

4 Hardman Square Retail Limited

Company Number 5875491

Report and Financial statements

For the period ended 31 December 2009

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4 Hardman Square Retail Limited

Report and financial statements for the year ended 31 December 2009

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Directors

M J Ingall
F P Graham-Watson

Secretary and registered office

J R Ashurst
1 Cavendish Place
London W1G 0QF

Company number

5875491

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

4 Hardman Square Retail Limited

Report of the directors for the year ending 31 December 2009

The directors have pleasure in submitting their report and audited financial statements for the year ending 31 December 2009

Activities, trading review and future developments

The principal activity of the company is property investment

Review of the business

The directors of the company are reliant on financial support from other companies in the group and as at the date of approval of the financial statements, the directors of the parent company have signed heads of terms in place with the lender, and expect to conclude the facility formalities satisfactorily with the lender in the next few weeks. The directors have therefore prepared the financial statements on a going concern basis (refer to note 1)

The profit and loss account is set out on page 3 and shows a profit after tax for the year of £85,850. The company received rental income from its investment property during the year. The directors expect the company's business to continue in the following year.

Directors

The directors of the company during the financial year were

M J Ingall

F P Graham-Watson

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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- * 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

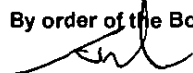
Auditors

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 LLP have expressed their willingness to continue in the office.

In preparing the directors' report advantage has been taken of the small companies exemption under the Companies Act 2006.

By order of the Board



J R Ashurst

Secretary

Date

28 September 2010

4 Hardman Square Retail Limited

Independent Auditor's Report to the Members of 4 Hardman Square Retail Limited

We have audited the financial statements of Gartside Developments Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The directors of companies within the group have signed heads of terms with the lender and, although the directors expect to be able to successfully complete the due diligence and documentation process to enable drawdown, they currently have no binding agreement with the lender. This matter indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.

BDO LLP

Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 28/9/10

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

4 Hardman Square Retail Limited

Profit and Loss account for the year ended 31 December 2009

	Notes	2009	2008
		£	£
Turnover	2	136,772	125,241
Cost of sales		(922)	(6,733)
Gross profit		<u>135,850</u>	<u>118,508</u>
Administrative expenses - intergroup management fee		(50,000)	(50,000)
Profit on ordinary activities before and after taxation and retained profit for the financial year	3	<u><u>85,850</u></u>	<u><u>68,508</u></u>

All amounts relate to continuing activities

The notes on pages 6 to 8 form part of these financial statements

4 Hardman Square Retail Limited

Company Name: 5875491

Balance Sheet as at 31 December 2009

	Notes	2009	2008
		£	£
Fixed Assets			
Investment properties	4	2,400,000	2,500,000
Current Assets			
Debtors	5	44,766	75,503
Current Liabilities			
Creditors amounts falling due within one year	6	(143,919)	(212,390)
Net current liabilities		<u>(99,153)</u>	<u>(136,887)</u>
Net Assets		<u>2,300,847</u>	<u>2,363,113</u>
Represented by:			
Capital and reserves			
Called up share capital	7	1	1
Revaluation reserve	8	2,097,065	2,245,181
Profit and loss reserve	8	203,781	117,931
		<u>2,300,847</u>	<u>2,363,113</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the Board of Directors and authorised for issue on 28/9/10



F P Graham-Watson
Director

The notes on pages 6 to 8 form part of these financial statements

4 Hardman Square Retail Limited

Additional financial statements for the year ended 31 December 2009

Statement of total recognised gains and losses for the year ended 31 December 2009

	2009	2008
	£	£
Profit for the financial year	85,850	68,508
Unrealised deficit on revaluation of investment properties	(148,116)	2,245,181
Total recognised gains and losses in the year	<u>(62,266)</u>	<u>2,313,689</u>

Reconciliation of movements in shareholders' funds for the year ended 31 December 2009

	2009	2008
	£	£
Profit for the financial year	85,850	68,508
Unrealised deficit on revaluation of investment properties	(148,116)	2,245,181
Net decrease in shareholders' funds	<u>(62,266)</u>	<u>2,313,689</u>
Opening shareholders' funds	2,363,113	49,424
Closing shareholders' funds	<u>2,300,847</u>	<u>2,363,113</u>

The notes on pages 6 to 8 form part of these financial statements

4 Hardman Square Retail 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 certain assets

b) Going concern

In preparing the financial statements the directors are required to make an assessment of the company's ability to continue to trade as a going concern. The main consideration in forming their opinion is the assessment of ongoing discussions by group companies with a lender in relation to restructuring the group's loan facilities. The directors of companies within the group have signed heads of terms with the lender for a new facility that will provide sufficient funding to continue operations. The directors expect to complete the due diligence and documentation process before drawdown over the next few weeks, however they currently have no binding agreement with the lender. As the company is dependent on the ongoing financial support from companies within the group, this position indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The directors of the parent company are confident that they will be able to conclude the formalities satisfactorily with the lender and therefore the directors of the company have prepared the financial statements on a going concern basis.

b) Turnover

Turnover is stated net of VAT and comprises rental income, commissions and fees receivable. This is attributable to the company's principal activity wholly undertaken in the United Kingdom.

c) Investment properties

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

d) Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold properties and leasehold properties with over 20 years to run. Although the Companies Act would normally require the systematic depreciation of such assets, the Directors believe that this departure from the statutory rules is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation, and it is not practicable to quantify separately the amount which might otherwise have been shown.

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and

- 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.

4 Hardman Square Retail Limited

Notes to the accounts (continued)

2 Turnover	2009	2008
	£	£
	<u>136,772</u>	<u>125,241</u>

The group had no employees and the directors received no remuneration in the year
Audit fees are borne by the ultimate parent company

3 Taxation on profit on ordinary activities	Year ended 31 Dec 09	Year ended 31 Dec 08
	£	£
Reconciliation of current year tax charge		
Profit on ordinary activities at the standard rate		
of corporation tax in the UK of 28% (2008 28.5%)	24,038	19,525
Effects of		
Group relief receivable	(24,038)	(19,525)
Current tax charge for period	<u>-</u>	<u>-</u>

4 Investment Properties

	Leasehold Property £
At 1 January 2009	2,500,000
Additions	48,116
Revaluation	(148,116)
At 31 December 2009	<u>2,400,000</u>

The investment property was valued by the directors at its open market value on an existing use basis at 31 December 2009

The historical cost of the investment property is £302,935 (2008 £254,819)

5 Debtors	31 Dec 09	31 Dec 08
	£	£
Trade debtors	155	13,414
Other debtors	2,830	64
Prepayments & accrued income	41,781	62,025
	<u>44,766</u>	<u>75,503</u>

6 Creditors amounts falling due within one year

	31 Dec 09	31 Dec 08
	£	£
Trade creditors	460	287
Other creditors	5,781	-
Amounts due to group undertakings	101,705	176,560
Accruals and deferred income	35,973	35,543
	<u>143,919</u>	<u>212,390</u>

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Notes to the accounts (continued)

7 Share capital

	£
At 31 December 2009 and 1 January 2009	
Authorised	
1,000 Ordinary shares of £1 each	<u>1,000</u>
Allotted, called up and fully paid	
Ordinary shares of £1 each	<u>1</u>

8 Reserves

	Revaluation reserve £	Profit and Loss account £
Balance at 1 January 2009	2,245,181	117,931
Retained profit for the year	-	85,850
Revaluation for the year	(148,116)	-
As at 31 December 2009	<u>2,097,065</u>	<u>203,781</u>

9. 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 its parent company.

10 Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8, not to disclose details of related party transactions with entities that are included in the consolidated financial statements of Arrow Property Investments Limited and are 100% owned.

11. 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 the British Virgin Islands.