

3 Hardman Street Investments Limited

Company Number 5813898

Report and Financial statements

For the year ended 31 December 2007

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3 Hardman Street Investments Limited
Annual report and financial statements for the year ended
31 December 2007

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Directors

M J Ingall
F P Graham-Watson
G K Trott

Secretary and registered office

J R Ashurst
1 Cavendish Place
London W1G 0QF

Company number

5813898

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

3 Hardman Street Investments Limited

Report of the directors for the year ending 31 December 2007

The directors present their annual report and audited financial statements of the company for the year ending 31 December 2007

Activities and future developments

The principal activity of the company is property investment

Review of the business

The company's profit and loss account is set out on page 3 and shows a profit of £182,485. The company has a loan to finance the development of the property by the unit trust and the interest on this loan is capitalised by the company. The directors do not foresee any material change in the business in the next year.

Directors

The directors of the company during the financial year were

M J Ingall
F P Graham-Watson
G K Trott

Directors' responsibilities

The directors are responsible for preparing the annual report and 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 these financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently,
- * make judgments 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 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 that disclose with reasonable accuracy at any time the financial position of the company and 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

All the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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



J R Ashurst
Secretary

Date

11 July 2008

3 Hardman Street Investments Limited

Report of the independent auditors

To the shareholders of 3 Hardman Street Investments Limited

We have audited the financial statements of 3 Hardman Street Investments Limited for the year ended 31 December 2007 which comprise the profit and loss account, the 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 those 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments 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 as at 31 December 2007 and of its profit 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.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
London

Date 11 July 2008

3 Hardman Street Investments Limited

Profit and Loss account for the year ended 31 December 2007

	Notes	2007 £	2006 £
Administration expenses		-	(200,000)
Operating loss		-	(200,000)
Profit on sale of investment properties		6,000	1,150,000
Dividends receivable		176,485	-
Profit before and after taxation and retained for the period		<u>182,485</u>	<u>950,000</u>

All amounts relate to continuing activities and all recognised gains and losses are included above
The profit for the period represents the movement on shareholders' funds

The notes on page 5 to 7 form part of these financial statements

3 Hardman Street Investments Limited

Notes to the accounts (continued)

5 Investments		2007
		£
Investments in unit trusts		
At 1 January 2007		24,611,604
Additions		36,767,229
		<hr/>
At 31 December 2007		61,378,833
		<hr/>
6 Debtors	2007	2006
	£	£
Amounts due from unit trust	-	1,189,995
Other Debtors	144,957	-
	<hr/>	<hr/>
	144,957	1,189,995
	<hr/>	<hr/>
The amounts are all due within one year		
7 Creditors amounts falling due within one year	2007	2006
	£	£
Purchase of properties	1,000,000	1,000,000
Other creditors	-	37,098
Accruals and deferred income	767,485	26,232
Amount due to group undertaking	12,431,910	11,270,324
	<hr/>	<hr/>
	14,199,395	12,333,654
	<hr/>	<hr/>
The amounts are all due within one year		
8 Creditors amounts falling due after more than one year	2007	2006
	£	£
Bank term loans	52,148,928	12,517,944
	<hr/>	<hr/>
	52,148,928	12,517,944
	<hr/>	<hr/>

The loan bears interest at 1.7% above Libor, is repayable in 2014 and is secured on the property under construction by the unit trust in which the company is the majority unit holder

3 Hardman Street Investments Limited

Balance Sheet as at 31 December 2007

	Notes	2007	2006
		£	£
Fixed Assets			
Investment properties	4	5,957,019	-
Investments	5	61,378,833	24,611,604
		<u>67,335,852</u>	<u>24,611,604</u>
Current Assets			
Debtors	6	144,957	1,189,995
Creditors' amounts falling due within one year	7	(14,199,395)	(12,333,654)
Net current liabilities		<u>(14,054,438)</u>	<u>(11,143,659)</u>
Total Assets less Current Liabilities		53,281,414	13,467,945
Creditors' amounts falling due after one year	8	(52,148,928)	(12,517,944)
Net Assets		<u><u>1,132,486</u></u>	<u><u>950,001</u></u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	1,132,485	950,000
Shareholders funds - equity		<u><u>1,132,486</u></u>	<u><u>950,001</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

These financial statements were approved by the Board of Directors and authorised for issue on

11 July 2008.



F P Graham-Watson
Director

The notes on pages 5 to 7 form part of these financial statements

3 Hardman Street Investments Limited

Notes to the accounts

1 Accounting Policies

The following principal accounting policies have been applied in the preparation of these financial statements

a) Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties

b) Investment properties

Investment properties are valued annually on an open market basis and the aggregate surplus or temporary deficit arising from such revaluation is transferred to revaluation reserve. Deficits that are expected to be permanent are taken to profit and loss account. Acquisition and disposals of properties are recognised where binding contracts have been exchanged during the accounting year, provided completion takes place prior to approval of the accounts

c) Depreciation - investment properties

In accordance with Statement of Standard Accounting Practice No 19 no depreciation is provided in respect of freehold properties and leasehold properties which have leases with over 20 years to run. Depreciation is the only one of the many factors reflected in annual valuation, and it is not practicable to quantify separately the amount which might otherwise have been shown

d) Investments

Investments are stated at cost

e) Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

2 Operating loss

The auditors' remuneration is borne by another group company. The directors are the only employees of the company and they did not receive any remuneration in the year (2006 £Nil)

3 Taxation on profit on ordinary activities

The tax assessed for the period is £Nil, based on the standard rate of UK corporation tax, and is reconciled to the expected tax charge below

	2007 £	2006 £
Reconciliation of current year tax charge		
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	54,746	285,000
Effects of Group relief received	(54,746)	(285,000)
Current tax charge for year	<u>-</u>	<u>-</u>

4 Investment properties

	2007 £
At 1 January 2007	-
Additions	5,957,019
At 31 December 2007	<u>5,957,019</u>

The investment properties were valued by the directors at 31 December 2007 on the basis of open market value. The historical cost of the investment properties is £5,957,019 (2006 £Nil)

3 Hardman Street Investments Limited

Notes to the accounts (continued)

9 Share capital

	£
Authorised At 1 January 2007 and 31 December 2007	
Ordinary shares of £1 each	<u>1,000</u>
Allotted, issued and fully paid At 1 January 2007 and 31 December 2007	
Ordinary shares of £1 each	<u>1</u>

10 Reserves

	Profit and Loss account
	£
Balance brought forward	950,000
Retained profit for the year	182,485
As at 31 December 2007	<u>1,132,485</u>

11 Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of Arrow Property Investments Limited and its funds are managed as part of that company's funds. A group cash flow statement is included in the accounts of Arrow Property Investments Limited.

12 Ultimate Parent Company

Arrow Property Investments Limited, a company registered in England, is the parent company of the largest group of which this company is a member and where accounts are publicly available. Copies of the consolidated financial statements of Arrow Property Investments Limited are available from Companies House. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in British Virgin Islands.

13 Related Party Transactions

Under the provisions of Financial Reporting Standard No 8, details of related party transactions with fellow group companies are not disclosed as the company's results are consolidated in the financial statements of its parent company, Arrow Property Investments Limited.