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**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004
FOR
PATHOAK PROPERTY MANAGEMENT LIMITED**



PATHOAK PROPERTY MANAGEMENT LIMITED

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FOR THE YEAR ENDED 30TH JUNE 2004**

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PATHOAK PROPERTY MANAGEMENT LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2004**

DIRECTORS:

Miss J L A Cooper
Dr E M Passes
Mrs M M Ward

SECRETARY:

C F Spires

REGISTERED OFFICE:

18 Pall Mall
London
SW1Y 5LU

REGISTERED NUMBER:

01815956 (England and Wales)

AUDITORS:

Ellis Atkins, Chartered Accountants
Registered Auditor
1 Paper Mews
330 High Street
Dorking
Surrey
RH4 2TU

PATHOAK PROPERTY MANAGEMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE 2004

The directors present their report with the financial statements of the company for the year ended 30th June 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the ownership and management of the freehold block of flats known as 83-101 Barkston Gardens, London SW5.

DIRECTORS

The directors during the year under review were:

Miss J L A Cooper

Mrs F Bensen

Dr E M Passes

Mrs M M Ward

- resigned 2.2.2004

The beneficial interests of the directors holding office on 30th June 2004 in the issued share capital of the company were as follows:

	30.6.04	1.7.03
Ordinary £1 shares		
Miss J L A Cooper	1	1
Dr E M Passes	1	1
Mrs M M Ward	1	1

STATEMENT OF 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 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.

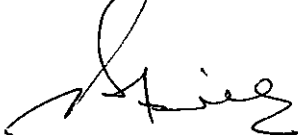
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ellis Atkins, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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:



C F Spires - Secretary

11th October 2004

Ellis Atkins

Chartered Accountants

Michael K Atkins FCA Rick Parish ACA Philip Longstaff FCA

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PATHOAK PROPERTY MANAGEMENT LIMITED

We have audited the financial statements of Pathoak Property Management Limited for the year ended 30th June 2004 on pages four to eight. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

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.

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 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 transactions with the company 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 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 30th June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHARTERED ACCOUNTANTS
REGISTERED AUDITOR

DATED: 11th October 2004

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PATHOAK PROPERTY MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2004**

		<u>2004</u>	<u>2003</u>
	Notes	£	£
TURNOVER		40,800	33,208
Administrative expenses		<u>36,455</u>	<u>37,361</u>
		4,345	(4,153)
Other operating income		<u>500</u>	<u>500</u>
OPERATING PROFIT/(LOSS)	2	4,845	(3,653)
Grant of lease	3	<u>111,674</u>	<u>-</u>
		116,519	(3,653)
Interest receivable and similar income		<u>3,512</u>	<u>1,434</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		120,031	(2,219)
Tax on profit/(loss) on ordinary activities	4	<u>21,453</u>	<u>(2,125)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		98,578	(94)
Dividends	5	<u>93,000</u>	<u>-</u>
		5,578	(94)
Retained profit brought forward		<u>10,134</u>	<u>7,508</u>
		15,712	7,414
Transfer from service charge reserve		<u>(7,857)</u>	<u>2,720</u>
RETAINED PROFIT CARRIED FORWARD		<u>£7,855</u>	<u>£10,134</u>

The notes form part of these financial statements

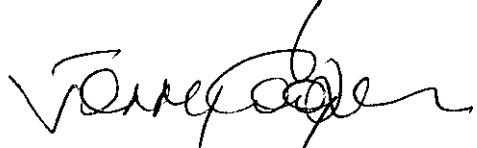
PATHOAK PROPERTY MANAGEMENT LIMITED

**BALANCE SHEET
30TH JUNE 2004**

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		7,783		10,378
CURRENT ASSETS:					
Debtors	7	445		6,918	
Cash at bank		<u>157,684</u>		<u>81,560</u>	
		158,129		88,478	
CREDITORS: Amounts falling due within one year	8	<u>49,584</u>		<u>18,107</u>	
NET CURRENT ASSETS:			<u>108,545</u>		<u>70,371</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£116,328</u></u>		<u><u>£80,749</u></u>
CAPITAL AND RESERVES:					
Called up share capital	9		7		6
Share premium	10		299		299
Service Charge Reserve	11		27,158		19,301
Sinking Fund Reserve	12		81,009		51,009
Profit and loss account			<u>7,855</u>		<u>10,134</u>
SHAREHOLDERS' FUNDS:			<u><u>£116,328</u></u>		<u><u>£80,749</u></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 June 2002).

ON BEHALF OF THE BOARD:



Miss J L A Cooper - Director

Approved by the Board on 11th October 2004

The notes form part of these financial statements

PATHOAK PROPERTY MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

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 June 2002).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT/(LOSS)

The operating profit (2003 - operating loss) is stated after charging:

	2004	2003
	£	£
Auditors' remuneration	<u>1,304</u>	<u>1,293</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. EXCEPTIONAL ITEMS

During the year the company granted a lease on one of the flats resulting in a gain of £111,674.

4. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	<u>21,453</u>	<u>(2,125)</u>
Tax on profit/(loss) on ordinary activities	<u>21,453</u>	<u>(2,125)</u>

5. DIVIDENDS

	2004	2003
	£	£
Ordinary - paid	<u>93,000</u>	<u>-</u>