

Registered Number 04045531

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

**Annual Report and Financial Statements
for the period ended 24 December 2009**



Registered Office Pixham End, Dorking, Surrey RH4 1QA

Registered Number 04045531

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

M R Kipling
J-W Tan
M R B Versey

SECRETARY

Friends Life Secretarial Services Limited

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the period ended 24 December 2009

By virtue of s390 of the Companies Act 2006, the Company has amended the year end date to 24 December, being not more than seven days before the Accounting Reference Date of 31 December, which remains unchanged. This is to simplify the preparation of the accounts, which now coincide with the rent and service charge quarter-day.

PRINCIPAL ACTIVITIES

The Company has an intermediate leasehold interest in the property at 41-42 Lowndes Square, London SW1. Under its lease it is required to manage the service charge of the common parts for its own lessees, the residential tenants. The Company made neither a profit nor a loss during the period.

DIRECTORS

The directors of the Company who served throughout the period were

S P Smith (resigned 31 December 2009)
C P Goodwin (resigned 15 September 2010)
S R Yates (resigned 15 September 2010)
J W Owen (appointed 5 February 2010, resigned 15 September 2010)
M R Kipling (appointed 15 September 2010)
J-W Tan (appointed 15 September 2010)
M R B Versey (appointed 15 September 2010)

EXERCISE OF DIRECTORS' OPTIONS

None of the directors of the Company exercised any share options during the period (2008 Nil).

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director in office at the date of approval of this report confirms that.

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

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

By order of the Board



M. R. Kipling
Director

30 September 2010

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

We have audited the financial statements of 41-42 Lowndes Square Management Company Limited (the "Company") for the year ended 24 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 the directors, and the overall presentation of the financial statements.

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 24 December 2009,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED
(CONTINUED)**

Opinion on other matter 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

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
- the financial statements are not in agreement with the accounting records; 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



Alexander Bertolotti (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Hay's Galleria

30 September 2010

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**PROFIT & LOSS ACCOUNT**
For the period ended 24 December 2009

		Period ended 24 December 2009	Year ended 31 December 2008 (restated)
		£	£
Turnover	3	8,330	5,700
Administrative expenses	4	(8,330)	(5,700)
Results for the period		<hr/>	<hr/>
		<hr/> - <hr/>	<hr/> - <hr/>

All results and comparatives shown above are from continuing operations

The Company has no recognised gains or losses in the current period or the preceding year other than the result for the financial period

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**BALANCE SHEET**
as at 24 December 2009

	Note	24 December 2009 £	31 December 2008 (Restated) £
Current assets			
Debtors	6	10,281	5,725
Cash at bank		8	8
		<u>10,289</u>	<u>5,733</u>
Creditors: amounts falling due within one year	7	<u>(10,281)</u>	<u>(5,725)</u>
Net current assets		<u>8</u>	<u>8</u>
Total assets less current liabilities		<u>8</u>	<u>8</u>
Called up share capital	8	<u>8</u>	<u>8</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 30 September 2010 and signed on its behalf by



M. R. Kipling
Director

The notes on pages 8 to 12 form part of these financial statements

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are set out below

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards

(b) Income and expenses

Income and expenses are recognised in the financial statements on an accruals basis

(c) Cash Flow Statement

Even though the Company is a subsidiary undertaking where less than 90% of the voting rights are controlled within the group, no cash flow statement has been prepared since the only cash balance of the Company is held for non-operational purposes and has remained unchanged in the current and prior years

(d) Service charge

The Company manages the service charge of the common parts of the building for the residential tenants. Under section 42 of the Landlord and Tenant Act 1987, a statutory trust is created for the monies held on behalf of the tenants for this purpose. Accordingly, none of the transactions associated with the service charge activity are shown in the accounts

2. PRIOR YEAR ADJUSTMENT

In accordance with the provisions of FRS18, the Directors have performed a full review of the accounting policies and estimation techniques adopted by the Company to ensure that the Company has properly adopted all relevant accounting standards

As a result of this exercise an adjustment for a change in accounting policy has been made in accordance with the provisions of FRS3 – “Reporting Financial Performance” as follows

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2 PRIOR YEAR ADJUSTMENT (continued)****(a) Change in accounting policy**

Up until 31 December 2008, the Company accounted for service charge activity, recording income and expenditure in the Profit and Loss Account together with any amounts outstanding in the Balance Sheet With reference to s42 of the Landlord and Tenant Act 1987, under which such funds are deemed to be held in a statutory trust, this policy has been changed to exclude all such items from the accounts This is regarded as best practice for residential management companies and is consistent with current guidance issued by the Institute of Chartered Accountants in England and Wales

(b) Impact on the financial statements

There is no overall financial impact on previously reported profit and Net Asset Value as the service charge expenses are fully recoverable

3 TURNOVER

	Period ended 24 December 2009	Year ended 31 December 2008 (restated)
	£	£
Rent receivable	8,330	5,700

4 ADMINISTRATIVE EXPENSES

	Period ended 24 December 2009	Year ended 31 December 2008 (restated)
	£	£
Rent payable	8,330	5,700

Audit fees of £1,575 (2008 £1500) plus non-recoverable VAT have been borne by the lessees of the flats as recoverable service charge expenses There were no non-audit services provided by the Company's auditors to the Company (2008 £Nil)

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 TAXATION

The Company made neither a profit nor a loss in the period (2008: nil), consequently no provision for taxation has been made

6 DEBTORS

	24 December 2009	31 December 2008 (Restated)
	£	£
Other debtors	<u>10,281</u>	<u>5,725</u>

7 CREDITORS

	24 December 2009	31 December 2008 (Restated)
	£	£
Amounts due to group company	<u>10,281</u>	<u>5,725</u>

8 SHARE CAPITAL

	24 December 2009 Paid-Up £	31 December 2008 Paid-up £
Issued:		
8 "A" (2008 8) ordinary shares of £0.25 each, fully paid	2	2
24 "B" (2008 724) ordinary shares of £0.25 each, fully paid	<u>6</u>	<u>6</u>
	<u>8</u>	<u>8</u>

The voting rights of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9 OTHER STATUTORY INFORMATION**

- (i) All the directors are employed and paid by companies within the group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the group in respect of services to the Company.
- (ii) The average number of employees of the Company during the period was nil (2008: nil).

10 RELATED PARTY TRANSACTIONS

During the year, the Company was charged ground rent of £8,330 (2008: £5,700), by its intermediate parent Sun Life Assurance Society plc, the freehold owner of the property. In turn, the Company charged ground rent of £8,330 (2008: £5,700) to its lessees, who are all shareholders in the Company. Of this, £292 (2008: £200) was in respect of the lessee, Sun Life Nominees Limited, the parent company.

Amounts due to related parties at the year end were as follows

	24 December 2009	31 December 2008 (restated)
	£	£
<i>Within creditors</i>		
Intermediate parent Sun Life Assurance Society plc	<u>10,281</u>	<u>5,725</u>

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 IMMEDIATE AND ULTIMATE PARENT

The Company is a subsidiary of Sun Life Nominees Limited, a company incorporated in Great Britain and registered in England and Wales

Throughout the financial period, the Company's ultimate parent and controlling company, was AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.

12 POST BALANCE SHEET EVENT

On 15 September 2010, AXA completed a sale of part of its life and savings operations in the UK to Resolution Limited. This included the sale of the Company. The Company's immediate ownership structure did not change on completion. Sun Life Nominees Limited, the Company's immediate parent, remains a subsidiary of Sun Life Assurance Society plc within the transferred structure.