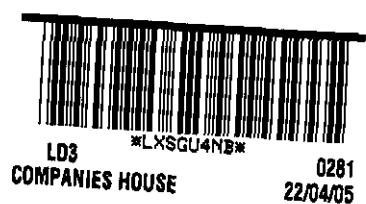


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REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD
19TH JUNE 2003 TO 24TH MARCH 2004
FOR
12-18 HILL STREET MANAGEMENT COMPANY
LIMITED



**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004**

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**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**COMPANY INFORMATION
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004**

DIRECTORS:

M Green
I A Gordon
R H Burchett

SECRETARY:

M Green

REGISTERED OFFICE:

Ratcliffe & Co
74 Chancery Lane
London
WC2A 1AD

REGISTERED NUMBER:

04804982 (England and Wales)

ACCOUNTANTS:

Warley & Warley, Chartered Accountants
76 Cambridge Road
Kingston upon Thames
Surrey
KT1 3NA

**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004**

The directors present their report with the financial statements of the company for the period 19th June 2003 to 24th March 2004.

INCORPORATION

The company was incorporated on 19th June 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of managing the maintenance of the residential property known as 12-18 Hill Street, London, W1J 5NH. The directors used the services of a third party professional property management company to deal with the day to day management, and the cash funds handled through the professional property management company's client bank accounts.

The basis of preparation of the financial statements set out in note 1 is of particular importance to understanding the financial statements.

DIRECTORS

Throughout the period the company was a wholly owned subsidiary of 12-18 Hill Street Freehold Limited. The beneficial interests of the directors in the share capital of 12-18 Hill Street Freehold Limited are given in that company's Directors' Report.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Director

Date:
22/4/05

**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004**

	Notes	£
SERVICE CHARGES AND RESERVE FUNDS RECEIVABLE		167,725
Service charge and reserve fund expenditure		<u>101,221</u>
		66,504
Other operating income		<u>773</u>
OPERATING SURPLUS	2	67,277
Interest receivable and similar income		<u>458</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		67,735
Tax on ordinary activities	3	<u>156</u>
SURPLUS FOR THE FINANCIAL PERIOD AFTER TAXATION		<u>67,579</u>
RETAINED FOR THE PERIOD		<u>67,579</u>

**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**BALANCE SHEET
24TH MARCH 2004**

	Notes	£
CURRENT ASSETS		
Debtors	4	106,333
Cash at bank		<u>33,714</u>
		140,047
CREDITORS		
Amounts falling due within one year	5	<u>72,466</u>
NET CURRENT ASSETS		<u>67,581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>67,581</u></u>
CAPITAL AND RESERVES		
Called up share capital	6	2
Other reserves	7	<u>67,579</u>
SHAREHOLDERS' FUNDS		<u><u>67,581</u></u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 24th March 2004.

The members have not required the company to obtain an audit of its financial statements for the period ended 24th March 2004 in accordance with Section 249B(2) of the Companies Act 1985.

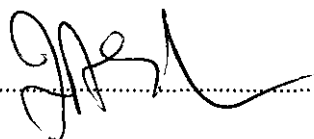
The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

.....
Director



.....
Director

Approved by the Board on 13/4/05

The notes form part of these financial statements

12-18 HILL STREET MANAGEMENT COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The residential freehold property was acquired by lessees via the parent company 12-18 Hill Street Freehold Limited on 8 July 2002. This company was formed to deal with the property maintenance and associated obligations.

Service charge accounts in respect of the property for the purpose of compliance with the Landlord and Tenant Act 1985 are presented separately to the lessees and are made up to 24 March each year.

The service charges for the period from 8 July 2002 to 18 June 2003 have effectively been treated as mutual funds of the lessees held by the managing agent and thereafter held on behalf of the Company.

The Company's formation was on 19 June 2003 being part way through the service charge financial year. The income and expenditure for the period 19 June 2003 to 24 March 2004 has been calculated as a time apportionment of the income and expenditure recorded in the above mentioned service charge accounts prepared for Landlord and Tenants Act purposes, which covered the year ended 24 March 2004. The Reserve Fund transactions, other income and deposit interest for the year ended 24 March 2004 have been recorded in full rather than time apportioned.

There has been an ongoing dispute over the amounts owed by the lessees at 8 July 2002 to the former landlord in respect of service charges. The amounts owed by lessees in the balance sheet, does not take into account any amounts which may be due for the year ended 24 March 2002 or any other amounts which may be queried in respect of the period to 8 July 2002.

Queries have been raised with the former managing agent, JSSP Limited trading as Haywards Property Services, some of which remain unanswered. Any subsequent adjustments arising from resolution of the queries will be reflected in the following year's financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Service charges and reserve funds receivable

Service charges and reserve funds receivable represents the amounts demanded on account in respect of the period, plus any adjusting service charge to be levied for the surplus of expenditure over income for the period, less any surplus of income over expenditure for the period to be credited to the lessees.

2. **OPERATING SURPLUS**

The operating surplus is stated after charging:

	£
Directors' emoluments and other benefits etc	<u> -</u>

3. **TAXATION**

Income tax is payable on the bank deposit interest receivable on the service charge and reserve funds. Tax is payable at the trustee rate of 34%.

**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004

7. RESERVES

	Income and expenditure account £	Other reserves £	Totals £
Retained surplus for the period	67,579	-	67,579
Reserve fund contributions receivable	(100,000)	100,000	-
Reserve fund bank interest receivable	(436)	436	-
Tax on reserve fund interest	148	(148)	-
Boiler works	26,677	(26,677)	-
Associated professional fees	<u>6,032</u>	<u>(6,032)</u>	-
At 24th March 2004	<u>-</u>	<u>67,579</u>	<u>67,579</u>

8. ULTIMATE PARENT COMPANY

The ultimate parent company throughout the period was 12-18 Hill Street Freehold Limited.

**12-18 HILL STREET MANAGEMENT COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 19TH JUNE 2003 TO 24TH MARCH 2004**

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Owed by lessees for demands issued	56,934
Excess expenditure over income recoverable from the lessees	41,461
Other debtors	118
Called up share capital not paid	2
Prepayments	<u>7,818</u>
	<u>106,333</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Demanded from lessees in advance	46,766
Creditors in respect of service charge costs	16,106
Tax	156
Accrued service charge costs	<u>9,438</u>
	<u>72,466</u>

6. CALLED UP SHARE CAPITAL

Authorised:			
Number:	Class:	Nominal value:	£
10,000	Ordinary	1p	<u>100</u>

Allotted and issued:			
Number:	Class:	Nominal value:	£
2	Called up share capital	1p	<u>2</u>

The following shares were allotted at par during the period:

2 Ordinary shares of 1p each