Registered Number 1842645

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2008



Registered Office: 5 Old Broad Street, London EC2N 1AD

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS

S. P. Smith (Chairman)
C. P. Goodwin
S. R. Yates

SECRETARY

J. P. Small

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the year ended 31 December 2008.

REVIEW OF ACTIVITIES

The Company has an intermediate leasehold interest in the property at 1-5 Lowndes Square, London SW1. The Company made neither a profit nor a loss during the year; please refer to note 2 in the notes to the financial statements.

PRIOR YEAR ADJUSTMENT

In finalising the results for the year ended 31 December 2008, the directors became aware that the accounting policies applied in the prior years did not properly reflect the nature of the Company's interest in the property. At the request of the directors, the accounting policies have been reviewed and changed for the year ended 31 December 2008. The nature and effect of the change in the accounting policies and the prior year adjustment to correct the fundamental error are detailed in note 2 to the financial statements

DIRECTORS

The directors of the Company are shown on page 1.

All those listed served throughout the year.

EXERCISE OF DIRECTORS' AXA OPTIONS

None of the directors of the Company exercised any share options during the year (2007: Nil)

AUDIT DISCLOSURE

Each director in office at the date of approval of this report confirms that:

(a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditor's report, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements.

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 at the end of the financial year 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company 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.

By order of the Board

C. P. Goodwin
Director
27 November 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

We have audited the financial statements of 1-5 Lowndes Square Management Company Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' Responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

In addition we report to you if, in our opinion, 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 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.

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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 December 2008 and of its results for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Fundamental Error

In forming our opinion on the financial statements, which is not qualified, we draw attention to note 2 to these financial statements concerning full review of the accounting policies and estimation techniques adopted by the Company and the correction of the fundamental error in the prior years to account for the Company's interest in the property.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 November 2009

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

PROFIT & LOSS ACCOUNT
For the year ended 31 December 2008

		2008	2007 (restated)
		£	£
Turnover	3	**5,900**	5,900
Administrative expenses	4	**(5,900)**	(5,900)
Result on ordinary activities before and after taxation	5	-	-
Prior year adjustment - note 2 (b)		-	-
Total recognised Gains and Losses since the Last Annual Report		-	-

All results and comparatives shown above are from continuing operations.

The Company has no recognised gains or losses in the current year or the preceding year other than the result for the financial year.

1-5 LOWNDES SQUARE MANAGEMENT COMPANY LIMITED

BALANCE SHEET
at 31 December 2008

	Note	2008	2007 (restated)
		£	£
Current assets			
Debtors	6	**3,131**	1,553
Cash at bank		**25**	25
		3,156	1,578
Creditors: amounts falling due within one year	7	**(3,131)**	(1,553)
Net current assets		**25**	25
Total assets less current liabilities		**25**	25
Called up share capital	8	**25**	25

The financial statements on pages 6 to 12 were approved by the Board of Directors on 27 November 2009 and signed on its behalf by:

C. P. Goodwin
Director

The notes on pages 8 to 12 form part of these financial statements

1. ACCOUNTING POLICIES

The principal accounting policies are set out below.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

(b) Income and expenses

Income and expenses are recognised in the financial statements on an accruals basis.

2. PRIOR YEAR ADJUSTMENTS

In accordance with the provisions of FRS18, the Directors have performed a full review of accounting policies and estimation techniques adopted by the Company to ensure that the Company has properly adopted all relevant accounting standards.

On such review, the directors became aware that the accounting policies applied in the prior year did not properly reflect the nature of the Company's interest in the property. This has been treated as a fundamental error.

As a result of this exercise the adjustments for the fundamental error has been made in accordance with the provisions of FRS3 - ''Reporting Financial Performance" as follows.

(a) Fundamental error

Income and expenses

In previous years the Company did not account for the ground rent flows of its intermediate leasehold interest. On review of this policy it was concluded that ground rents receivable and ground rents payable should be recorded in the Profit and Loss account together with any amounts outstanding in the Balance Sheet.

2. PRIOR YEAR ADJUSTMENTS (continued)

(b) Impact on the financial statements

There is no overall financial impact on previously reported Profit and Net Asset value as the ground rents receivable are equal to ground rents payable under the lease structure.

3. TURNOVER

	2008	2007 (restated)
	£	£
Rent receivable	**5,900**	5,900

4. ADMINISTRATIVE EXPENSES

	2008	2007 (restated)
	£	£
Rent payable	**5,900**	5,900

Audit fees of £1,500 plus non-recoverable VAT (2007:£350) have been borne by the lessees of the flats as recoverable service charge expenses. There were no non-audit services provided by the Company's auditors to the Company (2007: £Nil).

5. TAXATION

The Company made neither a profit nor a loss in the year (2007: nil), consequently no provision for taxation has been made.

6. DEBTORS

	2008	2007 (restated)
	£	£
Trade debtors	**50**	459
Other debtors	**3,081**	1,094
	3,131	1,553

7. CREDITORS

	2008	2007 (restated)
	£	£
Amounts due to group company	**1,712**	150
Tenant deposits	**1,419**	1,403
	3,131	1,553

8. SHARE CAPITAL

	2008		2007	
	Authorised	**Paid-up**	Authorised	Paid-up
	£	£	£	£
Authorised:				
100 "A" (2007: 100) ordinary shares of £0.25 each	**25**		25	
300 "B" (2007: 300) ordinary shares of £0.25 each	**75**		75	
	100		100	
Issued:				
25 "A" (2007: 25) ordinary shares of £0.25 each, fully paid		**6**		6
75 "B" (2007: 75) ordinary shares of £0.25 each, fully paid		**19**		19
		25		25

The voting rights of the holders of all ordinary shares are the same and all the ordinary shares rank pari passu on a winding up.

9. OTHER STATUTORY INFORMATION

(i) All the directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

(ii) The average number of employees of the Company during the period was nil (2007: nil).

10. RELATED PARTY TRANSACTIONS

During the year, the Company was charged ground rent of £5,900 (2007: £5,900), by its intermediate parent Sun Life Assurance Society plc, the freehold owner of the property. In turn, the Company charged ground rent of £5,900 (2007: £5,900) to its lessees, who are all shareholders in the Company. Of this, £800 (2007: £800) was in respect of the lessee, Sun Life Nominees Limited, the parent company

Amounts due from and to related parties at the year end were as follows:

	2008	2007
	£	£
Within debtors		
Parent Company: Sun Life Nominees Limited	**-**	200
Minority shareholders:	**50**	259
Related party balances	**50**	459
Other balances	**3,081**	1,094
	3,131	1,553

10. RELATED PARTY TRANSACTIONS (continued)

	2008	2007
	£	£
Within creditors		
Intermediate parent: Sun Life Assurance Society plc	1,712	150
Parent Company: Sun Life Nominees Limited	-	-
Minority shareholders: other	1,419	1,403
Related party balances	3,131	1,553

11. IMMEDIATE AND ULTIMATE PARENT

The Company is a subsidiary of Sun Life Nominees Limited, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.