

Heron (Stone House No.1) Limited

Report and Accounts

31 December 2002



Heron (Stone House No.1) Limited

Registered No. 4132072

DIRECTORS

G M Ronson

A I Goldman

SECRETARY

L H Zeltser

REGISTERED OFFICE

Heron House

19 Marylebone Road

London NW1 5JL

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The state of the company's affairs are as set out in the attached accounts.

The directors are unable to recommend the payment of a dividend for the period (2001 - £nil).

PRINCIPAL ACTIVITY

The principal activity of the company is the ownership of property as nominee for Heron (Stone House No.2) Limited.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the previous year, the company acquired a legal interest in the property known as Stone House as nominee for Heron (Stone House No.2) Limited.

DIRECTORS AND THEIR INTERESTS

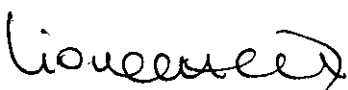
The current directors are as listed on page 1.

There are no directors' interests in shares which require to be disclosed under the Companies Act 1985.

AUDITORS

The company being dormant since incorporation, resolved during the prior period to claim exemption from the requirement to appoint auditors.

By order of the board



14.12.02

Secretary

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each period which 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are 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 accounts 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.

BALANCE SHEET
at 31 December 2002

	<i>Note</i>	<i>2002</i> £	<i>2001</i> £
CURRENT ASSETS			
Cash		1	1
TOTAL NET ASSETS		1	1
CAPITAL AND RESERVES			
Called up share capital	4	1	1
Equity shareholder's funds		1	1

For the year ended 31 December 2002 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for:

- Ensuring the company keeps accounting records which comply with section 221;
- Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Approved by the Board on



Director

14/12/2002

NOTES TO THE ACCOUNTS

At 31 December 2002

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Financial Reporting Standard No. 1 (Revised 1996) exempts the Company from preparing a cash flow statement as it is a wholly owned subsidiary undertaking of Heron International Limited, the consolidated accounts of which will incorporate a consolidated statement of cash flows, including those of the Company.

Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Heron International Limited group.

2. PROFIT AND LOSS ACCOUNT

There was no activity since incorporation and so no profit and loss account has been presented.

The directors received no remuneration throughout the year (2001 - £nil).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision has been made for any taxation liability arising during the period as it is anticipated that sufficient losses will be available by other Group companies for no consideration to cover any such liability. In the event that sufficient losses are not available a parent undertaking of the Company has undertaken to indemnify the Company for any tax liability which might arise. Conversely, that parent undertaking will not pay the Company for any tax losses which may be surrendered by the Company during the period.

A similar arrangement was entered into in respect of the financial year ended 31 December 2001.

4. SHARE CAPITAL

	<i>Authorised</i>		<i>Issued, allotted and fully paid</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	£	£	£	£
Ordinary shares of £1 each	100	100	1	1

No reconciliation of shareholders funds and movements as reserves have been listed as the only source of shareholders funds for the company is its share capital and the company has no reserves.

5. PARENT UNDERTAKINGS

The company's immediate parent undertaking is Heron Property Corporation Limited.

The company's ultimate parent undertaking is Heron International Limited. The parent undertakings of the smallest and largest groups of which the company is a member, and for which Group accounts are prepared, are as follows:

- Largest group – Heron International Limited, registered in the Cayman Islands
- Smallest group – Heron Corporation, registered in England and Wales

Copies of the group accounts of Heron International Limited are filed with The Registrar of Companies, Tower Building, Grand Cayman, Cayman Islands, British West Indies.