

# Report and Financial Statements Solo Properties (Knightsbridge) Limited

---

**For the year ended 31 December 2011**

**Company number: 1398153**

## Company Information

<b>Directors</b>	J Quaicoe P-A Guillaume GWCM Managers Limited
<b>Company secretary</b>	GWCM Managers Limited
<b>Company number</b>	1398153
<b>Registered office</b>	Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Registered Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

# Contents

	Page
<b>Directors' report</b>	1 - 3
<b>Independent auditor's report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Cash flow statement</b>	8
<b>Notes to the financial statements</b>	9 - 16

# Directors' Report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011.

## Principal activities and review of business

The principal activity of the company during the year was property investment. The company's investment property is located in Knightsbridge, London, United Kingdom.

The company's continued objective is to maximise growth in assets from increases in investment property values and from retained earnings from property rentals.

## Results

The results for the year, which are set out in the profit and loss account, show a loss for the year after taxation of £416,485 (2010 - loss £461,853).

The property continues to be fully let and the performance of the business remains in line with the prior year generating an operating profit before interest of £2,302,987 (2010 - £2,238,167). Loan interest remains a significant expense to the company with interest of £2,724,759 (2010 - £2,714,752) being charged in the year.

The investment property value is consistent with the prior year value of £51,380,000 and the directors are of the opinion that the historic cumulative revaluation deficit to date of £6,248,868 is a temporary reduction and will reverse in the future (please see future outlook below).

## Future outlook

Knightsbridge has always been a desired location for overseas investors to place their money both in residential and commercial property. The location around Harrods has been further enhanced since the Qatari Royal Family acquired the department store in May 2012. Active management of the Knightsbridge Estate (Southside of Brompton Road between Sloane Street and Harrods) over the past four years has driven up Zone A rentals from £300 per sq ft to in excess of £600. Although office rents dipped from 2008 to 2010 they have been rising since then.

In view of the above, we anticipate a hardening of the investment yields in the Harrods location and retail and office rental growth leading to an increase in value of the Brompton Road holding.

## Key performance indicators

The company's directors deem that rental yields and the investment property valuation are meaningful financial key performance indicators in understanding the development performance or position of the company's activities.

## Financial risk management objectives and policies

The company uses various financial instruments these include cash, trade debtors, loans, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of risks, which are described in more detail below:

### Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs.

# Directors' Report

For the year ended 31 December 2011

The company uses long term finance to fund the acquisition of the investment property and to ensure continuity of funding. The maturity of borrowings is set out in the notes to the financial statements. Liquid resources are deemed to be cash.

## Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk the directors perform credit checks on potential tenants prior to granting a lease. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

## Directors

The directors who served during the year were:

J Quaioco  
P-A Guillaume  
GWCM Managers Limited

## Directors' responsibilities statement

The directors have voluntarily elected to prepare non statutory financial statements in accordance with United Kingdom Accounting Standards.

In electing to prepare non statutory financial statements under United Kingdom Accounting Standards, the directors are required to prepare financial statements 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;
- 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 applicable law. 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.

## Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.



**Solo Properties (Knightsbridge) Limited**

# Directors' Report

For the year ended 31 December 2011

## **Auditor**

The auditor, Grant Thornton UK LLP, have expressed their willingness to continue in office.

This report was approved by the board and signed on its behalf.



GWCM Managers Limited  
Secretary

Date: 31/10/2012

## Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

We have audited the financial statements of Solo Properties (Knightsbridge) Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In addition, the directors have engaged us to audit the information in the financial statements, which the directors have elected to prepare as if the company were required to comply with the United Kingdom Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 and express an opinion on 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 financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

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. In addition, we read all the financial and non-financial information in the directors report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.



## Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

### **Opinion on other matters prescribed by the terms of our engagement**

In our opinion,:

the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and  
the information given in the Directors' 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 by the terms of our engagement**

We have nothing to report in respect of the following matters where the terms of our engagement 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 are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP  
Chartered Accountants  
Registered Auditor  
London  
Date:



## Profit and Loss Account

For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1	2,777,436	2,751,905
Cost of sales		(429,031)	(436,488)
<b>Gross profit</b>		<b>2,348,405</b>	<b>2,315,417</b>
Administrative expenses		(45,418)	(77,250)
<b>Operating profit</b>	2	<b>2,302,987</b>	<b>2,238,167</b>
Interest receivable		5,287	2,285
Interest payable and similar charges	4	(2,724,759)	(2,714,752)
<b>Loss on ordinary activities before taxation</b>		<b>(416,485)</b>	<b>(474,300)</b>
Tax on loss on ordinary activities	5	-	12,447
<b>Loss for the financial year</b>	11	<b>(416,485)</b>	<b>(461,853)</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account.

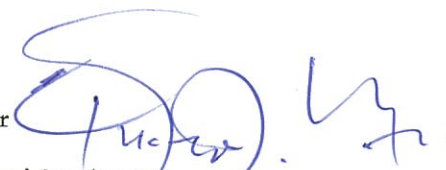
The notes on pages 9 to 16 form part of these financial statements.


## Balance Sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Investment property	6		51,380,000		51,380,000
<b>Current assets</b>					
Debtors	7	662,067		591,139	
Cash at bank		1,182,302		1,712,668	
		<u>1,844,369</u>		<u>2,303,807</u>	
<b>Creditors:</b> amounts falling due within one year	8	<u>(1,593,248)</u>		<u>(1,636,201)</u>	
<b>Net current assets</b>			<u>251,121</u>		<u>667,606</u>
<b>Total assets less current liabilities</b>			<u>51,631,121</u>		<u>52,047,606</u>
<b>Creditors:</b> amounts falling due after more than one year	9		<u>(49,527,349)</u>		<u>(49,527,349)</u>
<b>Net assets</b>			<u><u>2,103,772</u></u>		<u><u>2,520,257</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		115		115
Share premium account	11		9,999,935		9,999,935
Revaluation reserve	11		(6,248,868)		(6,248,868)
Profit and loss account	11		<u>(1,647,410)</u>		<u>(1,230,925)</u>
<b>Shareholders' funds</b>	14		<u><u>2,103,772</u></u>		<u><u>2,520,257</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Director   
Date: 31/10/2012

Director   
Date: 31/10/12

The notes on pages 9 to 16 form part of these financial statements.

## Cash Flow Statement

For the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	17	2,254,863	2,330,639
Returns on investments and servicing of finance	18	(2,721,080)	(2,728,324)
Taxation		(64,149)	-
<b>Decrease in cash in the year</b>		<b>(530,366)</b>	<b>(397,685)</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2011

	2011 £	2010 £
Decrease in cash in the year	(530,366)	(397,685)
<b>Movement in net debt in the year</b>	<b>(530,366)</b>	<b>(397,685)</b>
Net debt at 1 January 2011	(47,814,681)	(47,416,996)
<b>Net debt at 31 December 2011</b>	<b>(48,345,047)</b>	<b>(47,814,681)</b>

The notes on pages 9 to 16 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2011

## 1. Accounting Policies

### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable accounting standards.

Although the company is incorporated in the British Virgin Islands and as such is regulated by its Company Act's rules and regulations, the directors have instructed that the financial statements be prepared in accordance with UK GAAP and accounting disclosures as would be required if the company were incorporated in Great Britain and following Companies Act 2006.

The company's accounting policies remain unchanged from the prior year, and are set out below:

### 1.2 Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. The directors consider that the current economic environment is challenging and although improving still presents significant difficulties in terms of obtaining and retaining tenants to occupy the investment property. These circumstances create uncertainty over future results, property values and cash flows.

The directors of the company have prepared forecasts to December 2014, taking into account the expected tenancy occupation. The directors have also received a letter of support from the company's intermediate parent undertaking Sociadade Nacional De Combustives De Angola SA stating that they will not call for repayment of the loan or any unpaid loan interest for at least 12 months from the date of approval of these financial statements. After making enquiries the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### 1.3 Turnover

Turnover represents amounts charged to tenants for rental, service charge, insurance and other income during the year, exclusive of Value Added Tax. Rental income is recognised on the straight line basis over the term of the lease. Service charge and insurance income are recognised as received.

Lease incentives provided to tenants are recognised as a reduction in rental income, with the cost of these incentives being allocated on a straight line basis over either lease term or a shorter period ending on a date from which it is expected that prevailing market rent would be payable.

### 1.4 Fixed Assets

All fixed assets are initially recorded at cost.



# Notes to the Financial Statements

For the year ended 31 December 2011

## 1. Accounting Policies (continued)

### 1.5 Investment properties

Investment properties are revalued annually and included in the balance sheet at their open market value. Any surplus or temporary deficit on revaluation is taken to the statement of total recognised gains and losses as a movement on the revaluation reserve. Any permanent deficit on revaluation is charged to the profit and loss account.

No depreciation is charged on investment properties. The non-depreciation of investment properties is permitted by Statement of Accounting Practice No.19 and represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets. However, the properties are not purchased for consumption but for investment and accordingly the directors consider that in the circumstances systematic annual depreciation would be inappropriate.

### 1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 1.7 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# Notes to the Financial Statements

For the year ended 31 December 2011

## 1. Accounting Policies (continued)

### 1.8 Significant estimation techniques

The board considers that the current economic environment to be challenging and presents significant difficulties in terms of obtaining and retaining tenants to occupy the investment property, which creates uncertainty over future results and property values. The directors have taken these market conditions into consideration, and after seeking information and commentary from its advisors, believe the property valuation included at the balance sheet date appropriately reflects the current market value.

## 2. Operating profit

The operating profit is stated after charging:

	2011	2010
	£	£
Auditor's remuneration	6,450	8,250
	<u>6,450</u>	<u>8,250</u>

## 3. Staff costs

The company has no employees other than the directors, who received remuneration as disclosed in note 12.

## 4. Interest payable

	2011	2010
	£	£
Interest on loan notes	2,722,500	2,722,500
Loan note set up costs	-	(10,000)
Loan note administration costs	2,259	2,252
	<u>2,724,759</u>	<u>2,714,752</u>

## 5. Taxation

	2011	2010
	£	£
UK income tax charge/(credit) on loss for the year	-	(12,447)
	<u>-</u>	<u>(12,447)</u>

## Notes to the Financial Statements

For the year ended 31 December 2011

**5. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - higher than) the standard rate of income tax in the UK of 20% (2010 - 20%). The differences are explained below:

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(416,485)</u>	<u>(474,300)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2010 - 20%)	(83,297)	(94,860)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	-	(12,447)
Non-taxable income	(1,057)	(479)
Unrelieved tax losses carried forward	84,354	95,339
<b>Current tax charge/(credit) for the year</b> (see note above)	<u>-</u>	<u>(12,447)</u>

**6. Investment property**

	Freehold investment property £
<b>Cost or valuation</b>	
At 1 January 2011 and 31 December 2011	<u>51,380,000</u>
<b>Comprising</b>	
Cost	57,628,868
Annual revaluation deficit: 2009	<u>(6,248,868)</u>
At 31 December 2011	<u>51,380,000</u>

At the year end the investment property was valued by the directors at £51,380,000 (2010: £51,380,000) after seeking information and commentary from the property management agent. The valuation is prepared on a discounted cash flow basis.

The directors deem the revaluation deficit to be temporary.

## Notes to the Financial Statements

For the year ended 31 December 2011

**7. Debtors**

	2011	2010
	£	£
Trade debtors	125,224	2,741
Prepayments and accrued income	143,624	165,732
Other debtors	393,169	422,616
Called up share capital not paid	50	50
	<u>662,067</u>	<u>591,139</u>

**8. Creditors:****Amounts falling due within one year**

	2011	2010
	£	£
Trade creditors	54,626	71,950
VAT	126,891	111,358
Income tax	-	64,149
Other creditors	242,459	241,555
Accruals and deferred income	1,169,272	1,147,189
	<u>1,593,248</u>	<u>1,636,201</u>

**9. Creditors:****Amounts falling due after more than one year**

	2011	2010
	£	£
Debenture loans	33,000,000	33,000,000
Other loans (see note 12)	16,527,349	16,527,349
	<u>49,527,349</u>	<u>49,527,349</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2011	2010
	£	£
Repayable other than by instalments	<u>33,000,000</u>	<u>33,000,000</u>

The loan notes are unsecured and are due to be repaid in full in 2040. Interest is due on the loan notes at a rate of 8.5% per annum.



## Notes to the Financial Statements

For the year ended 31 December 2011

**10. Share capital**

	2011	2010
	£	£
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares of \$1 each	115	115

The amounts of unpaid share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls of 50 \$1 ordinary shares (2010: 50).

**11. Reserves**

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 2011	9,999,935	(6,248,868)	(1,230,925)
Loss for the year			(416,485)
At 31 December 2011	9,999,935	(6,248,868)	(1,647,410)

**12. Related party transactions**

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2010: 33,000,000). These loan notes, which are listed on the Bermudan Stock Exchange are held by Sociedade Nacional De Combustiveis De Angola SA, the immediate parent company. Interest of £2,722,500 (2010: £2,722,500) was charged on these loan notes during the year of which £454,993 (2010: £454,993) remained unpaid at the year end.

The company also received an interest free loan of £15,246,498 (2010: £15,246,498) from Sociedade Nacional De Combustiveis De Angola SA, the immediate parent company. A further amount of £1,280,851 (2010: £1,280,851) relating to unpaid interest on a previous loan from Sociedade Nacional De Combustiveis De Angola SA has been included in amounts due to group undertakings.

Sociedade Nacional De Combustiveis De Angola Limited, another group company, holds a five year lease relating to part of the third floor of the investment property. Turnover for the year includes rental income of £150,458 (2010: £150,491), insurance income of £1,908 (2010: £1,580) and service charge income of £41,640 (2010: £41,666) relating to this lease.

Also during the year, the company was charged fees of £3,610 (2010: £3,259) by Mr J Quaiocoe, a director of the company.

During the period the company was charged legal and professional fees of £17,876 (2010: £45,058) by Geneva Wealth Capital Management, directors of the company of which £3,000 (2010: £nil) was outstanding at year end.

The company was also charged fees of £7,191 (2010: £9,993) by Chabrier & Partners in respect of the services of Mr P-A. Guillaume, a director of the company.

# Notes to the Financial Statements

For the year ended 31 December 2011

## 13. Contingencies and capital commitments

The directors have confirmed that there were no contingencies and capital commitments which should be disclosed at 31 December 2011 or 31 December 2010.

## 14. Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	2,520,257	2,982,110
Loss for the year	<u>(416,485)</u>	<u>(461,853)</u>
Closing shareholders' funds	<u><u>2,103,772</u></u>	<u><u>2,520,257</u></u>

## 15. Deferred tax asset

As at 31 December 2011, the company had unrecognised deferred tax assets totalling £179,693 (2010: £95,338). These comprised of tax losses carried forward of £898,467 (2010: £476,693).

## 16. Ultimate parent undertaking and controlling party

The immediate parent undertaking of this company is Sociedade Nacional De Combustiveis De Angola SA, on the basis that it owns 100% of the issued share capital.

The ultimate parent undertaking and controlling related party of this company is Sociedade Nacional De Combustiveis De Angola EP, a company registered in Angola.

## 17. Net cash flow from operating activities

	2011	2010
	£	£
Operating profit	2,302,987	2,238,167
(Increase)/decrease in debtors	(70,852)	153,919
Increase/(decrease) in creditors	22,728	(61,447)
Net cash inflow from operating activities	<u><u>2,254,863</u></u>	<u><u>2,330,639</u></u>

## Notes to the Financial Statements

For the year ended 31 December 2011

**18. Analysis of cash flows for headings netted in cash flow statement**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5,287	2,285
Interest paid	(2,726,367)	(2,730,609)
	<u>                    </u>	<u>                    </u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u><u>(2,721,080)</u></u>	<u><u>(2,728,324)</u></u>

**19. Analysis of changes in net debt**

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	1,712,668	(530,366)	-	1,182,302
<b>Debt:</b>				
Debts falling due after more than one year	(49,527,349)	-	-	(49,527,349)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net debt</b>	<u><u>(47,814,681)</u></u>	<u><u>(530,366)</u></u>	<u><u>-</u></u>	<u><u>(48,345,047)</u></u>

## Detailed Trading and Profit and Loss Account

For the year ended 31 December 2011

	2011	2010
	£	£
Turnover	2,777,436	2,751,905
Cost of sales	(429,031)	(436,488)
	<hr/>	<hr/>
<b>Gross profit</b>	<b>2,348,405</b>	<b>2,315,417</b>
<b>Less: Overheads</b>		
Administration expenses	(45,418)	(77,250)
	<hr/>	<hr/>
<b>Operating profit</b>	<b>2,302,987</b>	<b>2,238,167</b>
Interest receivable	5,287	2,285
Interest payable	(2,724,759)	(2,714,752)
	<hr/>	<hr/>
<b>Loss for the year</b>	<b>(416,485)</b>	<b>(474,300)</b>
	<hr/> <hr/>	<hr/> <hr/>

The following pages do not form part of the audited financial statements.



## Schedule to the Detailed Accounts

For the year ended 31 December 2011

	2011	2010
	£	£
<b>Turnover</b>		
Rental Income	2,433,009	2,367,999
Service charge income	313,939	295,105
Insurance income	30,339	29,438
Other income	149	59,363
	<u>2,777,436</u>	<u>2,751,905</u>
	<u><u>2,777,436</u></u>	<u><u>2,751,905</u></u>
	2011	2010
	£	£
<b>Cost of sales</b>		
Insurance	30,339	29,071
Service charge expenditure	313,939	299,774
Non recoverable business rates	-	(670)
Asset management fees	73,417	72,539
Rent reviews, letting fees etc.	4,612	35,774
Doubtful debt	6,724	-
	<u>429,031</u>	<u>436,488</u>
	<u><u>429,031</u></u>	<u><u>436,488</u></u>
	2011	2010
	£	£
<b>Administration expenses</b>		
Legal and professional (offshore running costs)	31,672	58,311
Legal and professional (other)	-	(107)
Auditors' remuneration	6,450	8,250
Tax compliance	3,300	4,293
Accountancy fees	3,485	5,887
Bank charges	511	616
	<u>45,418</u>	<u>77,250</u>
	<u><u>45,418</u></u>	<u><u>77,250</u></u>
	2011	2010
	£	£
<b>Interest receivable</b>		
Bank interest receivable	5,287	2,285
	<u>5,287</u>	<u>2,285</u>
	<u><u>5,287</u></u>	<u><u>2,285</u></u>

## Schedule to the Detailed Accounts

For the year ended 31 December 2011

	2011	2010
	£	£
<b>Interest payable</b>		
Interest on unsecured loan notes	2,722,500	2,722,500
Loan note administration costs	2,259	2,252
Loan notes setup costs	-	(10,000)
	<u>2,724,759</u>	<u>2,714,752</u>