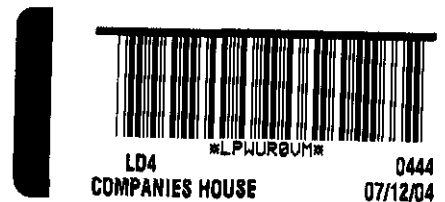


Year ended 31st July 2004



CANONBURY VILLAS LIMITED

Annual report and financial statements for the year ended 31st July 2004

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**Directors**

Sarah Jane Burton  
Michael Seifert  
Deborah Jann Tripley  
Steven Jay Warshal

**Secretary and registered office**

Michael Seifert, Canonbury Villas Ltd, Emerald House, East Street, Surrey KT17 1HS

**Company limited by guarantee registration number**

4478844

**Auditors**

BDO Stoy Hayward LLP, 8 Baker Street, London W1U 3LL

Report of the directors for the year ended 31st July 2004

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The directors present their report together with the audited financial statements for the year ended 31st July 2004.

**Results and dividends**

The income and expenditure account is set out on page 4 and shows the result for the year.

The company is limited by guarantee and cannot pay dividends.

During the year the company continued to receive rental income from its investment property.

**Principal activity**

The principal activity of the company is to own property for investment purposes.

**Fixed assets**

Movements on fixed assets are shown in note 5 to the accounts.

**Directors**

The directors of the company during the period were:

Michael Seifert  
Sarah Jane Burton  
Deborah Jann Tripley  
Steven Jay Warshal

None of the directors held any beneficial interest in the company.

**Directors' responsibilities**

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 and of the surplus or deficit 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;
- \* make judgements and estimates that are reasonable and prudent; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the directors for the year ended 31st July 2004 (continued)

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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 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.

**Auditors**

A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board



Michael Seifert

Secretary

9/11/04

Report of the auditors for the year ended 31st July 2004

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANONBURY VILLAS LIMITED

We have audited the financial statements of Canonbury Villas Limited for the year ended 31st July 2004 on pages 4 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st July 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
Baker Street,  
London W1

*9/11/04*

## Income and expenditure account for the year ended 31st July 2004

	Note	2004	2003
		£	£
Rental Income		400,000	116,667
Administrative costs		1,180	1,175
Operating surplus		398,820	115,492
Interest Payable	3	204,578	59,232
Surplus on ordinary activities before taxation		194,242	56,260
Taxation	4	37,000	11,000
Surplus for the year	2	157,242	45,260
Surplus brought forward		45,260	-
Retained surplus carried forward	8	202,502	45,260

All amounts relate to continuing activities.

All recognised gains and losses are included in the income and expenditure account.

The notes on pages 6 and 7 form part of these financial statements

## Balance sheet at 31st July 2004

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Tangible assets	5	3,900,000	3,900,000
<b>Current Assets</b>			
Cash at bank and in hand		67,114	98,813
		67,114	98,813
Creditors: amounts falling due within one year	6	254,612	248,553
Net current liabilities		(187,498)	(149,740)
Creditors: amounts falling due after more than one year	7	(3,510,000)	(3,705,000)
		202,502	45,260
<b>Reserves</b>			
Income and expenditure account	8	202,502	45,260
		202,502	45,260

These financial statements were approved by the Board on

9/4/04

M. L. H. W.

Director

The notes on pages 6 and 7 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31st July 2004

# 1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied :

## Investment property

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the income and expenditure account.

## Rental Income

Rental income represents amounts due during the year.

## Interest payable

Interest payable represents amounts due during the year.

	2004	2003
	£	£
<b>2. Surplus on ordinary activities before taxation</b>		
This is arrived at after charging :		
Auditors' services - audit	1,175	1,175

The directors of the company receive no emoluments.  
There were no employees of the company during the year.

# 3. Interest payable

Bank loan	204,578	59,232
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# 4. Taxation on profit from ordinary activities

UK corporation tax for the year	37,000	11,000
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The tax assessed for the year is different from the standard rate of corporation tax in the UK.  
The differences are explained below:

Profit on ordinary activities before tax	194,242	56,260
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	36,906	10,689
Rounding	94	311
Current tax charge for the year	37,000	11,000



Notes forming part of the financial statements for the year ended 31st July 2004

	2004	2003
	£	£
<b>5. Fixed Assets</b>		
	Freehold land and buildings	Freehold land and buildings
Cost and valuation at beginning of year	3,900,000	-
Additions	-	3,900,000
Cost and valuation at end of year	<u>3,900,000</u>	<u>3,900,000</u>

The directors have considered the valuation of the property at 31st July 2004 and have formed the opinion that no significant change has occurred during the year.

**6. Creditors: amounts falling due within one year**

Bank loan (note 7)	195,000	195,000
Taxation	48,000	11,000
Accruals and deferred income	11,612	42,553
Creditors: amounts falling due within one year	<u>254,612</u>	<u>248,553</u>

**7. Creditors: amounts falling due after one year**

Bank loan	<u>3,510,000</u>	<u>3,705,000</u>
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On 16th April 2003 the company borrowed £3,900,000 repayable over 20 years, with a mortgage secured against its freehold property and a fixed and floating charge against all and any of its assets. Interest is payable at 1.5% above Base Rate. Capital repayment is due in 40 equal instalments, payable every 6 months.

**8. Income and expenditure account**

Surplus at beginning of year	45,260	-
Surplus for the period	157,242	45,260
Surplus at end of year	<u>202,502</u>	<u>45,260</u>

**8. Company limited by guarantee**

The company is limited by guarantee and hence has no share capital. There were five guarantors of £1 each as at 31st July 2004.

**9. Cash flow statement**

The Directors have utilised the provisions of Financial Reporting Standard 1 "Cash Flow Statements" not to prepare a cash flow statement as the company is a small company.