Company Registration No. 1054721

ChantreyVellacottDFK

BELSIZE COURT PROPERTIES LIMITED

Financial Statements
31 December 2002



BELSIZE COURT PROPERTIES LIMITED

Officers and advisers

Directors	Dr R Baillod Mr J McWilliam-Smith Mrs T Sinha Mrs E Kempe
Secretary and Registered Office	Mrs E Kempe 4 England's Lane London NW3 4TG
Registered number	1054721
Auditors	Chantrey Vellacott DFK Chartered Accountants Gresham House 53 Clarendon Road Watford Herts WD17 1LR
Bankers	HSBC Bank plc Belsize Park 147 Haverstock Hill London NW3 4QU

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BELSIZE COURT PROPERTIES LIMITED

Directors' report

The directors submit their report and the financial statements for the year ended 31 December 2002.

Review of activities

The company's activity during the year was the ownership of the freehold of Belsize Court and the organisation of the management service for the benefit of the leaseholders and of the individual flats.

Results and dividends

The surplus for the year after taxation was £12,674.

In accordance with the Articles of Association no dividend is payable.

Fixed assets

The sole fixed asset of the company is the freehold of Belsize Court. This was acquired without cost to the company and in the opinion of the directors has no significant value.

Directors and their interests

The directors at 31 December 2002 and their interests in the share capital of the company were as follows:

	31 December 2002 Ordinary shares	31 December 2001 Ordinary shares
Dr R Baillod	110	110
Mr J McWilliam-Smith	110	110
Mrs T Sinha	110	110
Mr P du Plessis	110	110
Mrs E Kempe	110	110

Mr P du Plessis resigned on 23 March 2003.

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 and of the surplus or deficit 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

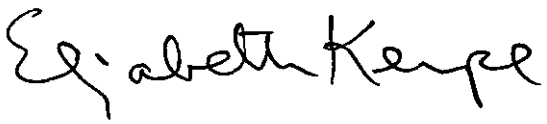
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Directors' report (cont'd)

Auditors

A resolution concerning the reappointment of Chantrey Vellacott DFK as auditors will be proposed at the forthcoming Annual General Meeting.

SIGNED ON BEHALF OF THE BOARD



MRS E KEMPE
Secretary

Approved by the Board on 17 June 2003

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Independent Auditors' Report to the Shareholders of Belsize Court Properties Limited

We have audited the financial statements of Belsize Court Properties Limited for the year ended 31 December 2002 as set out on pages 4 to 9. 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 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 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 or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board of the Accountancy Foundation. 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 of the state of the company's affairs as at 31 December 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT DFK
Chartered Accountants
Registered Auditors
Watford
17 June 2003

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BELSIZE COURT PROPERTIES LIMITED

Income and expenditure account for the year ended 31 December 2002

	Notes	2002 £	Restated 2001 £
Turnover	1 + 2	100,518	98,874
Property expenses incurred	1 + 2	87,442	99,795
		13,076	(921)
Administrative expenses		1,355	1,227
Operating surplus/(deficit)	3	11,721	(2,148)
Interest receivable		1,586	3,953
Surplus on ordinary activities before taxation		13,307	1,805
Tax on ordinary activities	5	633	1,805
Surplus for the financial year	8	12,674	-
Income and expenditure account brought fwd		40,000	40,000
Income and expenditure account carried fwd	9	£52,674	£40,000

The movement on Accumulated Income and Expenditure Account also comprises the movement on Shareholders' Funds.

None of the company's activities was acquired or discontinued during the above two financial years and the company has no recognised gains or losses other than shown above.

The notes on pages 6 to 9 form part of these financial statements.

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BELSIZE COURT PROPERTIES LIMITED

Balance sheet as at 31 December 2002

	Notes	2002 £	2001 £
Current assets			
Debtors	6	24,778	15,649
Cash at bank and in hand		50,576	89,839
		75,354	105,488
Creditors: Amounts falling due within one year	7	(11,580)	(10,195)
Net current assets		63,774	95,293
Provision for liabilities and charges			
Long term maintenance	8	(6,000)	(50,193)
		£57,774	£45,100
Capital and reserves			
Called up share capital			
Authorised, allotted and fully paid:			
5,100 ordinary shares of £1 each		5,100	5,100
Income and Expenditure Account (page 4)	9	52,674	40,000
Shareholders' Funds		£57,774	£45,100

Approved by the Board on 17 June 2003 and signed on its behalf.

T. Sinha ..... **MRS T SINHA** - Director

The notes on pages 6 to 9 form part of these financial statements.

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Notes forming part of the financial statements for the year ended 31 December 2002

1 Accounting policies

Accounting convention
The financial statements are prepared under the historical cost convention.

Turnover and property expenses
Turnover represents rents and service charges levied to recover both ongoing and long-term maintenance expenditure. An analysis is provided in note 2 below.

Long-term maintenance account
Previously any residual balance remaining on the Income and Expenditure Account at the end of each financial year was transferred to the Long Term Maintenance Account and earmarked in general terms to meet future costs that were reasonably expected to be incurred.

The Long-term Maintenance balance now represents specific proposed expenditure that is certain as to amount and timing. The residue of any funds available to the company is now taken to the Accumulated Income and Expenditure Account, where it is then retained for various projects as indicated in note 9.

Deferred taxation

Deferred taxation is provided in full, where material, in respect of taxation deferred by timing differences between the treatment of items for taxation and accounting purposes.

Cash flow
The directors have taken advantage of the exemption given by FRS 1, issued by the Accounting Standards Board, and have not included a cash flow statement as part of these financial statements.

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Notes forming part of the financial statements for the year ended 31 December 2002 (cont'd)

2 Turnover and property expenses

2002	Service Charges £	Long term maintenance £	Hot water £	Total £
Turnover	70,410	24,519	5,589	100,518
Property expenses incurred	59,551	66,495	5,589	131,635
Long term maintenance transfer	-	(44,193)	-	(44,193)
Net property expenses	59,551	22,302	5,589	87,442
	£10,859	£2,217	£Nil	£13,076

2001 - restated	£	£	£	£
Turnover	70,014	24,519	4,341	98,874
Property expenses incurred	63,292	64,878	4,341	132,511
Long term maintenance transfer	-	(32,716)	-	(32,716)
Net property expenses	63,292	32,162	4,341	99,795
	£6,722	£7,643	£Nil	£(921)

Amounts collected and expended on behalf of lessees in respect of the company's hot water scheme are included above. Debtors and creditors in respect of amounts outstanding and amounts received in advance are included in notes 6 and 7 respectively.

3 Operating surplus/(deficit)

This is stated after charging or crediting:	2002 £	2001 £
Auditors' remuneration	852	852
Rent from Flat 1A, included under recurring service charges	(9,100)	(8,407)

4 Employee information

	2002	2001
Staff costs:		
Wages and salaries	16,600	16,000
Social security costs	1,244	1,166
	£17,844	£17,166

During the year there was one employee, the caretaker.

Chantrey Vellacott DFK

Notes forming part of the financial statements for the year ended 31 December 2002 (cont'd)

5 Tax on ordinary activities

Based on interest income, ground rent and net income from Flat 1A:	2002 £	2001 £
Corporation tax at 2.5% (2001 – 10%)	95	391
Income tax at 34% on interest received on funds held in trust	538	1,344
Prior years underprovision	-	70
	£633	£1,805

The company is not liable to taxation on service charge income and expenditure derived from its day to day activities.

6 Debtors

	2002 £	2001 £
Amounts held by managing agent	16,581	11,252
Long term maintenance charges outstanding	248	966
Amounts due in respect of hot water charges	1,356	1,148
Rent for furnished letting	2,337	2,189
Income tax paid in advance	380	-
Deficit on hot water scheme	-	94
Prepayment on insurance	3,876	-
	£24,778	£15,649

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Amount due to managing agent	381	923
Surplus on hot water scheme	169	-
Trade creditors	902	7,228
Corporation tax	95	391
Other taxes	-	801
Accruals	10,033	852
	£11,580	£10,195

8 Long term maintenance account

	2002 £	2001 £
At 1 January 2002	50,193	82,909
Transfer to income and expenditure account	(44,193)	(32,716)
At 31 December 2002	£6,000	£50,193

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8 Long term maintenance account (cont'd)

The long-term maintenance account reflects amounts set aside for the company's share of remedial works to the boundary walls. The balance not utilised, brought forward from 2001 has been transferred to Accumulated Income and Expenditure Account (note 9).

9 Accumulated Income and Expenditure Account

The Accumulated Income and Expenditure Account represents an allowance of £40,000 in respect of self-insurance for subsidence, together with amounts to be allocated to the continuing windows replacement programme and roof maintenance.

10 Control

Each member of the company holds either 100 or 110 shares, therefore, there is no one controlling party.

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