

QUEENSWOOD GARDENS LIMITED

FINANCIAL STATEMENTS

**for the year ended
31st March 2006**

QUEENSWOOD GARDENS LIMITED**DIRECTORS' REPORT****for the period ended 31st March 2006**

Directors:	J S McElarney (Chairman)	G L Kerridge
	E K Griffith (Secretary)	P A Thurman
	R J Haswell (Treasurer)	M J Thompson
	S S Desai	

The directors submit their report together with the financial statements for the period ended 31st March 2006.

REVIEW OF THE BUSINESS

The company was incorporated on 29th June 2002, its principal object being to acquire and hold the freehold of Queenswood Gardens, Wanstead, London E11 on behalf of the lessees.

The freehold was acquired on 29 March 2005 and the Founder Members were each granted 999 year leases.

During the year under review one further 90-year extension was granted to a non-Founder member.

The Board is conscious of its duty to ensure that the company has sufficient funds to meet its running costs. The only regular source of income is that from ground rents on the unextended leases which are, in themselves, not enough to cover annual costs. As a result, the company is reliant upon the proceeds of future lease extensions to cover future costs.

Any funds from this source that the Board considers to be in excess of the company's foreseeable needs will be returned to members, initially by way of repayment of loans.

DIRECTORS

The directors who served during the year under review and their interests in the shares of the company, all beneficially held, were as follows:

	Founder Shares of £1 each	
	At 31 March 2006 or date of resignation	At 1st April 2005 or on appointment
P C Penny (Resigned 14 April 2005)	1	1
K M Roddy (Resigned 14 April 2005)	1	1
K S Crosby (Appointed 14 April 2005; resigned 7 November 2005)	1	1
S S Desai (Appointed 14 April 2005)	1	1
E K Griffith (Appointed 14 April 2005)	1	1
R J Haswell (Appointed 14 April 2005)	1	1
G L Kerridge (Appointed 14 April 2005)	1	1
J S McElarney (Appointed 14 April 2005)	1	1
P A Thurman (Appointed 14 April 2005)	1	1

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 as 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;
- 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 maintaining proper accounting records which 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

A resolution will be put to the forthcoming annual general meeting that The Kings Mill Partnership, Chartered Accountants, be re-appointed as auditors for the ensuing year.

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

This report was approved by the board on 12th June 2006.

Bob Haswell **Griff Griffith**
Directors

**TO THE SHAREHOLDERS OF
QUEENSWOOD GARDENS LIMITED**

We have audited the financial statements of Queenswood Gardens Limited for the period ended 31 March 2006 which comprise the Balance Sheet and the related notes. These financial statements have been prepared 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 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 in the Statement of Directors' Responsibilities 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 Directors' Report 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 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 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 accounts are free from material misstatements, 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 affairs of the company as at 31 March 2006 and of its activities for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

The Kings Mill Partnership

Chartered Accountants

Registered Auditors

75 Park Lane

Croydon

Surrey

CR9 1XS

15 June 2006

QUEENSWOOD GARDENS LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2006

	Note	2006 £	2005 £
Turnover	2	2,326	6,144
Administrative expenses		3,053	2,914
Net (loss) for the year.		<u>(727)</u>	<u>3,230</u>
Capital gains on lease extensions	2	8,469	1,957
Interest receivable		<u>437</u>	<u>208</u>
Retained Profit/(loss) for the year		<u>£8,178</u>	<u>£5,395</u>

There were no recognised gains and losses for the above two financial years other than those included in the profit and loss account.

BALANCE SHEET
as at 31st March 2006

	Note	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	3		207,230		212,410
CURRENT ASSETS					
Debtors	4	2,230		2,388	
Cash held by solicitors		-		18,777	
Cash at bank		20,519		14,280	
		<u>22,749</u>		<u>35,446</u>	
CREDITORS: Amounts falling due within one year	5		<u>8,076</u>		<u>14,412</u>
NET CURRENT ASSETS			14,673		21,034
			<u>£221,903</u>		<u>£233,444</u>
CREDITORS: amounts falling due after one year	6		208,213		227,933
CAPITAL AND RESERVES					
Called up share capital	7		116		116
Profit and loss account			13,574		5,395
			<u>£221,903</u>		<u>£233,444</u>

The financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board on 12th June 2006.

Bob Haswell **Griff Griffith**
Directors

QUEENSWOOD GARDENS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2006**

1. ACCOUNTING POLICIES

The following are the more important accounting policies adopted by the company:

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with Accounting Standards

(b) Fixed assets

In accordance with those standards, the freehold of the estate is shown at original cost to the company, less that part of the cost attributable to leases which have been extended.

As and when lease extensions are granted, the equivalent proportion of the cost is deducted and is shown as a disposal.

Given that the residual value to the Company of an extended lease is nominal, once all of the leases have been extended, the cost in the Balance Sheet will be reduced to £1.

(c) Depreciation

No depreciation is provided on the company's freehold property as it is not considered to be a wasting asset

(d) Deferred taxation

Deferred taxation is provided in the financial statements on timing differences where a liability for such taxation is expected to arise in the foreseeable future.

2. INCOME

The company's normal source of income is from ground rents on leasehold properties.

It also has potential income from the sale of extended leases.

During the year, the company granted one 90-year lease extension to a non-member.

	2006	2005
	£	£
Proceeds from lease extensions	13,650	608,104
Costs	5,181	606,147
	<u>£8,469</u>	<u>£1,957</u>

3. FIXED ASSETS

	2006	2005
	£	£
Freehold of Queenswood Gardens, Wanstead		
Cost brought forward	212,410	805,027
Additions in the year	-	13,530
	<u>212,410</u>	<u>818,557</u>
Less: Disposals in the year	5,181	606,147
As at 31 March 2006	<u>£207,230</u>	<u>£212,410</u>

QUEENSWOOD GARDENS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2006 (continued)

4. DEBTORS

	2006	2005
	£	£
Sundry debtors	1,268	1,426
Prepayments	962	962
	<u>£2,230</u>	<u>£2,388</u>

5. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Accruals	6,646	13,338
Other creditors	1,430	1,074
	<u>£8,076</u>	<u>£14,412</u>

6. CREDITORS: Amounts falling due after one year

	2006	2005
	£	£
Shareholders' loans	<u>208,213</u>	<u>227,933</u>

Shareholders' loans are unsecured and were contributed to provide sufficient funds for the purchase of the freehold as not all leaseholders participated. They are repayable at the discretion of the Board, subject to sufficient funds being available from future lease extensions.

7. CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
116 Founder Shares of £1 each	116	116
42 Ordinary Shares of £1 each	42	42
	<u>£158</u>	<u>£158</u>
Allotted, issued and fully paid		
116 Founder Shares of £1 each	<u>116</u>	<u>116</u>

8. SHAREHOLDERS' FUNDS

	2006	2005
Opening shareholders' funds	5,395	0
Retained profit	8,178	5,395
	<u>13,574</u>	<u>5,395</u>
Closing shareholders' funds	<u>13,574</u>	<u>5,395</u>

DETAILED PROFIT AND LOSS ACCOUNT
for the year ended 31st March 2006

	2006 £	2005 £
Ground rent receivable	2,326	6,144
Administrative expenses		
Printing & stationery	132	150
Bank charges	142	59
Insurance	1,050	1,050
Legal and professional fees	0	0
Audit and accountancy	1,175	1,595
AGM costs	489	45
Companies House and Data Protection fees	65	15
	<u>3,053</u>	<u>2,914</u>
	<u>(£727)</u>	<u>£3,230</u>

This page does not form part of the statutory financial statements and is for the information of the directors only.