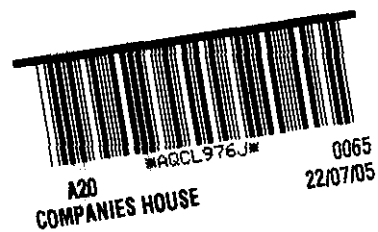


**HARCOURT PROPERTY MANAGEMENT & FINANCIAL
SERVICES LIMITED**

**DIRECTORS' REPORT AND UNAUDITED ACCOUNTS
FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2004**

Company No.3392418



**HARCOURT PROPERTY MANAGEMENT & FINANCIAL
SERVICES LIMITED**

COMPANY INFORMATION

Directors	Mr. M.J. Green Mr. J.M. O'Mulloy Lady N.J.A. Orr-Ewing
Secretary	Mrs. G. Green
Company Number	3392418
Registered Office	3 Woodmancourt Godalming Surrey GU7 2BT.
Auditors/Accounts	Appointment under review
Solicitors	Coole & Haddock 14 Carfax Horsham West Sussex RH12 1DZ.

**HARCOURT PROPERTY MANAGEMENT & FINANCIAL
SERVICES LIMITED**

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**HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED**

DIRECTORS' REPORT

FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2004

The Directors present their report together with the unaudited accounts for the period ended 30 September 2004.

Principal Activities

The Company acquired the Freehold interest in 18 Harcourt Terrace London SW10 on the 4th March 1998 and having now granted all five of the new 999 year leases to the five tenants of that building, continues the management thereof as residential premises.

The costs of maintaining the property are borne by the leaseholders by way of service charges. All service charges are effectively held in trust by the Company for the benefit of the contributing tenants pursuant to the Landlord and Tenant Acts 1985 and 1987 and the Housing Act 1996. The service charge fund is administered on the Company's behalf by its managing agents, Hamptons International and subsequently by County Estate Management. As the Company has no beneficial interest in the service charge fund such fund it has been excluded from these accounts. Service charge accounts, prepared in accordance with the Landlord and Tenant Act 1985 (as amended) and the terms of their leases, are provided to contributing tenants when to hand.

Results

The Results for the period are set out in the profit and loss account on page 8
The only income received during this year arose from the Ground Rents payable (with any accruing interest) and which are collected by Hamptons International (or County Estate Management) at the same time as the Service Charge.

Upon anecdotal evidence Harcourt Terrace and its immediate area continue to benefit, in general terms, from rises in property values.

Directors

The Directors who served during the period and their beneficial interests in the Company's issued share capital were ·

	Ordinary Shares of £1 each	
	30 th	30 th
	September	September
	2003	2004
Mr. M.J. Green	1	1
Mr. J.M. O'Mulloy	1	1
Lady N.J.A. Orr-Ewing	1	1

HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2004

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of the Company's affairs and of the profit or loss for that period. In preparing these accounts the Directors are required to:

Select suitable accounting policies and the apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts on the 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 enable them to ensure that the accounts comply with the Companies Act 1985. Such accounts are to give a true and fair view of the state of affairs of the Company at the end of its financial year and of its profit and loss for that period [Section 249 B (4) and (5)] The Directors 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

No qualified Accountants have been appointed as Auditors to the Company: should this become a requirement or choice, then matters will be arranged accordingly.

Small Company exemptions

The report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the Board and signed on its behalf by:



Mrs. G. Green – Secretary

Dated 20th July 2005

REPORT TO THE DIRECTORS
ON THE UNAUDITED ACCOUNTS OF
HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED

As described on the Balance Sheet you are responsible for the preparation of the Accounts for the period 1st October 2003 to 30th September 2004 set out on pages 8 to 14 and you consider that the Company is exempt from an Audit and a Report under Section 249 A (1) of the Companies Act 1985 as amended. In accordance with your instructions, we have compiled these unaudited Accounts in order to assist you to fulfil your Statutory obligations from the accounting records and information and explanations supplied to us.

Messrs. Coole & Haddock
14 Carfax
Horsham,
West Sussex RH12 1DZ
Solicitors.

**HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED**

UNAUDITED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Notes	2003	2004
Turnover	3	-	-
Cost of Sales		-	-
		<hr/>	<hr/>
Gross profit/(loss)		-	-
Administrative Expenses/Operating Charges	1	-	-
		<hr/>	<hr/>
Operating profit/loss		-	-
Interest Receivable (there is accruing interest Earned on monies in hand)		-	-
Ground Rents Receivable		575	575
Profit/(Loss) on ordinary activities before taxation		<hr/> 575	<hr/> 575
Taxation (the Inland Revenue have presently agreed Not to tax Ground Rent receipts on a 'de minimus basis	-	-	
Retained Profit brought forward		<hr/> 542	<hr/> 1,117
Retained Profit carried forward		1,117	1,692

**HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED**

UNAUDITED BALANCE SHEET

AT 30 SEPTEMBER 2004

	Notes	2003	2004
Fixed Assets			
Tangible assets (Freehold Property in reversion at Valuation)	8(b)	5,750	5,750
Current Assets			
Debtors -		-	-
Cash in hand(id est £1,692 + £5 Share Capital)	8(a)	1,122	1,697
Creditors		-	-
Amounts falling due within one year	6	-	-
		-----	-----
Total assets less Current Liabilities		6,872	7,447
Capital and Reserves			
Share Capital	7	5	5
Profit and loss account		1,117	1,692
Revaluation Reserve	8(b)	5,750	5,750
		-----	-----
Shareholders' Funds	9	6,872	7,447

These Accounts 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 March 2000).

For the year ended 30 September 2004 the Company was entitled to exemption under Section 249A(1) of the Companies Act 1985 (as amended).

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with Section 249B(2).

i) The Directors acknowledge their responsibility for:
Ensuring the Company keeps accounting records which comply with Section 221; and

ii) 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.

These Accounts were approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M.J. Green', written in a cursive style.

Mr. M.J. Green - Director

Date: 20th July 2004.

**HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED**

**NOTES TO THE ACCOUNTS
FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2004**

1. Accounting Policies

Basis of Accounting

The accounts have been prepared under the historical cost convention.

The Company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small Company.

The costs of maintaining the property are borne by the leaseholders by way of service charges. All service charges are effectively held in trust for the benefit of contributing tenants pursuant to the Landlord and Tenant Acts 1985 and 1987 and the Housing Act 1996. As the Company has no beneficial interest in the service charge fund it has been excluded from these accounts. Company administration costs have been borne by the service charge fund. Accounts for the service charge fund are drawn up annually in accordance with the Landlord and Tenant Act 1985 (as amended) and provided to each leaseholder.

Turnover [I]

Turnover is stated at nil as no sales for the period under consideration were made.

2. Freehold Property

The Company owns the Freehold interest in 18 Harcourt Terrace London SW10 and has now granted all five new 999 year Leases thereout. The Company's interest is registered at H.M. Land Registry with Title Absolute under Title Number BGL 24586

3. Turnover [II]

The turnover (if any) was derived from the Company's principal activity which was carried out wholly in the UK.

4. Operating Profit

The operating profit is stated after charging or crediting: Accountants' remuneration	2003	2004
	-	-
	—	—

5. Debtors	2003	2004
Other debtors	-	-
	<hr/>	<hr/>
6. Creditors: Amounts falling Due Within One Year	2003	2004
Trade creditors	-	-
Other creditors	-	-
	<hr/>	<hr/>

**HARCOURT PROPERTY MANAGEMENT & FINANCIAL SERVICES
LIMITED**

NOTES TO THE ACCOUNTS
FOR THE PERIOD 1 OCTOBER 2003 TO 30 SEPTEMBER 2004

7. Share Capital	2004	2003
Authorised		
5 Ordinary shares of £ 1.00 each	5	5
	<u>5</u>	<u>5</u>
	<u> </u>	<u> </u>
5. Allotted		
Allotted, called up and fully paid Ordinary Shares of £1.00 each	5	5
	<u> </u>	<u> </u>

Reserves

8.(a) Reserves

	Profit and Loss Accounts £
Profit for the period ended 30 September 2003 B/F	1,117
At 1 st October 2003 - C/F	<u>1,117</u>
Profit for the period	575
At 30 September 2004 – Retained Profit	1,692
(b) Ground Rents in respect of all 5 Flats became payable From 25/3/2000 at a total of £575 p.a. These have been valued at 10 years purchase - namely [The valuation was undertaken on 10/8/00]	 £ 5,750

9. Reconciliation of Shareholders' Funds	2004	2003
	£	£
Revaluation Reserve	-	-
Profit/(Loss) for the financial period	575	575
Issue of share capital	-	-
Increase/(Decrease) in the shareholders funds	575	575
Opening shareholders' funds	6,872	6,297
Closing shareholders' funds	7,447	6,872