

Company Registration No. 3814590

First Sloane Street Limited

Report and Financial Statements

31 December 2006

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First Sloane Street Limited

Report and financial statements 2006

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First Sloane Street Limited

Report and financial statements 2006

Officers and professional advisers

Directors

S Hersom*
C Conway-Hughes
M Lefteris
P Barrett *
P Kanter * *

* Non-executive directors

Secretary

C Conway-Hughes

Registered office

105 Wigmore Street
London
W1U 1QY

Bankers

The Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

Solicitors

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

First Sloane Street Limited

Directors' report

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2006.

This directors' report has been prepared in accordance with the special provisions relating to small companies under s246(4) Companies Act 1985.

Principal activities

The principal activity of the company is that of a holding company. The company's sole investment is in Hemingway Properties Limited. Hemingway Properties Limited was a long-term investor in property but ceased trading in 2006. The Directors plan to liquidate Hemingway Properties Limited and First Sloane Street Limited in due course.

Results and dividends

The audited financial statements for the year ended 31 December 2006 are set out on pages 7 to 14. The profit before taxation of the group for the year was £33,351,000 (2005 £12,236,000). An interim dividend of £31,819,000 was paid during the year (2005: £16,790,000). The directors do not recommend the payment of a final dividend (2005 - £nil).

Directors and their interests

The directors who served throughout the year (except as noted) were as follows:

J Short	resigned 16 March 2007
S Hersom*	
R Bingen*	resigned 13 September 2007
M Cassidy*	resigned 31 December 2006
P Barrett*	appointed 28 March 2007
C Conway-Hughes	from 1 April 2007*
S Jobburn	resigned 9 November 2006
M Lefteris	appointed 28 March 2007. From 1 April 2007*
P Kanter*	appointed 13 September 2007

* Non-executive directors

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

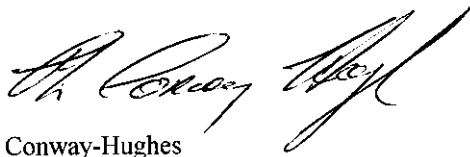
First Sloane Street Limited

Directors' report (continued)

Auditors

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



C Conway-Hughes
Secretary

30th October 2007

First Sloane Street Limited

Statement of directors' responsibilities

The directors are responsible for preparing 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;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

Independent auditors' report to the members of First Sloane Street Limited

We have audited the financial statements of First Sloane Street Limited for the year ended 31 December 2006 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under 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 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.

Independent auditors' report to the members of First Sloane Street Limited (continued)

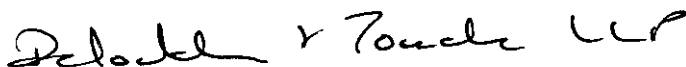
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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.

Emphasis of matter - Financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

30 October 2007

First Sloane Street Limited

Profit and loss account

Year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Gross rental income			
Ground rents		-	-
Property investment and management costs		-	-
		<hr/>	<hr/>
Net rental income		-	-
Administrative expenses			
Operating expenses		(3)	(50)
		<hr/>	<hr/>
Group operating loss		(3)	(50)
Dividend received from subsidiary		89,500	18,300
		<hr/>	<hr/>
Total operating profit		89,497	18,250
Provision against investment in subsidiary less intercompany loan		(53,369)	-
		<hr/>	<hr/>
Profit on ordinary activities before interest and taxation	2	36,128	18,250
Interest receivable and similar income		22	84
Interest payable and similar charges	3	(2,799)	(6,098)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		33,351	12,236
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		33,351	12,236
Dividend paid		(31,819)	(16,790)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year	10	<u>1,532</u>	<u>(4,554)</u>

The results for the year were derived from continuing activities.

First Sloane Street Limited

Statement of total recognised gains and losses Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Profit for the financial year		33,351	12,236
Movement in underlying net assets of subsidiary undertakings	10	(22,777)	4,421
Buy back of share	11	(75)	-
Total recognised gains for the year		10,499	16,657

First Sloane Street Limited

Balance sheet

As at 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	5	12,687	135,157
Current assets			
Debtors	6	-	6,098
Cash at bank and in hand		33	11
		<u>33</u>	<u>6,109</u>
Creditors: amounts falling due within one year	7	-	(107,226)
Net current assets/(liabilities)		<u>33</u>	<u>(101,117)</u>
Total assets less current liabilities		12,720	34,040
Net assets		<u>12,720</u>	<u>34,040</u>
Capital and reserves			
Called-up share capital	8	-	-
Capital Redemption Reserve	9	-	-
Revaluation reserve	10	-	22,777
Profit and loss account	11	12,720	11,263
Shareholders' funds	12	<u>12,720</u>	<u>34,040</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under s246 Companies Act 1985.

These financial statements were approved by the board of directors on *30 October* 2007.
Signed on behalf of the board of directors

M Lefteris
M Lefteris
Director

First Sloane Street Limited

Notes to the accounts

Year ended 31 December 2006

1. Accounting policies

A summary of the principal group accounting policies is set out below, all of which have been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of fixed assets, and in accordance with applicable United Kingdom law and accounting standards.

The company has ceased trading since the balance sheet date. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. Provision has also been made for any onerous contractual commitments at the balance sheet date. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date.

The company has taken an exemption to prepare group accounts on the basis that the group qualifies as a medium-sized group in both current and prior year.

Investments

Except where stated, fixed asset investments are shown at cost less provision for impairment. Investments in subsidiary undertakings are valued at net asset value.

Taxation

Corporation tax payable is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Revaluation reserve

Changes in the value of investment properties are recorded in a non-distributable revaluation reserve. On disposal of an investment property the applicable revaluation surplus or deficit is transferred to the profit and loss account by way of transfer between reserves.

Pension costs

Contributions are made by the group to personal pension schemes, and are recognised in the profit and loss account in the period to which they relate.

First Sloane Street Limited

Notes to the accounts

Year ended 31 December 2006

1. Accounting policies (continued)

Related party transactions

Under the provisions of Financial Reporting Standard 8 "Related party disclosures", the company is exempt from disclosing related party transactions with other group companies as 90% of the voting rights are controlled within the group and as the ultimate parent company which is incorporated in the United Kingdom it publishes consolidated financial statements that are publicly available.

2. Profit on ordinary activities before interest and taxation

	2006 £'000	2005 £'000
Profit before interest and taxation is stated after charging:		
Auditors' remuneration		
- audit fees	-	-
- other	-	35

Other fees paid to auditors are in respect of tax compliance and related services and assurance work.

The company's audit fee £15,000 (2005: £15,000) was borne by Hemingway Properties Limited, a subsidiary undertaking in both the current and prior year.

3. Interest payable and similar charges

	2006 £'000	2005 £'000
On shareholder loans	2,799	6,098

4. Tax on profit on ordinary activities

a) Taxation is based on the profit on ordinary activities for the year and comprises:

	2006 £'000	2005 £'000
Current year tax charge	-	-

b) The difference between the total current tax shown above and the amount consolidated by applying the standard rate of UK corporation tax to the profit for the year is as follows:

First Sloane Street Limited

Notes to the accounts

Year ended 31 December 2006

4. Tax on profit on ordinary activities (continued)

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	33,351	12,236
Taxation at the standard rate of corporation tax in the UK of 30%	10,005	3,671
Expenses not deductible for tax purposes	16,012	-
Chargeable gains transferred	-	1,729
Losses surrendered for no consideration	833	90
Income not taxable	(26,850)	(5,490)
Current tax for the period	-	-

5. Investments

	2006 £'000	2005 £'000
Subsidiary undertakings	12,687	135,157

(a) Subsidiary undertakings

At 31 December 2006, the company had the following principal subsidiary undertakings, all of which are registered in England and Wales, and operate only in the United Kingdom.

	Holding	Principal Activity
Hemingway Properties Limited	100%	Investment holding
Hemingway Apollo Limited	100%	Property investment
Hemingway Capital Limited	100%	Property investment
Hemingway City Limited	100%	Investment holding
Hemingway Counties Limited (in liquidation)	100%	Property trading
Hemingway Holdings Limited	100%	Investment holding
Hemingway Hopwood Limited (in liquidation)	100%	Property investment
Hemingway Icon Limited	100%	Property investment
Hemingway Investments Limited	100%	Property investment
Hemingway Mercury Limited	100%	Property investment
Hemingway Moore Limited	100%	Property investment
Hemingway Neptune Limited (in liquidation)	100%	Property investment
Hemingway Provincial Properties Limited	100%	Property investment
Hemingway Saturn Limited (in liquidation)	100%	Property investment
Precis (1896) Limited (in liquidation)	100%	Property investment
Hemingway Ellesmere Limited	100%	Property investment
Hemingway Wrexham Limited (in liquidation)	100%	Property investment
Hemingway Telford Limited (in liquidation)	100%	Property investment

Of the subsidiary undertakings listed above, Hemingway Properties Limited is the only subsidiary that is held directly by the company.

First Sloane Street Limited

Notes to the accounts

Year ended 31 December 2006

5. Investments (continued)

	2006 £'000	2005 £'000
Movement in subsidiary undertakings		
At beginning of year	135,157	130,736
Movement in underlying net assets of subsidiary undertakings	(122,470)	4,421
At end of year	<u>12,687</u>	<u>135,157</u>

6. Debtors

	2006 £'000	2005 £'000
Prepayments and accrued income	<u>-</u>	<u>6,098</u>

7. Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Amounts due to shareholders	-	60,980
Amounts due to group undertakings	<u>-</u>	<u>46,246</u>
Total	<u>-</u>	<u>107,226</u>

During the year an intercompany loan of £46,246,000 owing to Hemingway Properties Limited by First Sloane Street Limited was waived.

8. Called-up share capital

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	<u>99</u>	<u>100</u>
Allotted, called-up and fully paid		
100 ordinary shares of £1 each	<u>99</u>	<u>100</u>

9. Capital Redemption Reserve

	2006 £	2005 £
Ordinary shares of £1 each	<u>1</u>	<u>-</u>

On 24 November 2006 First Sloane Street Limited paid £75,000 to PGA Kilimanjaro 3 SA to buy back 1 ordinary share of £1.00 in the capital of First Sloane Street Limited.

First Sloane Street Limited

Notes to the accounts

Year ended 31 December 2006

10 Revaluation reserves

	2006 £'000	2005 £'000
Balance at beginning of the year	22,777	18,356
Movement in underlying net assets of subsidiary undertakings	(22,777)	4,421
Balance at end of year	-	22,777

11. Profit and loss account

	2006 £'000	2005 £'000
Balance at beginning of year	11,263	(14,183)
Retained profit/(loss) for the financial year	1,532	(4,554)
Capital reduction adjustment	-	30,000
Share buy back	(75)	-
Balance at end of year	12,720	11,263

12. Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit/(loss) for the financial year	1,532	(4,554)
Other recognised (losses)/profits in the year	(22,852)	4,421
Net decrease/increase in shareholders' funds	(21,320)	(133)
Opening shareholders' funds	34,040	34,173
Closing shareholders' funds	12,720	34,040

13. Ultimate parent undertaking and related party transactions

The shareholders are European Property Partners Limited Partnership, Royal Bank Project Investments Limited and Stichting Pensioenfonds ABP. There have been no related party transactions with the shareholders. There were no other material related party transactions during the year other than those detailed in the profit and loss account and note 7 of the financial statements.

14. Subsequent events

On 28 June 2007 Hemingway Properties Limited paid a £9,000,000 dividend to First Sloane Street Limited.
On 28 June 2007 First Sloane Street Limited paid a £9,000,000 dividend to its shareholders.