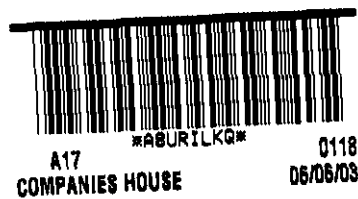


Registered Number 4045531

**41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

**Directors' Report and Financial Statements**

**for the year ended to 31 December 2002**



Registered Office: 107 Cheapside, London EC2V 6DU

**41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

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**DIRECTORS**

S. P. Smith (Chairman)  
H. D. Stephens  
S. R. Yates

**SECRETARY**

J. P. Small

**AUDITOR**

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 year ended 31 December 2002.

### REVIEW OF ACTIVITIES

The Company did not trade during the year, please refer to note 3 (i) in the notes to the financial statements.

### DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2002 (2001 - nil).

### DIRECTORS

The directors of the Company at the date of this report are shown on page 1. All the directors served throughout the year.

### DIRECTORS' INTERESTS

According to the register of directors' interests, the interests of directors in the share capital and units of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company are as follows:

#### Interests in Shares and Units

##### AXA

Shares of €2.29 each

	At 1 January 2002	At 31 December 2002
S. P. Smith	840	840
H. D. Stephens	220	220
S. R. Yates	616	616

##### AXA

	Units in AXA Global Fund		Units in AXA Actionnariat II Fund	
	At 1 January 2002	At 31 December 2002	At 1 January 2002	At 31 December 2002
S. P. Smith	714.1741	714.1741	270.6320	276.7538
H. D. Stephens	385.1234	385.1234	-	-
S. R. Yates	213.4373	581.1065	-	-

**41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**DIRECTORS' INTERESTS (Continued)**

**Interests in Options**

	<b>AXA</b>				
	At 1 January 2002 Options to subscribe for Shares	Options granted	During Year Options exercised	Options lapsed	At 31 December 2002 Options to subscribe for Shares
S. P. Smith	11,687.16	2,000	811.16	-	12,876
H. D. Stephens	-	1,500	-	-	1,500

The options outstanding at 31 December 2002 are exercisable at various times between 1 January 2003 and 26 February 2012 at prices between €20.98 and €41.06 per share.

	<b>AXA UK plc</b>			
	At 1 January 2002 Options to subscribe for Shares	Options exercised	Options lapsed	At 31 December 2002 Options to subscribe for Shares
S. P. Smith	2,491	-	450	2,041
H. D. Stephens	3,105	-	450	2,655
S. R. Yates	9,175	9,175	-	-

The options outstanding at 31 December 2002 are exercisable at various times between 1 January 2003 and 30 June 2005 at a price of between £3.38 and £4.30 per share.

41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

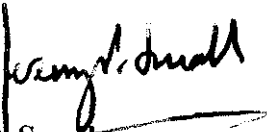
DIRECTORS' REPORT (CONTINUED)

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**AUDITORS**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By Order of the Board

  
J. P. Small  
Secretary

5 June 2003

## **41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

### **DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

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The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 6 is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year 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, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 which disclose with reasonable accuracy at any time the financial position of the Company and which 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.

## **41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

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We have audited the financial statements on pages 8 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with 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 information in the financial statements.

**41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
(CONTINUED)**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2002 and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*  
**PricewaterhouseCoopers LLP**

**Chartered Accountants and Registered Auditors  
London**

*5 June*                      **2003**



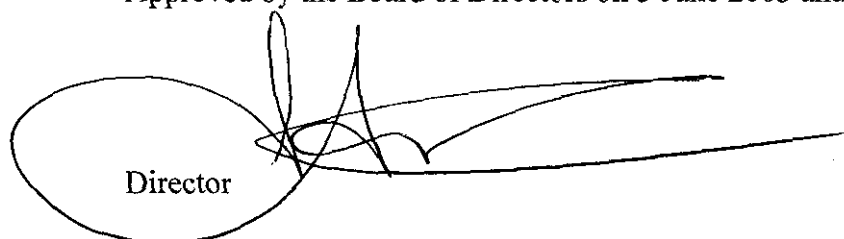
**41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

**BALANCE SHEET  
at 31 December 2002**

	Note	2002	2001
		£	£
<b>Current assets</b>			
Cash at bank and in hand		8	8
		—	—
<b>Net assets</b>		8	8
		==	==
 Called up share capital	2	8	8
		—	—
<b>Equity shareholders' funds</b>		8	8
		==	==

The notes on pages 9 and 10 form an integral part of these financial statements

Approved by the Board of Directors on 5 June 2003 and signed on its behalf by:


  
 Director

# 41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. ACCOUNTING POLICY

The principal accounting policy is set out below. The policy remains unchanged from the previous year.

#### Basis of Accounting

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

### 2. SHARE CAPITAL

	2002 £	2001 £
<b>Authorised:</b>		
100 "A" (2001: 100)		
Ordinary shares of £0.25 each	25	25
300 "B" (2001: 300)		
Ordinary shares of £0.25 each	<u>75</u>	<u>75</u>
	<u>100</u>	<u>100</u>
<b>Issued:</b>		
8 "A" (2001: 8)		
Ordinary shares of £0.25 each fully paid-up	2	2
24 "B" (2001: 24)		
Ordinary shares of £0.25 each fully paid-up	<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.

### 3. OTHER STATUTORY INFORMATION

- (i) During the current financial year and the preceding financial period the Company acted as agent for its immediate parent undertaking in relation to the payment of expenses on behalf of the tenants of the flats and invoicing of service charges. The Company did not trade during 2002 and the period ending 31 December 2001 and received no income and incurred no expenditure. Consequently, during those periods the Company made neither a profit nor a loss.

## **41-42 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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- (ii) All the directors are employed and paid by companies in the AXA 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 AXA group in respect of services to the Company.
- (iii) There were no employees of the Company during the period.
- (iv) Audit and accounting fees have been borne by the tenants of the flats as recoverable service charge expenses.

#### **4. ULTIMATE PARENT**

In the opinion of the directors, the Company's ultimate parent and controlling company is 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.