HANWAY RESIDENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

54 WEEKS ENDED 31 MARCH 2003

COMPANY REGISTRATION NUMBER : 4394372

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Hanway Residents Limited

DIRECTORS' REPORT

The directors submit the annual financial statements of Hanway Residents Limited for the 54 weeks ended 31 March 2003.

Business Review

The company was formed on 14 March 2002 under the name Salbern Limited and changed its name to Hanway Residents Limited on 27 March 2002.

The company's principal activity is that of the ownership of the headlease of 5-6 Hanway Place, London W1T 1HF. It is also responsible for administering and maintaining the common parts of the property. Underleases of the nine flats and one garage at the property have previously been granted by the former owner of the headlease to sub-lessees.

The management of the property is sub-contracted to Peverel OM Limited. The tenants are invoiced by, and account directly to, Peverel OM Limited in respect of service charges and ground rents falling due under the underleases. Peverel OM Limited is responsible for managing the employment of contractors for the provision of services in respect of the property and for discharging, out of sums received by Peverel OM Limited from the tenants, all payments due to those contractors. Accordingly, no transactions relating to Peverel OM Limited's functions are shown in these accounts.

Directors

The directors who held office during the 54 weeks ended 31 March 2003 were:

- Combined Nominees Limited (appointed 14 March 2002, resigned 25 March 2002);
- Nick Elliot (appointed 25 March 2002); and
- Martin Pascoe (appointed 25 March 2002).

Both Nick Elliot and Martin Pascoe are each sub-lessees of the company. Their dealings with the company have all been on an arms-length basis. Otherwise, none of the directors had a material interest in a contract of significance with this company during the period to 31 March 2003.

Shareholders

At 31 March 2003, the single shareholder in the company was Nick Elliot.

Post Balance Sheet Events

On 15 June 2003, the following each purchased one ordinary £1 share in the company for its nominal value:

- Jonathan Alvin
- Mark Asprey
- Adrian Lenagan
- Patrick Lindley
- Martin Pascoe
- Clive Payne
- David Saunders
- Guy Stevenson

Jonathan Alvin and Patrick Lindley were appointed directors on 16 June 2003.

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the directors in relation to the accounts of the company.

Company law requires the directors to prepare accounts for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the surplus or deficit of the company for the financial period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless they consider that to be inappropriate.

The directors are responsible for ensuring that the company keeps sufficient accounting records to disclose with reasonable accuracy 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 taking reasonable steps to safeguard the assets of the company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

Hanway Residents Limited

DIRECTORS' REPORT

Auditors

The company has taken advantage of the exemption from audit available to small companies and has prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors, who approved this report on 8 January 2004.

Nick Elliot
Secretary

Hanway Residents Limited

INCOME AND EXPENDITURE ACCOUNT FOR THE 54 WEEKS ENDED 31 MARCH 2003

	Note	2003 £
Operating Income	2	16,199
Expenditure:		
Rental due to superior landlord		(52)
Amortisation of Lease		(476)
Legal Costs and Disbursements		(7,880)
Bank Charges		(20)
Operating Surplus		7,771
Interest Received		98
Surplus taken to reserves		**7,869**

There were no other gains or losses in the period.

Hanway Residents Limited

BALANCE SHEET AS AT 31 MARCH 2003

	Note	2003 £
Tangible Fixed Assets	3	58,024
Debtors		1,029
Cash at Bank and in Hand		6,841
Net Current Assets		65,922
Deferred Income		(58,024)
Net Assets		7,898
Share Capital and Reserves		
Called up Share Capital	4	1
Income Surplus		7,869
		7,870

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Small Entities.

For the period ended 31 March 2003 the company was entitled to an exemption from the obligation to have the financial statements audited under section 249A (1) of the Companies Act 1985.

No members have required the company to obtain an audit of the financial statements for the period ended 31 March 2003 in accordance with section 249B (2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

i. ensuring the company keeps accounting records which comply with section 221, and

ii. preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of its financial period, and of its surplus or deficit for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the company.

The accounts were approved by the Board of Directors on 8 January 2004.

Signed on behalf of the Board of Directors

PATRICK LINDLEY MARTIN PASCOE.

The notes on pages 8 and 9 form an integral part of the financial statements.

Hanway Residents Limited

CASHFLOW STATEMENT FOR THE 54 WEEKS ENDED 31 MARCH 2003

	Note	2003 £
Net Cash Inflows from operating activities	6	65,242
Returns on Investments and Servicing of Finance:		
Interest Received		98
Capital Expenditure		(58,500)
Issue of Ordinary Shares		1
Increase in Net Cash		6,841

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Amortisation

The purchase price of the leasehold interest of the property will be amortised over 123 years, with a full charge in the year of acquisition.

2. Income

Income comprises receipts from sub-lessees of the property. Of the funds received during the 54 weeks to 31 March 2003, £58,500 related to the costs of purchasing the head leasehold interest of the property from Berkeley Homes (West London) Limited. The receipts to fund this transaction have been treated as deferred income and will be taken to the Income and Expenditure Account over the life of the lease.

3. Tangible Fixed Assets

The company's single tangible fixed asset is the head leasehold interest of the property.

	Land & Buildings
Cost	
At 14 March 2002	£0
Additions	£58,500
At 31 March 2003	£58,500
Amortisation	
At 14 March 2002	£0
Charge for the period	£476
At 31 March 2003	£476
Net Book Amount at 31 March 2003	**£58,024**
Net Book Amount at 31 March 2002	£ Nil

4. Share Capital

At 14 March 2002 and 31 March 2003:

	£
Authorised	
100 Ordinary shares of £1 each	100

	£
Allotted, issued and fully paid	
100 Ordinary shares of £1 each	
At 14 March 2002	0
Issued in the period	1
At 31 March 2003	1

5. *Directors' Emoluments*

No directors' emoluments were paid, or became due, during the period.

6. Cashflow from Operating Activities

	2003 £
Operating Surplus	7,771
Amortisation Charges	476
Increase in Creditors	58,024
(Increase in Debtors)	(1,029)
Net Cash Inflow	65,242