos from the roof spaces in both the East and West Blocks, and the refurbishment of the two Porters' flats.

The renewal and updating of our ancient valves continued throughout the year. Phase A involved the zone valves, Phase B the dry riser valves, and Phase C the valves in the boiler room. Work on all of these is now complete. The two remaining Phases, D and E (the cold water valves and the tank upgrade work in the roof spaces) will commence in 2013 and 2014 respectively.

Planning for the Future

I fear that the renewal and maintenance of the infrastructure here at Rivermead Court is – and will continue to be – an ongoing problem in view of the fact that the block was built many years ago. There are many mansion blocks such as ours in London, and it is a condition of living in them that the services need constant upkeep and renewal.

RIVERMEAD COURT LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2011

With this in mind, during the year we commissioned two Reports from consultants, one on the condition of our electrical systems, and one on the existing heating and domestic hot/cold water services

On the former, after receiving an interim Report, we decided to proceed only with the recommended labelling system of the electrical systems and to postpone for the time being the Consultants' recommendations for an intensive, and expensive, energy efficiency review

On the latter, there was a modicum of good news in that an ultrasonic survey on the pipes revealed little if any reduction in the thickness of the pipe walls despite the fact that they were all installed over 80 years ago. The conclusion was that the system probably would not fail in the short to medium term but the consultants pointed out that normal life expectancy of our mild steel pipes is only 25 years. Thus I fear that we cannot avoid planning for replacing the system at some time in the near future. For a start, we shall be advising any new lessee who may be planning a major refit of a flat to install duplicate piping which could be hooked up to a new system when this comes to be installed for the whole of Rivermead Court, probably at some time in the next 10 years

In order to pay for the huge costs of this eventual development, and in an effort to avoid any special call on the residents for funds, the Board has been investigating – among other things – the possibility of realising the potential development value of our land here at Rivermead Court. Various schemes have been explored, but for the moment we are concentrating on the free-standing garages between the West Block and our neighbours in Hurlingham Court. These are, in any case, in need of repair. It has therefore been proposed to rebuild them and, so as to get some real value from this ambitious scheme, it has been suggested that we should include 3 new houses into the scheme

We have employed architects who have produced an attractive scheme for this and there have been preliminary discussions with the Planners at the Council, whose initial verbal reaction was favourable. We are therefore now waiting for a written Report before considering whether or not to apply for formal planning permission

However nothing will be done without the approval of the shareholders, especially of those living on the lower floors of the West Block whose flats look towards Hurlingham Court. If it is decided to proceed with a scheme we shall of course publish detailed plans and illustrations, and hold meetings at which the architect can explain the scheme, so that the matter can be fully aired

Staff

The only change to the staff numbers during the year was the tragic death of Tony Pineda in August. He was not immediately replaced

As we have come to expect, the staff looked after us admirably throughout the year. We are most grateful to them all, and I think that the generous contributions to the Staff Christmas Fund demonstrate the high regard in which they are held by the residents

Newsletter

The Newsletter is the responsibility of the Interior Sub-Committee. I use it as a means of informing lessees twice a year of the latest developments at Rivermead Court, plus of course it contains useful information about the match dates of our two local Premiership football clubs, river events and local news etc

RIVERMEAD COURT LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31 DECEMBER 2011

Garden

The garden continues to be looked after by Boguś Machnik, but Andrew Puxley retired at the end of the year. Boguś takes a great interest in propagating cuttings and you may have seen his impressive row of cold frames in the area adjoining his basement 'office'. There have been some new plantings – including two banana trees! – and the Secret Garden continues to be upgraded. I am particularly grateful to those lessees who have very kindly donated several new benches and a number of shrubs.

The garden was the setting for a well-attended Summer Party, and a lively Carol Concert at Christmas. It will, I trust, play host for a party for some 500 lessees and their guests for the Queen's Jubilee Pageant in June, 2012.

Parking

Parking is a perennial problem. The number of cars requiring parking spaces here at Rivermead Court exceeds the number of spaces by some way, but I did note with some satisfaction that the space we allow for a single car is greater than at Sainsburys in Townmead Road. We cannot deny access to builders or the drivers of delivery vans and taxis. I can only ask you again to be as tolerant as possible – especially of large or inconveniently parked vehicles.

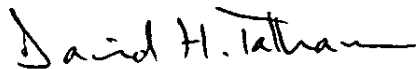
Health & Safety

The company has responsibilities under various provisions of the Health & Safety legislation and we carry out regular inspections and commission regular reports to ensure that Rivermead Court measures up.

The Board

There have been no changes amongst the members of the Board this year, but you will be asked at the AGM to confirm the re-appointment of two of them. Also, our valued Treasurer, Anthony Walker, has decided to retire from his onerous duties which he has performed in exemplary fashion since 2008. His replacement will be an external accountant, Mr Michael Cox, who will be introduced at the AGM.

Once again I express my very sincere appreciation for the unstinting work done by each of my fellow Board members.



DAVID HEATHCOTE TATHAM

Chairman

Dated 17 April 2012

RIVERMEAD COURT LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Rivermead Court Limited acts as Landlord on behalf of the leaseholders of Rivermead Court. The company purchased the freehold of Rivermead Court from Prudential Assurance Company Limited with a view to granting long leases of the flats therein to those sitting tenants who wished to acquire them. Long leases of certain flats which were vacant at that time or subsequently became vacant have been sold in the open market. Two flats continued to be let during the year at rack rents, to sitting tenants who did not elect to acquire long leases.

DIRECTORS

The directors who served the company during the year were as follows

Susan Jane Fox
Peter Gilby Green
Timothy Peter Julian Halford
Suzanne Jean Henderson
Richard Frank Coleman Pollitzer
Deborah Louisa Kate Richards
David Heathcote Tatham
Anthony John Walker

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

RIVERMEAD COURT LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

AUDITOR

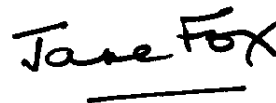
Hextall Meakin are deemed to be re-appointed under section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
The House Manager's Office
Rivermead Court
Ranelagh Gardens
London
SW6 3SB

Signed by order of the directors

A handwritten signature in black ink that reads "Jane Fox". The signature is written in a cursive style and is underlined with a single horizontal line.

SUSAN JANE FOX
Company Secretary

Approved by the directors on 17 April 2012

RIVERMEAD COURT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIVERMEAD COURT LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Rivermead Court Limited for the year ended 31 December 2011 on pages 9 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities) --

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 to 6, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RIVERMEAD COURT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RIVERMEAD COURT LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



GEORGE MEAKIN
Senior Statutory Auditor

Dated 17 April 2012

For and on behalf of
HEXTALL MEAKIN
Chartered Accountants & Statutory Auditors
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ

RIVERMEAD COURT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
COMPANY INCOME		116,457	115,168
Company expenditure		<u>79,983</u>	<u>36,491</u>
COMPANY GROSS PROFIT		<u>36,474</u>	<u>78,677</u>
Service Charge Income		1,339,158	1,310,549
Service Charge and Reserve Expenditure		<u>(1,486,032)</u>	<u>(1,395,363)</u>
SERVICE CHARGE (DEFICIT)		<u>(146,874)</u>	<u>(84,814)</u>
OPERATING (DEFICIT)	2	(110,400)	(6,137)
Investment income and profits receivable – Company	4	103,815	61,784
Service Charge		<u>1,292</u>	<u>1,821</u>
		<u>105,107</u>	<u>63,605</u>
(DEFICIT) SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,293)	57,468
Service charge deficit allocated to Service Charge Reserve	13	<u>145,582</u>	<u>82,993</u>
COMPANY PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		140,289	140,461
Tax on profit on ordinary activities	5	5,805	11,389
PROFIT FOR THE FINANCIAL YEAR	13	<u>134,484</u>	<u>129,072</u>

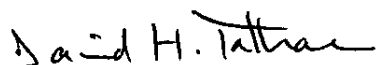
The notes on pages 11 to 16 form part of these financial statements

RIVERMEAD COURT LIMITED**BALANCE SHEET****31 DECEMBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	163,200	163,200
CURRENT ASSETS			
Property stock	7	29,159	29,159
Debtors	8	727,111	700,430
Investments	9	1,531,085	1,402,996
Cash at bank		559,304	624,711
		<u>2,846,659</u>	<u>2,757,296</u>
CREDITORS: Amounts falling due within one year	10	1,145,183	1,044,722
NET CURRENT ASSETS		<u>1,701,476</u>	<u>1,712,574</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,864,676</u>	<u>1,875,774</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	207	207
Service Charge Reserves	13	11,224	156,806
Profit and loss account	13	1,853,245	1,718,761
SHAREHOLDERS' FUNDS		<u>1,864,676</u>	<u>1,875,774</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 17 April 2012, and are signed on their behalf by



DAVID HEATHCOTE TATHAM

Company Registration Number 01432634

The notes on pages 11 to 16 form part of these financial statements

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Company income

Company income represents income from its two rental properties, ground rent receivable and income from garages, car spaces and storage units

Service charge income

Service charge income represents income due from leaseholders for the year to cover the running costs of the building and to enable the build up of a surplus towards major works

Investments

Investments are shown in the financial statements at the lower of cost and net realisable value

Presentation of profit and loss account

The presentation of the Company profit and loss account has been modified from the prescribed format for Company Accounts. The Directors believe that the financial statements and the notes thereon, as presented, are necessary for the accounts to give a true and fair view of the Company's financial activities for the year.

Property

Property is shown in the financial statements at the lower of cost and net realisable value

Depreciation of land and buildings

Land and Buildings - NIL

The residual value of the land and buildings, which include the garages and staff flats, are such that any element of depreciation would be immaterial

2. OPERATING LOSS

Operating loss is stated after charging

	2011	2010
	£	£
Directors' remuneration	-	-
Auditor's fees	<u>8,500</u>	<u>8,000</u>

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011	2010
	No	No
Average weekly full time employees	<u>14</u>	<u>14</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	294,212	290,688
Social security costs	27,446	26,833
Other pension costs	9,481	9,404
Other staff costs	8,205	7,219
	<u>339,344</u>	<u>334,144</u>

No director received any remuneration during the year

4. INVESTMENT INCOME AND PROFITS RECEIVABLE

	2011	2010
	£	£
Bank interest receivable	1,213	1,246
Interest received on late payment	484	661
Profit on sale of investments	50,615	23,510
Investment income receivable	52,795	38,188
	<u>105,107</u>	<u>63,605</u>

5. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011	2010
	£	£
Current tax		
UK Corporation tax based on the results for the year	5,500	11,389
Over/under provision in prior year	305	-
Total current tax	<u>5,805</u>	<u>11,389</u>

The company is a mutual trading company for taxation purposes which means that no taxation arises on service charge surpluses

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

6 TANGIBLE FIXED ASSETS

	Land and Buildings
	£
COST	
At 1 January 2011 and 31 December 2011	<u>163,200</u>
DEPRECIATION	
At 1 January 2011 and 31 December 2011	<u>—</u>
NET BOOK VALUE	
At 31 December 2011	<u>163,200</u>
At 31 December 2010	<u>163,200</u>

The Land and Buildings include the garages and the staff flats

7 PROPERTY STOCK

	2011	2010
	£	£
Property	<u>29,159</u>	<u>29,159</u>

The property stock comprises two remaining flats whose tenants did not elect to acquire long leases

8. DEBTORS

	2011	2010
	£	£
Loan from Company to Service Charge Reserve	115,502	115,000
Loan from Service Charge Reserve to Company	27,840	12,980
Service charges and rents receivable	475,523	471,393
Prepayments and accrued income	108,246	101,057
	<u>727,111</u>	<u>700,430</u>

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9. INVESTMENTS

	2011 £	2010 £
Bonds		
£492,000 UK Govt 2 25% Gilt 2014	487,227	487,227
£115,000 UK Govt 2 5% Index-Linked 2013	285,944	285,944
£30,000 B A T Int Finance 5 75% Notes 2013	30,075	30,075
£29,000 Linde Finance 6 5% Notes 2016	-	28,063
£50,000 Close Brothers Group 6 5% stock	50,450	50,450
£60,000 Standard Chartered 8 103% Perp Bonds	65,675	65,675
£60,000 HSBC Cap Funding 8 208% Perp Bonds	65,975	65,975
£65,000 Cooperative Bank 5 125% Bonds	65,437	65,437
£50,000 Lloyds TSB Bank 5 5% Notes	50,340	-
£32,500 Places for People Homes 5% Bonds	33,513	-
	<u>1,134,636</u>	<u>1,078,846</u>
Investment Companies		
14,000 Schroder UK Mid Cap Fund	25,639	25,639
3,700 Murray International Trust	30,284	-
3,200 Murray International Trust	-	25,420
8,000 Bankers' Investment Trust	30,490	-
6,750 Bankers' Investment Trust	-	25,120
42,000 HSBC Infrastructure Co Ord	50,181	50,181
12,600 City of London Inv Trust	33,537	-
11,000 City of London Inv Trust	-	28,689
14,000 JP Morgan GBL Emerg Mkts	15,057	15,057
11,000 Blackrock Greater European Inv Trust	18,494	18,494
1,800 Mercantile Inv Trust Plc	17,431	17,431
4,250 Scottish Oriental Smaller Co Trust	16,924	-
6,500 Scottish Oriental Smaller Co Trust	-	25,884
5,000 Scottish Mortgage Investment Trust	37,185	-
11,000 Law Debenture Corp	39,207	-
	<u>314,429</u>	<u>231,915</u>
Unit trusts		
35,000 Cazenove UK Growth & Income	51,375	51,375
15,000 St James' Place International	30,645	-
20,000 St James' Place International	-	40,860
	<u>82,020</u>	<u>92,235</u>
	<u>1,531,085</u>	<u>1,402,996</u>

All the investments are stated at the lower of cost and net realisable value. The market value at 31 December 2011 was £1,699,103 (2010 £1,666,501) and the market value at 13 April 2012 was £1,738,627.

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

10. CREDITORS. Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	12,759	35,283
Loan from Company to Service Charge Reserve	115,502	115,000
Loan from Service Charge Reserve to Company	27,840	12,980
Other creditors including taxation		
Corporation tax	5,501	10,924
Deferred service charges and rents receivable	745,374	711,749
Other creditors	147,971	125,328
Accruals and deferred income	90,236	33,458
	<u>1,145,183</u>	<u>1,044,722</u>

11. RELATED PARTY TRANSACTIONS

In their capacity as lessees, the directors are levied and pay service charges and, where applicable, car-parking, garage and storage unit rents, on the same arms length basis as all other lessees of Rivermead Court

Richard Pollitzer, a director of the Company, is also an employee of Hargreave Hale Limited, a firm which provides investment advice to Rivermead Court Limited. All transactions between the company and Hargreave Hale Limited are on an arm's length basis

12. SHARE CAPITAL

Authorised share capital:

	2011	2010
	£	£
250 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

Allotted, called up and fully paid.

	2011		2010	
	No	£	No	£
207 Ordinary shares of £1 each	<u>207</u>	<u>207</u>	<u>207</u>	<u>207</u>

RIVERMEAD COURT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

13. RESERVES

	Service Charge Reserve	Profit and Loss Account
	£	£
Balance brought forward	156,806	1,718,761
Surplus for the year	—	134,484
Deficit for the year	(145,582)	-
Balance carried forward	<u>11,224</u>	<u>1,853,245</u>

Under the terms of the leases granted by the company it is entitled each year to include in the service charge receivable not only those expenses incurred during the year in question but also a contribution to those expenses of a periodically recurring nature, mainly, in practice, major works. The accumulated amount of these contributions is intended to produce a reserve fund called in these accounts "the Service Charge Reserve".