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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005
FOR
HERONSBROOK FLAT MANAGEMENT LIMITED**



HERONSBROOK FLAT MANAGEMENT LIMITED

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For The Year Ended 31 December 2005

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HERONSBROOK FLAT MANAGEMENT LIMITED

COMPANY INFORMATION

For The Year Ended 31 December 2005

DIRECTORS:

D Phillips
M J Smith
J Spahr

SECRETARY:

Management Direct (UK) Limited

REGISTERED OFFICE:

C/o Management Direct (UK) Limited
Suite C
42 Station Road East
Oxted
Surrey
RH8 0PG

REGISTERED NUMBER:

2692971 (England and Wales)

AUDITORS:

Crane & Partners
Chartered Accountants
Registered Auditors
Sussex House
8-10 Homesdale Road
Bromley
Kent
BR2 9LZ

HERONSBROOK FLAT MANAGEMENT LIMITED

REPORT OF THE DIRECTORS For The Year Ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of flat management, which is undertaken for the mutual benefit of its members.

DIRECTORS

The directors during the year under review were:

D Phillips
M J Smith
J Spahr

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary £1 shares		
D Phillips	1	1
M J Smith	1	1
J Spahr	1	1

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 profit or loss 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;
- prepare the financial statements 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Crane & Partners, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

HERONSBROOK FLAT MANAGEMENT LIMITED

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2005

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: 06 Jul '06

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF HERONSBROOK FLAT MANAGEMENT LIMITED

We have audited the financial statements of Heronsbrook Flat Management Limited for the year ended 31 December 2005 on pages six to nine. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HERONSBROOK FLAT MANAGEMENT LIMITED**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Crane & Partners
Chartered Accountants
Registered Auditors
Sussex House
8-10 Homesdale Road
Bromley
Kent
BR2 9LZ

Date: 17 July 2006

HERONSBROOK FLAT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 December 2005

	Notes	2005 £	2004 £
TURNOVER		16,180	16,210
Administrative expenses		<u>23,957</u>	<u>13,613</u>
OPERATING (LOSS)/PROFIT	2	(7,777)	2,597
Interest receivable and similar income		<u>125</u>	<u>138</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,652)	2,735
Tax on (loss)/profit on ordinary activities	3	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(7,652)	2,735
(DEFICIT)/RETAINED PROFIT FOR THE YEAR		<u>(7,652)</u>	<u>2,735</u>

The notes form part of these financial statements


HERONSBROOK FLAT MANAGEMENT LIMITED

BALANCE SHEET
31 December 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors	4	1,005	775
Cash at bank		12,754	20,225
		<u>13,759</u>	<u>21,000</u>
CREDITORS			
Amounts falling due within one year	5	6,160	5,749
		<u>7,599</u>	<u>15,251</u>
NET CURRENT ASSETS			
		<u>7,599</u>	<u>15,251</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,599</u>	<u>15,251</u>
CAPITAL AND RESERVES			
Called up share capital	6	14	14
Profit and loss account	7	7,585	15,237
		<u>7,599</u>	<u>15,251</u>
SHAREHOLDERS' FUNDS		<u>7,599</u>	<u>15,251</u>

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 January 2005).

ON BEHALF OF THE BOARD:


Director

Approved by the Board on 1st Oct 2006

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2005

1. ACCOUNTING POLICIES

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 January 2005).

Turnover

Turnover represents service charges receivable.

2. OPERATING (LOSS)/PROFIT

The operating loss (2004 - operating profit) is stated after charging:

	2005	2004
	£	£
Auditors' remuneration	<u>441</u>	<u>429</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2005 nor for the year ended 31 December 2004.

4. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£	£
Service charges receivable	<u>1,005</u>	<u>775</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Service charges in advance	5,464	5,320
Accruals and deferred income	<u>696</u>	<u>429</u>
	<u>6,160</u>	<u>5,749</u>

6. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2005	2004
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2005	2004
			£	£
14	Ordinary	£1	<u>14</u>	<u>14</u>

HERONSBROOK FLAT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2005

7. RESERVES

	Profit and loss account £
At 1 January 2005	15,237
Deficit for the year	(7,652)
	<hr/>
At 31 December 2005	<u>7,585</u>