

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

CARTWRIGHTS
Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet, Herts
EN5 4BE



MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

COMPANY INFORMATION

Director	S L Shone
Secretary	Crabtree Property Management Limited Terence Robert White
Company number	2572670
Registered office	Hathaway House Popes Drive London N3 1QF
Auditors	Cartwrights Accountants and Business Advisors Registered Auditor Regency House 33 Wood Street Barnet Herts EN5 4BE
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

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MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The director presents her report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is the management and maintenance of 20-34 (Even numbers) Melrose Place, Hempstead Road, Watford, WD1 3LX.

The company's results are in line with expectations.

Director

The following director has held office during the year:

S L Shone

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
S L Shone	1	1

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that be reappointed as auditors of the company will be put to the Annual General Meeting.

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

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

By order of the board


.....

Crabtree Property Management Limited

Secretary

.....21/06/06.....

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

We have audited the financial statements of Melrose Place Management Company (No.2) Limited on pages 3 to 8 for the year ended 31 December 2005. 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 auditor's 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 the director and auditors

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the 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 director's report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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 as at 31 December 2005 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Cartwrights

Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet, Herts
EN5 4BE

Date: 23/6/06

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Notes	£	as restated £
Turnover		8,005	7,961
Administrative expenses		(4,924)	(5,131)
Operating profit	2	3,081	2,830
Other interest receivable and similar income		176	56
Profit on ordinary activities before taxation		3,257	2,886
Tax on profit on ordinary activities	3	-	-
Profit of ordinary activities after taxation	7	3,257	2,886

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Profit for the financial year	3,257	2,886
Prior year adjustment	5,561	-
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	<u>8,818</u>	<u>2,886</u>

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

		2005		2004 as restated	
	Notes	£	£	£	£
Current assets					
Debtors	4	1,053		2,553	
Cash at bank and in hand		9,676		3,750	
		<u>10,729</u>		<u>6,303</u>	
Creditors: amounts falling due within one year	5	<u>(1,903)</u>		<u>(734)</u>	
Total assets less current liabilities			<u>8,826</u>		<u>5,569</u>
Capital and reserves					
Called up share capital	6		8		8
Restricted reserves	7		4,625		2,250
Unrestricted reserves	7		4,193		3,311
Shareholders' funds			<u>8,826</u>		<u>5,569</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).

The financial statements were approved by the Board on 1/06/06

S L Shone
S L Shone
Director

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover represents the total value of service charges and other income contributed by residents in respect of certain specific expenditure incurred during the year.

1.4 Restricted reserves

The company is required to ensure that certain areas external to the flats are kept in good repair and decorative order and this requires major works every few years. It has been decided that a Restricted Reserve should be maintained to provide funds to meet the expected costs of the major works. Each financial year a transfer is made from unrestricted to restricted reserves at a value equal to the budgeted costs of major works. When the costs are incurred, the restricted reserves are released back into unrestricted reserves.

1.5 Taxation

The company is a mutually trading enterprise and any surplus or deficit arising as a result of the difference between service charges levied (based on budgeted costs) and actual costs incurred does not fall within the scope of corporation tax. Tax is levied on investment income only.

1.6 Unrestricted reserves

It has been decided that any profit or loss arising where the actual expenditure does not equal the budgeted expenditure should be transferred to unrestricted reserves after taking account of the transfer to restricted reserves as explained in note 1.4. Therefore, each year, all of the profit and loss for that year is transferred to Restricted and Unrestricted reserves. If the total of the loss for the year and the transfer to restricted reserve is greater than the unrestricted reserve's balance brought forward then the excess is disclosed in the accounts as an excess service charge debtor and is recovered from the residents in the following financial year.

2 Operating profit

	2005	2004
	£	£

Operating profit is stated after charging:

Auditors' remuneration

	436	426
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3 Taxation

Tax is levied on investment income only and investment income is below £10,000 where the corporation tax rate is 0%. Therefore no corporation tax is provided for in these accounts.

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

4 Debtors	2005 £	2004 £
Service charge accrued	268	1,807
Prepayments and accrued income	785	746
	<u>1,053</u>	<u>2,553</u>

5 Creditors: amounts falling due within one year	2005 £	2004 £
Service charge prepaid	793	94
Accruals and deferred income	1,110	640
	<u>1,903</u>	<u>734</u>

6 Share capital	2005 £	2004 £
Authorised		
50 Ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid		
8 Ordinary shares of £1 each	<u>8</u>	<u>8</u>

7 Statement of movements on reserves	Restricted reserves £	Unrestricted reserves £
Prior year adjustment	<u>2,250</u>	<u>3,311</u>
Balance at 1 January 2005 as restated	2,250	3,311
Profit/ (loss) for the year	-	3,257
Transfer (to)/ from restricted reserves	-	(2,375)
Transfer from/ (to) unrestricted reserves	<u>2,375</u>	<u>-</u>
Balance at 31 December 2005	<u>4,625</u>	<u>4,193</u>

8 Control

The company has no ultimate controlling party.

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9 Prior year adjustments

The accounting policy has been changed in respect of surpluses and deficits arising as a result of the difference between service charges levied (based on budgeted costs) and actual costs incurred. In the previous years, the deficits and surpluses were transferred to the provision for major works. They have now been transferred to the Restricted and Unrestricted reserves according to notes 1.4 and 1.6.

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2005

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Income		
Service charges	8,005	7,536
Insurance recharged	-	155
Legal costs recharged	-	270
	<hr/>	<hr/>
	8,005	7,961
 Administrative expenses	 (4,924)	 (5,131)
	<hr/>	<hr/>
Operating profit	3,081	2,830
 <i>Other interest receivable and similar income</i>		
Bank interest	176	56
	<hr/>	<hr/>
Excess of income over expenditure	3,257	2,886
	<hr/>	<hr/>

MELROSE PLACE MANAGEMENT COMPANY (NO.2) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	2004
	£	£
Administrative expenses		
Health and safety audit	-	164
Insurance	805	720
Directors insurance	441	425
Repairs and maintenance	-	276
Cleaning and gardening	1,302	1,056
Legal costs (non service charges)	-	270
Legal and professional fees	250	195
Management fees	1,520	1,440
Accountancy	134	124
Audit fees	436	426
Bank charges	34	35
Sundry expenses	2	-
	<hr/>	<hr/>
	4,924	5,131
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