

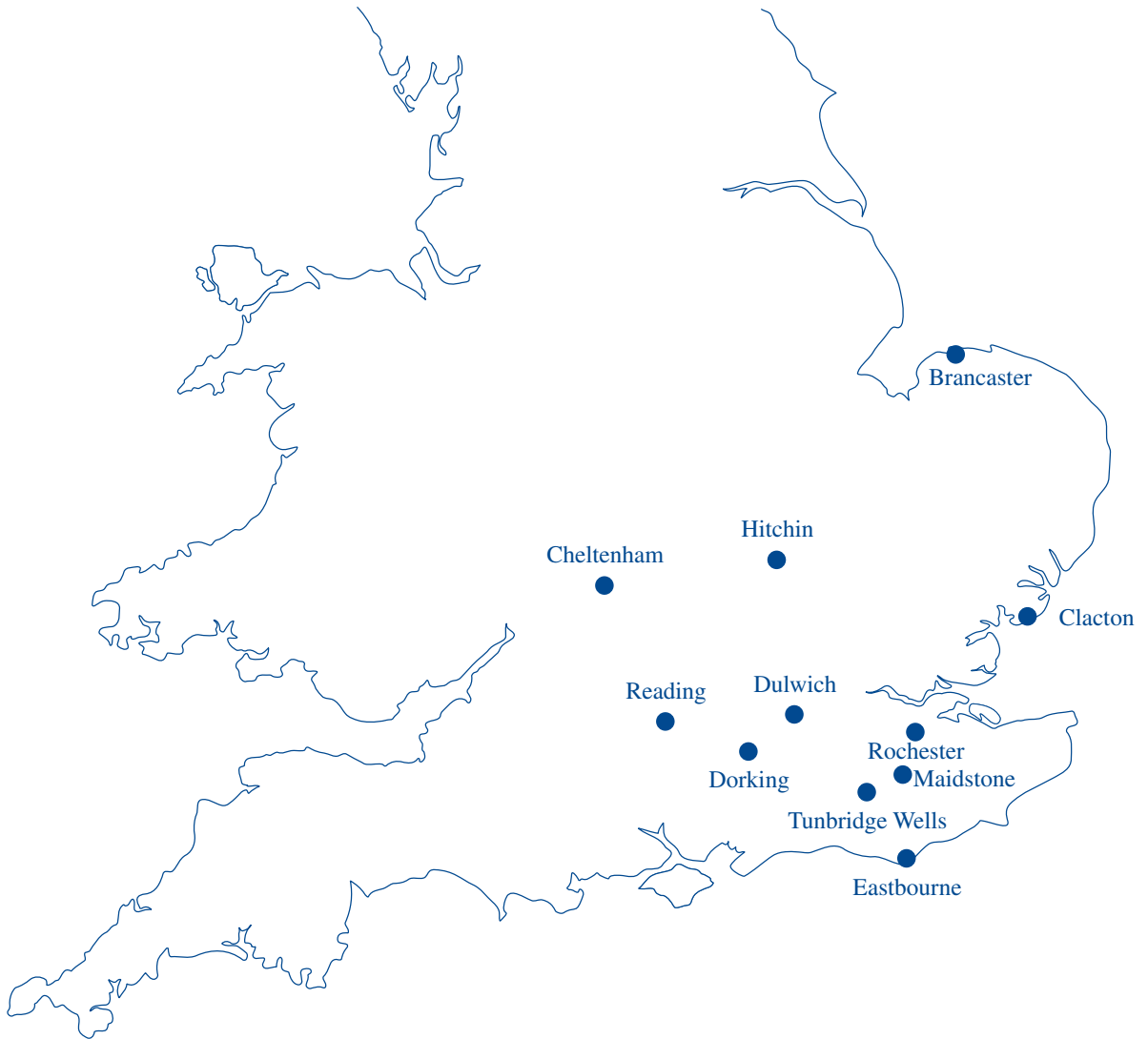
CWRESIDENTIAL

**Report and financial statements
for the year ended**

31 DECEMBER 2007

CW RESIDENTIAL PLC

LOCATION OF PROPERTIES



CW RESIDENTIAL PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

CONTENTS

	Page
Directors and advisers	2
Chairman's statement	3
Directors' report	5
Statement of directors' responsibilities	8
Independent auditors' report	9
Consolidated income statement	11
Consolidated statement of changes in equity	12
Consolidated balance sheet	13
Consolidated cash flow statement	14
Company statement of changes in equity	15
Company balance sheet	16
Company cash flow statement	17
Notes to the financial statements	18
Notice of annual general meeting	55
Form of proxy	57

CW RESIDENTIAL PLC
DIRECTORS AND ADVISERS
Registered No: 2295559

Directors	Robert Döry <i>Executive Chairman</i> Gareth Pearce <i>Non-Executive Director</i>
Secretary	Athenaeum Secretaries Limited Prospect House 2 Athenaeum Road London N20 9YU
Registered Office	25 Moorgate London EC2R 6AY
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Financial advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Broker and Nominated Advisers	Landsbanki Securities (UK) Limited Beaufort House 15 St Botolph Street London EC3A 7QR
Auditors	Rawlinson & Hunter Eighth Floor 6 New Street Square New Fetter Lane London EC4A 3AQ
Accountants and tax advisers	Smith & Williamson Limited 25 Moorgate London EC2R 6AY
Bankers	Bank of Ireland 36 Queen Street London EC4R 1HJ
Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL

CW RESIDENTIAL PLC
CHAIRMAN'S STATEMENT

Change in accounting standards

As shareholders will recall, since 1 January 2007 we are now obliged to report in accordance with IFRS (International Financial Reporting Standards), whereas previously we reported under UK GAAP (United Kingdom Generally Accepted Accounting Practice). A reconciliation of the differences between the two accounting regimes is set out in the notes to the attached annual accounts.

Trading results

Trading results for the year ended 31 December 2007 show a profit before taxation of £132,964 (2006 restated: £49,156). Turnover for the year was £5,043,162 (2006 restated: £1,654,771). Earnings per share were 4.3 pence (2006 restated: 1.9 pence).

Asset value per share

Assets per share as at 31 December 2006 under the former UK GAAP regime were 167.6 pence per share. In accordance with IFRS requirements, shareholders should note that the potential deferred taxation related to revalued investment properties is now recognised as a liability. Previously, taxation was only recorded when a property was sold. The potential liability was disclosed by way of a note in the previous annual accounts (£391,420). Also, as permissible under IFRS, we have recognised our pro-rata share of the then revaluation of property in our associate company, Rhymecare Holdings Ltd (at the time we switched over to IFRS), which sum amounted to £277,413, resulting in a net asset per share under IFRS, after allowing for our 2007 profits, of 163.1 pence as at 31 December 2007. Shareholders should also be aware that following a recent revaluation of Rhymecare's property, there has been a further uplift in its value, equivalent to 12.1 pence per CW Residential ordinary share, after allowing for potential tax payable by Rhymecare should their property realise its new revaluation figure. In accordance with IFRS, this additional figure is not included in our accounts, nor in our 163.1 pence asset value per share.

Dividends

In view of the Group's strong financial position, your directors propose a final dividend of 1.88 pence per share (2006: 1.79 pence), subject to shareholder approval at the Annual General Meeting on 12 June 2008. This will bring the total dividend in respect of the year ended 31 December 2007 up to 3.76 pence per share (2006: 3.58 pence).

Development division

In 2007 in Tunbridge Wells we completed the sale of our remaining flat at The Old Dairy, as well as all 22 flats at Balmoral House. Our Rochester development, consisting of 23 flats, is due for completion in approximately 2 months. We have exchanged on 16 flats, with a further one in solicitors' hands. Although the new homes market has weakened during the last few months, we believe that there is still a demand for the remaining flats, albeit that sales are expected to take place at a slower rate. Since the year end we have had a successful planning appeal in Maidstone and are in the process of completing the purchase of the remaining land required to form a 4 flat development. No other sites are currently under consideration.

CW RESIDENTIAL PLC
CHAIRMAN'S STATEMENT (continued)

Investment division

During 2007, your Group completed the sale of investment properties totalling £289,309. There were no purchases of investment properties during 2007. Since the year end we have increased our investment by £105,000 in Leighton & Henley plc, a Leighton Buzzard based house builder, run by experienced individuals.

Healthcare

At our healthcare associate, Rhymecare Holdings Ltd, construction of their extension at their Pulborough retirement home is almost complete. With the end of the disruption caused by the building works and the additional rooms, profitability should increase.

Buy back of share capital

Shareholders should be aware that following our year end we bought back 207,400 ordinary shares at 143 pence per share for cancellation, with the aim of increasing the net assets per share. This purchase represented 5.5% of our then issued share capital. Following this repurchase there are now 3,547,600 ordinary shares in issue.

Future direction

Your directors believe that prices of residential investment properties and in particular development sites, have not yet fully adjusted to reflect the current economic environment and so your Board has not yet begun to look for replacement stock and/or development opportunities. However, with no debt, your Group is in a strong position to take advantage of future opportunities as and when they occur.

Finally, I should like to take the opportunity to thank my fellow director and our professional advisors for their continuing support over the last year.

Robert Döry
Chairman

9 May 2008

CW RESIDENTIAL PLC

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2007.

Principal activities

The principal activities of the company are the ownership, development and letting of residential property. Details of the principal activities of the subsidiary company are disclosed in note 14 to the financial statements.

Business review

The results of the year's trading are shown on page 11 of the financial statements.

The consolidated profit for the year after taxation amounted to £161,369 (2006: profit £73,375 as restated).

The company adopted International Financial Reporting Standards on 1 January 2007 and the accounts have been prepared on this basis. The comparative year has been restated accordingly.

The directors authorised payment of an interim dividend of 1.88 pence per share (2006: 1.79 pence) at a total cost of £70,594 (2006: £68,020) which was received by shareholders in November 2007. The directors propose payment of a final dividend of 1.88 pence per share (2006: 1.79 pence), subject to shareholder approval, at a total cost of £66,695 (2006: £67,215) (see note 31). This gives a total dividend of 3.76 pence per share for the year ended 31 December 2007 (2006: 3.58 pence).

For a discussion on the future developments of the business refer to the Chairman's statement.

There have been no events since the balance sheet date which materially affect the position of the group.

Subsequent events

On 7 January 2008, the company re-purchased 207,400 ordinary shares at an average price of 143p with the aim of increasing the net asset value per share. Following the re-purchase of shares, there are 3,547,600 ordinary shares in issue.

Treasury policy

The group agrees and reviews policies and financial instruments for risk management. In addition, trade debtors and trade creditors arise directly from the group's operations.

Going concern

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. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

CW RESIDENTIAL PLC
DIRECTORS' REPORT (continued)

Creditor payment policy

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier. The number of days' purchases of the group represented by trade creditors at 31 December 2007 was 7 days (2006 : 49 days).

Risk management

The principal current assets of the business, other than stock, are cash or assets that are converted to cash within a short period of time. Therefore, the principal financial instruments employed by the company are cash or cash equivalents and the directors monitor the working capital cycle to ensure there are always sufficient cash resources to meet the company's current and future needs.

The company's income consists of:

- rent receivable, based on rental agreements with tenants which are managed by an external property manager; and
- proceeds from sales of development properties, which are in accordance with contractual agreements and are received prior to title passing to purchasers.

The receipt of funds prior to title passing to purchasers reduces the credit risk to the company.

Risk analysis is shown in notes 32 and 33.

Market value of land and buildings

The group's freehold and leasehold properties were valued by external professional advisers and are shown at that value in the balance sheet (note 10). The directors are of the opinion that there is no material difference between the market value of other fixed assets and the amounts at which they are shown in the financial statements.

Directors and directors' interests

The directors who served during the year were as follows:

Robert Döry
Gareth Pearce

In accordance with the Articles of Association, Robert Döry retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election

CW RESIDENTIAL PLC
DIRECTORS' REPORT (continued)

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s234Z of the Companies Act 1985.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of Rawlinson & Hunter as auditors of the company is proposed at the forthcoming Annual General Meeting.

By order of the board

Robert Döry
Director

9 May 2008

CW RESIDENTIAL PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union (“IFRS”).

The Directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- state that the Company and the Group have complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group 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.

The Directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

CW RESIDENTIAL PLC
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CW RESIDENTIAL PLC

We have audited the accompanying consolidated financial statements of CW Residential PLC (“the Company”) and its subsidiary undertaking, CW Properties Limited, (collectively “the Group”) for the year ended 31 December 2007 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Company Statement of Changes in Equity, the Company Balance Sheet, the Company Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with 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 auditors’ 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

The directors’ are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union as 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman’s Statement.

We 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.

In addition we report to you if, in our opinion, the Company or Group 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.

CW RESIDENTIAL PLC
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CW RESIDENTIAL PLC (continued)

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and Group'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 International Financial Reporting Standards as adopted by the European Union, of the state of the Company's and Group's affairs as at 31 December 2007 and of the Group's profit and cash flows 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.

Rawlinson & Hunter

Chartered Accountants and Registered Auditor
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

CW RESIDENTIAL PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	Restated* 2006 £
Continuing operations			
Revenue	2	5,043,162	1,654,771
Cost of sales		<u>(4,649,064)</u>	<u>(1,533,631)</u>
Gross profit		394,098	121,140
Administrative expenses		<u>(301,730)</u>	<u>(312,613)</u>
Operating profit/(loss) before net gains on investment properties		92,368	(191,473)
Net gain from fair value adjustment on investment properties	10	110,888	205,357
Profit on disposal of investment properties		<u>20,332</u>	<u>35,570</u>
Operating profit	3	223,588	49,454
Finance costs	7	(104,460)	(85,086)
Finance income	7	7,440	10,630
Share of profit of associated undertaking		<u>6,396</u>	<u>74,158</u>
Profit before taxation		132,964	49,156
Taxation credit	8	<u>28,405</u>	<u>24,219</u>
Profit for the year		<u>161,369</u>	<u>73,375</u>
Earnings per share			
Basic	9	4.3p	1.9p
Diluted	9	<u>4.3p</u>	<u>1.9p</u>

* Restated for International Financial Reporting Standards (see notes 34 and 35).

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital £	Share premium account £	Capital redemption reserve £	Other reserve £	Restated* Retained earnings £	Total £
As at 1 January 2006	1,917,500	535,207	261,250	342,752	3,222,116	6,278,825
Purchase of own shares	(40,000)	–	40,000	–	(118,646)	(118,646)
Profit for the year	–	–	–	–	73,375	73,375
Dividends	–	–	–	–	(133,216)	(133,216)
As at 31 December 2006	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>342,752</u>	<u>3,043,629</u>	<u>6,100,338</u>
As at 1 January 2007	1,877,500	535,207	301,250	342,752	3,043,629	6,100,338
Profit for the year	–	–	–	–	161,369	161,369
Dividends	–	–	–	–	(137,809)	(137,809)
As at 31 December 2007	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>342,752</u>	<u>3,067,189</u>	<u>6,123,898</u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £	Restated* 2006 £
ASSETS			
Non-current assets			
Investment properties	10	2,215,113	2,391,190
Property, plant and equipment	12	15,421	85
Investment in associate	14	967,306	1,002,401
Financial assets	15	250,000	–
		<u>3,447,840</u>	<u>3,393,676</u>
Current assets			
Inventories	16	2,033,578	4,951,213
Trade and other receivables	17	315,360	81,426
Cash and cash equivalents	19	938,994	65,790
		<u>3,287,932</u>	<u>5,098,429</u>
TOTAL ASSETS		<u>6,735,772</u>	<u>8,492,105</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to the company's equity shareholders			
Share capital	26	1,877,500	1,877,500
Share premium account		535,207	535,207
Capital redemption reserve		301,250	301,250
Other reserve		342,752	342,752
Retained earnings		3,067,189	3,043,629
Total equity		<u>6,123,898</u>	<u>6,100,338</u>
Non-current liabilities			
Deferred tax liabilities	24	390,006	448,845
Current liabilities			
Borrowings	21	–	1,639,261
Trade and other payables	22	221,868	303,661
		<u>221,868</u>	<u>1,942,922</u>
Total liabilities		<u>611,874</u>	<u>2,391,767</u>
TOTAL EQUITY AND LIABILITIES		<u>6,735,772</u>	<u>8,492,105</u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The financial statements were approved by the Board of Directors on 9 May 2008 and were signed on its behalf by:

Robert Döry
Director

Gareth Pearce
Director

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	Restated* 2006 £
Net cash generated/(absorbed) from operating activities	27	<u>2,665,060</u>	<u>(804,448)</u>
Investing activities			
Proceeds on disposal of investment properties		308,469	689,837
Purchase of investment properties		(1,172)	(2,585)
Purchases of property, plant and equipment		(16,554)	–
Purchase of financial assets	15	(250,000)	–
Purchase of investment in associate		–	(2,378)
Dividend received		41,491	29,205
Finance income		7,440	10,630
Net cash generated from investing activities		<u>89,674</u>	<u>724,709</u>
Financing activities			
Net proceeds of issue of new bank loan		–	228,147
Repayments of bank loan		(1,639,261)	–
Purchase of own shares		–	(118,646)
Finance cost paid		(104,460)	(85,086)
Dividends paid	31	(137,809)	(133,216)
Net cash (absorbed) from financing activities		<u>(1,881,530)</u>	<u>(108,801)</u>
Net increase/(decrease) in cash and cash equivalents		873,204	(188,540)
Cash and cash equivalents at beginning of year		<u>65,790</u>	<u>254,330</u>
Cash and cash equivalents at end of year	19	<u><u>938,994</u></u>	<u><u>65,790</u></u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital £	Share premium account £	Capital redemption reserve £	Restated* Retained earnings £	Total £
As at 1 January 2006	1,917,500	535,207	261,250	2,134,674	4,848,631
Purchase of own shares	(40,000)	–	40,000	(118,646)	(118,646)
Profit for the year	–	–	–	129,034	129,034
Dividends	–	–	–	(133,216)	(133,216)
As at 31 December 2006	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>2,011,846</u>	<u>4,725,803</u>
As at 1 January 2007	1,877,500	535,207	301,250	2,011,846	4,725,803
Profit for the year	–	–	–	58,221	58,221
Dividends	–	–	–	(137,809)	(137,809)
As at 31 December 2007	<u>1,877,500</u>	<u>535,207</u>	<u>301,250</u>	<u>1,932,258</u>	<u>4,646,215</u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 £	Restated* 2006 £
ASSETS			
Non-current assets			
Investment properties	11	915,675	1,074,890
Property, plant and equipment	13	1,105	–
Financial assets	15	250,000	–
Investments	14	471,732	471,732
		<u>1,638,512</u>	<u>1,546,622</u>
Current assets			
Trade and other receivables	18	2,327,678	3,399,176
Cash and cash equivalents	20	931,304	65,790
		<u>3,258,982</u>	<u>3,464,966</u>
TOTAL ASSETS		<u><u>4,897,494</u></u>	<u><u>5,011,588</u></u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to the company's equity shareholders			
Share capital	26	1,877,500	1,877,500
Share premium account		535,207	535,207
Capital redemption reserve		301,250	301,250
Retained earnings		1,932,258	2,011,846
Total equity		<u><u>4,646,215</u></u>	<u><u>4,725,803</u></u>
Non-current liabilities			
Deferred tax liabilities	25	169,736	218,531
Current liabilities			
Trade and other payables	23	81,543	67,254
Total liabilities		<u>251,279</u>	<u>285,785</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,897,494</u></u>	<u><u>5,011,588</u></u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The financial statements were approved by the Board of Directors on 9 May 2008 and were signed on its behalf by:

Robert Döry
Director

Gareth Pearce
Director

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	Restated* 2006 £
Net cash generated/(absorbed) from operating activities	28	870,371	(387,446)
Investing activities			
Proceeds on disposal of investment properties		220,767	223,406
Purchase of investment properties		(1,172)	(2,585)
Purchases of property, plant and equipment		(1,284)	–
Purchase of financial assets	15	(250,000)	–
Purchase of investment in associate		–	(2,378)
Dividend received		41,491	29,205
Finance income		164,051	203,787
Net cash generated from investing activities		173,853	451,435
Financing activities			
Purchase of own shares		–	(118,646)
Finance costs paid		(40,901)	(667)
Dividends paid	31	(137,809)	(133,216)
Net cash (absorbed) from financing activities		(178,710)	(252,529)
Net increase/(decrease) in cash and cash equivalents		865,514	(188,540)
Cash and cash equivalents at beginning of year		65,790	254,330
Cash and cash equivalents at end of year	20	931,304	65,790

*Restated for International Financial Reporting Standards (see notes 34 and 35).

The notes on pages 18 to 54 form part of these financial statements.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU”) (“IFRS”) applied in accordance with the provisions of the Companies Act 1985. As the Group is preparing its financial information in accordance with IFRS for the first time, the disclosures required by IFRS 1 concerning the transition from United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) to IFRS are given in notes 34 and 35.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments and investment properties, which are carried at fair value.

IFRS transition

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. The financial information has been prepared on the basis of the following exemption:

- Business combinations prior to 1 January 2006 have not been restated to comply with IFRS 3 “Business Combinations”

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were:

Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty
(continued)

Investment in unlisted shares

As required by IAS 36, Impairment of Assets, the Group regularly monitors the carrying value of its assets. Impairment reviews compare the carrying values to the present value of future cash flows that are derived from the relevant asset or cash generating unit. These reviews therefore depend on management estimates and judgement, in particular in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.

Basis of consolidation

The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The accounts consolidate the results and balance sheet of the Company and its wholly owned subsidiary using the acquisition method of accounting.

An associate is an entity in which the company has significant influence, but not control, over the financial and operating policies. The Company's associate is accounted for using the equity method of accounting.

Where necessary, adjustments are made to the financial statements of subsidiaries and associates to bring the accounting policies used into line with those used by the group.

All subsidiaries and associates have coterminous year ends.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue comprises rental income on investment properties and gross proceeds from sales of development properties sold throughout the period but excludes sales of investment properties which are included in other income.

Rental income arises from operating leases granted to tenants and is recognised on a straight-line basis over the term of the lease. An operating lease is a lease other than a finance lease.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer. For conditional exchanges, sales are recognised as the conditions are satisfied.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Revenue recognition (continued)

Other income comprises net profits or loss on sales of investment properties, investment income, fees and commissions earned on an accruals basis and profits or losses recognised on investments held for the short term. Dividends are recognised when the shareholders' right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the estimated taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities, which are not discounted, are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Investment properties

In accordance with IAS 40 investment properties are held at their fair value. After initial recognition investment property is carried at fair value based on active market price. The valuations are performed annually by external valuers. Any surplus or deficit on revaluation is recognised directly in the income statement. No depreciation or amortisation is provided in respect of freehold investment properties or leasehold investment properties with over twenty years to run. These properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate and that this accounting policy is necessary for the financial statements to give a true and fair view.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provisions for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale of held-for-sale assets is included in “other income” or “other expense” in the income statement.

Depreciation is calculated to write off the cost of the assets (other than investment properties) less estimated residual value in equal instalments over their expected useful lives. Depreciation is provided at the following rates:

Fixtures and fittings – 12.5%

Motor vehicles – 25%

Computer equipment – 33.33%

Material residual value estimates are updated as required, but at least annually.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that they may be impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Inventories

Inventories consist of development properties in the development stage and are stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and development expenditure to date, including directly attributable fees and expenses. Net realisable value represents the estimated price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. No interest has been accrued upon the development of the properties. Sales of development properties are recognised on the completion of the transaction.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.

Investments are classified as either held-for-trading or available-for-sale at initial recognition and this designation is re-evaluated at each balance sheet date. At the balance sheet date all such investments are classified as available-for-sale.

Investments are initially measured at cost, including transaction costs.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

At subsequent reporting dates:

- held-for-trading investments are measured at fair value with gains and losses arising from changes in fair value included in the net profit or loss for the period; and
- available-for-sale investments are measured at fair value or at cost where fair value is not readily ascertainable. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised previously in equity is included in the net profit or loss for the period.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of the condensed consolidated financial statements:

- IFRS 8: Operating Segments (effective as of 1 January 2009 – not yet endorsed by the EU)
- IAS 1: Presentation of Financial Statements (revised) (effective as of 1 January 2009)
- IFRS 3: Business Combinations (revised) (effective as of 1 July 2009)
- IAS 27: Consolidated and Separate Financial Statements (amended) (effective as of 1 July 2009)
- IAS 23: Borrowing Costs (amended) (effective as of 1 January 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 11: IFRS 2 – Group and Treasury Share Transactions (effective as of 1 March 2007)
- IFRIC Interpretation 12: Service Concession Arrangements (effective as of 1 January 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective as of 1 July 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective as of 1 January 2008)

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

1. Accounting policies (continued)

International Financial Reporting Standards in issue but not yet effective
(continued)

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial adoption. However, the Directors are aware that the application of IFRS 8 will significantly alter the amount and complexity of disclosure contained in the Group's financial statements.

2. Revenue

	2007	2006
	£	£
An analysis of the Group's revenue is as follows:		
Rental income from investment properties	102,662	140,771
Proceeds from sale of development properties	4,940,500	1,514,000
	5,043,162	1,654,771
Direct expenses on rental income	(48,375)	(49,254)
Cost of sales of development properties	(4,600,689)	(1,484,377)
	(4,649,064)	(1,533,631)
Gross profit	394,098	121,140

Initial rent agreements are generally signed for short term contracts, being 6 to 12 months, and then rolled forward on a monthly basis once the contract has ended. In the next 12 months the estimated rents receivable by the group will be £105,192.

3. Operating profit

	2007	2006
	£	£
For the year is stated after charging:		
Depreciation of plant and equipment	1,218	1,646
Staff costs (see note 6)	105,557	102,814

The Company has taken advantage of the exemption provided under Section 230 of the Companies Act 1985 not to publish its individual income statement and related notes. The profit dealt with in the financial statements of the parent Company is £58,221 (restated 2006: £129,034).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

4. Auditors' remuneration

	2007	2006
	£	£
Fees payable to the Group's auditor for:		
The audit of the Group's annual accounts (including £8,000 in respect of the Company (2006: £8,000))	23,500	18,500
All other services	8,500	4,300
	<u>32,000</u>	<u>22,800</u>

5. Segmental reporting

Primary reporting format – business segments

For management purposes, the Group is organised and reports its performance by two business segments: Property Investment and Property Development.

Secondary reporting format – geographical segments

The Group operates in one geographical segment, the United Kingdom

Analysis of the income statement by business segment is shown in note 2. Segment assets and liabilities by business segment are as follows:

	Property Development £	Property Investment £	Other £	Total £
As at 31 December 2006				
Segment assets	4,951,213	2,391,190	–	7,342,403
Unallocated assets	–	–	1,149,702	1,149,702
Total assets	<u>4,951,213</u>	<u>2,391,190</u>	<u>1,149,702</u>	<u>8,492,105</u>
Segment liabilities	1,831,905	12,267	–	1,844,172
Unallocated liabilities	–	–	547,595	547,595
Total liabilities	<u>1,831,905</u>	<u>12,267</u>	<u>547,595</u>	<u>2,391,767</u>
As at 31 December 2007				
Segment assets	2,216,932	2,231,987	–	4,448,919
Unallocated assets	–	–	2,286,853	2,286,853
Total assets	<u>2,216,932</u>	<u>2,231,987</u>	<u>2,286,853</u>	<u>6,735,772</u>
Segment liabilities	92,107	1,572	–	93,679
Unallocated liabilities	–	–	518,195	518,195
Total liabilities	<u>92,107</u>	<u>1,572</u>	<u>518,195</u>	<u>611,874</u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

6. Staff costs

The average number of persons, including directors, employed during the year was 2 (2006: 2).

	2007	2006
	Number	Number
Directors	2	2
	2007	2006
	£	£
Staff costs for the above persons were:		
Wages and salaries	105,301	92,321
Social security costs	10,256	10,493
	115,557	102,814
Directors' emoluments:		
Aggregate emoluments	95,301	82,321
Benefits in kind	–	1,865
Fees	10,000	10,000
	105,301	94,186

No pension contributions were made in respect of the directors. Benefits in kind include car benefits and other expenses reimbursed by the group.

7. Finance costs and finance income

	2007	2006
	£	£
Interest payable on bank loans and overdrafts	104,460	85,086
Bank interest receivable	7,440	10,630

8. Taxation

	2007	2006
	£	£
Current tax	30,434	–
Deferred tax	(58,839)	(24,219)
Total tax credit for the period	(28,405)	(24,219)

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

8. Taxation (continued)

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to the group to the loss before tax is as follows:

	2007	2006
	£	£
Profit before taxation	132,964	49,156
Tax on profit on ordinary activities at standard UK corporation tax rate applicable to the group of 19.75% (2006: 30%)	26,260	14,747
Effects of:		
(Income)/expenses not allowable for taxation	(28,815)	(29,224)
Difference between capital allowances and depreciation	(650)	329
Chargeable gains	35,163	46,786
Adjustment to tax charge in respect of previous periods	3,720	–
Group relief	–	(9,190)
Short term timing differences	(1,784)	–
Losses carried forward	(3,460)	(23,448)
Total tax expense for the period	30,434	–

9. Earnings per share from continuing operations attributable to the equity shareholders

	2007	Restated*
	£	2006 £
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity shareholders	161,369	73,375
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,755,000	3,810,082
Number of dilutive shares under option	–	–
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	3,755,000	3,810,082

At 31 December 2007 and 31 December 2006 there were no options and/or financial instruments in existence which, when exercised or converted, would result in any increase in the current number of ordinary shares over and above those in existence at that date.

*Restated for International Financial Reporting Standards (see notes 34 and 35).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

10. Investment properties – Group

Fair value	Freehold £	Long leasehold £	Total £
As at 1 January 2006	2,695,015	142,500	2,837,515
Additions	2,585	–	2,585
Disposals	(511,767)	(142,500)	(654,267)
Net gain from fair value adjustments on investment property	205,357	–	205,357
As at 31 December 2006	<u>2,391,190</u>	<u>–</u>	<u>2,391,190</u>
As at 1 January 2007	2,391,190	–	2,391,190
Additions	1,172	–	1,172
Disposals	(288,137)	–	(288,137)
Net gain from fair value adjustments on investment property	110,888	–	110,888
As at 31 December 2007	<u>2,215,113</u>	<u>–</u>	<u>2,215,113</u>

All of the Group's investment properties as at 31 December 2007 are held at Directors' valuation. The Group's investment portfolio was valued externally by Aitchison Raffety, Chartered Surveyors, at open market value in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual as at 31 December 2007.

11. Investment properties – Company

	Freehold £	Long leasehold £	Total £
As at 1 January 2006	1,056,665	142,500	1,199,165
Additions	2,585	–	2,585
Disposals	(79,000)	(142,500)	(221,500)
Net gain from fair value adjustments on investment property	94,640	–	94,640
As at 31 December 2006	<u>1,074,890</u>	<u>–</u>	<u>1,074,890</u>
As at 1 January 2007	1,074,890	–	1,074,890
Additions	1,172	–	1,172
Disposals	(209,762)	–	(209,762)
Net gain from fair value adjustments on investment property	49,375	–	49,375
As at 31 December 2007	<u>915,675</u>	<u>–</u>	<u>915,675</u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

11. Investment properties – Company (continued)

All of the Company's investment properties as at 31 December 2007 are held at Directors' valuation. The Company's investment portfolio was valued externally by Aitchison Raffety, Chartered Surveyors, at open market value in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual as at 31 December 2007.

12. Property, plant and equipment – Group

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2006 and 1 January 2007	2,362	3,663	1,542	7,567
Additions	–	15,270	1,284	16,554
Disposals	–	(3,663)	–	(3,663)
At 31 December 2007	<u>2,362</u>	<u>15,270</u>	<u>2,826</u>	<u>20,458</u>
Depreciation				
At 1 January 2006	2,140	2,747	949	5,836
Charge for the year	222	916	508	1,646
At 1 January 2007	2,362	3,663	1,457	7,482
Charge for the year	–	954	264	1,218
Disposals	–	(3,663)	–	(3,663)
At 31 December 2007	<u>2,362</u>	<u>954</u>	<u>1,721</u>	<u>5,037</u>
Net book value				
At 31 December 2007	<u>–</u>	<u>14,316</u>	<u>1,105</u>	<u>15,421</u>
At 31 December 2006	<u>–</u>	<u>–</u>	<u>85</u>	<u>85</u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

13. Property, plant and equipment – Company

	Office equipment £	Total £
Cost		
At 1 January 2006 and at 1 January 2007	–	–
Additions	1,284	1,284
At 31 December 2007	<u>1,284</u>	<u>1,284</u>
Depreciation		
At 1 January 2006 and at 1 January 2007	–	–
Charge for the year	179	179
At 31 December 2007	<u>179</u>	<u>179</u>
Net book amount		
At 31 December 2007	<u>1,105</u>	<u>1,105</u>
At 31 December 2006	<u>–</u>	<u>–</u>

14. Investments

	2007	2006*
	£	£
<i>Investments in associates – Group</i>		
Cost of investment	271,732	271,732
Share of post-acquisition profit, net of dividends received	695,574	730,669
	<u>967,306</u>	<u>1,002,401</u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

14. Investments (continued)

Summary aggregated financial information of 50% or less owned entities accounted for using the equity method, extracted on a 100% basis from accounts prepared under UK GAAP at 31 December and the years then ended is set out below.

<i>Entities classified as associated undertakings</i>	2007	2006
	£	£
Revenue	1,355,243	1,449,684
Gross profit	(978,393)	(923,555)
(Loss)/profit for the financial year	(82,700)	111,028
Non-current assets	2,839,553	2,640,973
Current assets	51,288	156,781
Total assets	2,890,841	2,797,754
Current liabilities	264,650	362,768
Non-current liabilities	960,566	686,661
Total liabilities	1,225,216	1,049,429
Total equity shareholders' funds	1,665,625	1,748,325
Total equity and liabilities	2,890,841	2,797,754

The non-current assets of £2,839,553 represent the land, buildings, fixtures and fittings of the associate.

On transition to IFRS, the group measured these assets at valuation of £3,150,000 and incorporated its share of the assets into its consolidated financial statements. In accordance with the transition exemptions of IFRS 1, the valuation of £3,150,000 was taken as the deemed cost.

The latest valuation of the land, buildings, fixtures and fittings of the associate at £5,050,000, which has not been incorporated in these financial statements, was carried out by Edward Symmons on 13 March 2008. This figure assumed completion of building work estimated to cost £100,000, which has not been provided for in these accounts.

Investments – Company

Investments of £471,732 (2006: £471,732) consist of an investment in a subsidiary undertaking amounting to £200,000 (2006: £200,000) and an investment in an associated undertaking of £271,732 (2006: £271,732).

Details of the investments in which the Group and the Company holds 20% or more of the nominal value of any class of share capital are as follows. These are included in the group accounts.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

14. Investments (continued)

Name of company	Country of incorporation	Nature of business	% voting rights and shares held
Rhymecare Holdings Limited	England	RHolding company of the subsidiary Rhymecare Ltd whose principal activity is the operation of residential care and nursing homes.	41.49%
CW Properties Limited	England	Development, ownership and letting of residential properties.	100%

15. Financial assets – Group and Company

	2007 £	2006 £
Available-for-sale investments	250,000	–

On 27 June 2007, the Group and the Company acquired a 4.7% interest in Leighton & Henley Plc, an unlisted company incorporated in England and Wales, for cash consideration of £250,000. The carrying amount of these shares is at fair value.

16. Inventories – Group

	2007 £	2006 £
Development properties	2,033,578	4,951,213

No development properties are held by CW Residential PLC. There is no material difference between the replacement cost of development properties and the amounts stated above.

17. Trade and other receivables – Group

	2007 £	2006 £
Other receivables	204,914	65,788
Prepayments and accrued income	110,446	15,638
	<u>315,360</u>	<u>81,426</u>

Based on prior experience and an assessment of the current economic environment, the directors did not consider any impairment is required against the above assets and consider the carrying amount of the group's trade and other receivables approximates their fair value.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

18. Trade and other receivables – Company

	2007	2006
	£	£
Amounts owed by group undertakings	2,211,617	3,383,653
Prepayments and deferred income	116,061	15,523
	<u>2,327,678</u>	<u>3,399,176</u>

Based on prior experience and an assessment of the current economic environment, the directors did not consider any impairment is required against the above assets and consider the carrying amount of the company's trade and other receivables approximates their fair value.

19. Cash and cash equivalents – Group

	2007	2006
	£	£
Cash at bank and in hand	938,994	65,790
	<u>938,994</u>	<u>65,790</u>

The directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit-rating. All the cash and cash equivalents are held in £sterling.

20. Cash and cash equivalents – Company

	2007	2006
	£	£
Cash at bank and in hand	931,304	65,790
	<u>931,304</u>	<u>65,790</u>

The directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit-rating. All the cash and cash equivalents are held in £sterling.

21. Financial liabilities – borrowings

	2007	2006
	£	£
Short-term borrowings		
Bank loan	–	1,639,261
	<u>–</u>	<u>1,639,261</u>
Borrowings are repayable as follows:		
Within one year	–	1,639,261
	<u>–</u>	<u>1,639,261</u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

21. Financial liabilities – borrowings (continued)

During the year, the bank loan was repaid in full and the loan facility was closed on 6 August 2007. A further loan facility of £1,450,000 is available to the group until May 2008. At 31 December 2007, the group had not drawn any funds under this facility.

	2007	2006
	%	%
The weighted average interest rates applicable during the year were as follows:		
Bank loans (£sterling)	1.5% above base rate	1.5% above base rate

The directors consider that the carrying amount of the bank loan approximates its value.

22. Trade and other payables – Group

	2007	2006
	£	£
Trade payables	5,647	204,911
Other taxes and social security	4,376	3,101
Other payables	39,306	30,096
Accruals and deferred income	145,834	65,454
Corporation tax	26,705	99
	221,868	303,661
	221,868	303,661

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Trade and other payables – Company

	2007	2006
	£	£
Trade payables	1,572	12,267
Other taxes and social security	4,376	3,101
Other payables	32,200	25,174
Accruals and deferred income	35,975	26,613
Corporation tax	7,420	99
	81,543	67,254
	81,543	67,254

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

24. Deferred tax – Group

	2007	Restated*
	£	2006 £
At 1 January	448,845	473,064
Charged to profit and loss account	(58,839)	(24,219)
At 31 December	<u>390,006</u>	<u>448,845</u>
	2007	Restated*
	£	2006 £
Fixed asset timing differences	<u>390,006</u>	<u>448,845</u>

25. Deferred tax – Company

	2007	Restated*
	£	2006 £
At 1 January	218,531	205,361
Charged to profit and loss account	(48,795)	13,170
At 31 December	<u>169,736</u>	<u>218,531</u>
	2007	Restated*
	£	2006 £
Fixed asset timing differences	<u>169,736</u>	<u>218,531</u>

26. Called up share capital

	2007	2006
	£	£
Authorised		
10,000,000 ordinary shares of £0.50 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
3,755,000 ordinary shares of £0.50 each	<u>1,877,500</u>	<u>1,877,500</u>

In 2006, 80,000 ordinary shares of 50p each were repurchased for £118,646 at an average price of 148.31p with the aim of increasing the net asset value per share. The repurchase was in accordance with the authorisation by shareholders as stated in resolution five at the annual general meeting on 6 June 2006.

*Restated for International Financial Reporting Standards (see notes 34 and 35).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

27. Cash flow from operating activities – Group

	2007	Restated*
	£	2006
		£
Profit for the year	161,369	73,375
Tax credit	(28,405)	(24,219)
Finance income	(7,440)	(10,630)
Finance costs	104,460	85,086
Share of profit from associate	(6,396)	(74,158)
Depreciation	1,218	1,646
Gain on sale of investment properties	(20,332)	(35,570)
Revaluation of investment properties	(110,888)	(205,357)
	<u>93,586</u>	<u>(189,827)</u>
Changes in working capital		
Decrease/(increase) in development properties	2,917,635	(574,372)
Increase in trade and other receivables	(233,934)	(44,260)
(Decrease)/increase in trade and other payables	(108,399)	4,011
	<u>2,575,302</u>	<u>(614,621)</u>
Taxation paid	(3,828)	–
Net cash generated/(absorbed) from operating activities	<u>2,665,060</u>	<u>(804,448)</u>

*Restated for International Financial Reporting Standards (see notes 34 and 35).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

28. Cash flow from operating activities – Company

	2007	Restated*
	£	£
Profit for the year	58,221	129,034
Tax (credit)/charge	(37,655)	13,170
Finance income	(164,051)	(203,787)
Finance costs	40,901	667
Dividend received	(41,491)	(29,205)
Depreciation	179	–
Gain on sale of investment properties	(11,005)	(1,906)
Revaluation of investment properties	(49,375)	(94,640)
	<u>(204,276)</u>	<u>(186,667)</u>
Changes in working capital		
Decrease/(increase) in trade and other receivables	1,071,498	(173,281)
Increase/(decrease) in trade and other payables	6,968	(27,498)
	<u>1,078,466</u>	<u>(200,779)</u>
Taxation paid	(3,819)	–
Net cash generated/(absorbed) from operating activities	<u><u>870,371</u></u>	<u><u>(387,446)</u></u>

29. Related party transactions

CW Residential PLC was a limited partner in Barton Rix during 2006, with its partnership interest ceasing on 31 March 2006. During the period from 1 January 2006 to 31 March 2006 a total of £23,421 was charged to the profit and loss account in respect of property services and management fees provided by Barton Rix. At 31 December 2006 the amount due to Barton Rix was £668. On 1 April 2006, Barton Rix ceased to be a related party and hence, there were no related party transactions in 2007.

The directors are considered to be the only key management personnel; all disclosures required in respect of those directors are contained in note 6.

30. Post balance sheet events

On 7 January 2008, the company re-purchased 207,400 ordinary shares at an average price of 143p with the aim of increasing the net asset value per share. Following the re-purchase of shares, there are now 3,547,600 ordinary shares in issue.

*Restated for International Financial Reporting Standards (see notes 34 and 35).

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

31. Dividends

	2007	2006
	£	£
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2006 of 1.79p (2005: 1.70p) per share.	67,215	65,196
Interim dividends for the year ended 31 December 2007 of 1.88p (2006: 1.79p) per share.	70,594	68,020
	<u>137,809</u>	<u>133,216</u>
Proposed final dividend for the year ended 31 December 2007 of 1.88p (2006: 1.79p) per share.	<u>70,594</u>	<u>67,215</u>

The proposed final dividend is subject to approval by the shareholders at the AGM and has not been included as a liability in these financial statements.

32. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	2007	2006
	£	£
Available-for-sale financial assets	250,000	–
Trade and other receivables	315,360	81,426
Cash and cash equivalents	938,994	65,790
	<u>1,504,354</u>	<u>147,216</u>

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

32. Financial instruments (continued)

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	Trade & other payables £	Bank borrowings £	Total £
At 31 December 2007			
6 months or less	195,163	–	195,163
6 – 12 months	26,705	–	26,705
Total contractual cash flows	<u>221,868</u>	<u>–</u>	<u>221,868</u>
Carrying amount of financial liabilities measured at amortised cost	<u>221,868</u>	<u>–</u>	<u>221,868</u>
At 31 December 2006			
6 months or less	303,661	–	303,661
6 – 12 months	–	1,743,721	1,743,721
Total contractual cash flows	<u>303,661</u>	<u>1,743,721</u>	<u>2,047,382</u>
Carrying amount of financial liabilities measured at amortised cost	<u>303,661</u>	<u>1,639,261</u>	<u>1,942,922</u>

The Company's only financial liabilities comprise trade and other payables with a carrying amount equal to the gross cash flows payable of £81,543 (2006: £67,254) all of which are payable within 6 months.

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rate. Where possible, the Group has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows, however presently the loan facility available is at a variable rate of 1.5% above the base rate. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

The Group has not entered into derivatives transactions and has not traded in financial instruments during the period under review.

Details of the terms of the Group's borrowings are disclosed in note 21.

CW RESIDENTIAL PLC
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

33. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Group is not subject to any externally imposed capital requirements.

34. Transition to IFRS

CW Residential plc reported under UK GAAP in its previously published financial statements for the year ended 31 December 2006. The analysis shown in note 35 provides a reconciliation of net assets and loss as reported under UK GAAP as at 31 December 2006 to the revised net assets and profit under IFRS as reported in these financial statements. In addition, there is a reconciliation of net assets under UK GAAP to IFRS at the transition date for this Company, being 1 January 2006.

Significant changes to the cash flow statement

None of the adjustments arising from the IFRS transition relate to cash and therefore there is no impact on reported cash flow.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group

(a) Reconciliation of equity at 1 January 2006 – Group

	UK GAAP	UK GAAP*	Adjustment			IFRS
	1 January 2006 £	restatement £	1 £	2 £	3 £	1 January 2006 £
					4 £	5 £
ASSETS						
Non-current assets						
Investment properties	2,837,515	–	–	–	–	2,837,515
Property, plant and equipment	1,731	–	–	–	–	1,731
Investments in associated undertakings	700,501	(23,235)	–	–	–	955,070
	3,539,747	(23,235)	–	–	–	3,794,316
Current assets						
Inventories	4,376,841	–	–	–	–	4,376,841
Trade and other receivables	37,166	–	–	–	–	37,166
Cash and cash equivalents	254,330	–	–	–	–	254,330
	4,668,337	–	–	–	–	4,668,337
	8,208,084	(23,235)	–	–	–	8,462,653
TOTAL ASSETS						

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)

(a) Reconciliation of equity at 1 January 2006 – Group (continued)

	UK GAAP	UK GAAP*	Adjustment	IFRS
	1 January 2006	restatement	2006	1 January 2006
	£	£	£	£
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	1,917,500	–	–	1,917,500
Share premium account	535,207	–	–	535,207
Revaluation reserve	1,576,880	(1,458,162)	(118,718)	–
Capital redemption reserve	261,250	–	–	261,250
Retained earnings	1,863,731	(23,235)	(437,449)	3,222,116
Other reserves	342,752	–	–	342,752
Total equity	6,497,320	(23,235)	(437,449)	6,278,825
Non current liabilities				
Deferred tax liabilities	–	–	437,449	473,064
Current liabilities				
Trade and other payables	299,650	–	–	299,650
Borrowings	1,411,114	–	–	1,411,114
	1,710,764	–	–	1,710,764
Total liabilities	1,710,764	–	437,449	2,183,828
TOTAL EQUITY AND LIABILITIES	8,208,084	(23,235)	–	8,462,653

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

- 35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)**
- (a) Reconciliation of equity at 1 January 2006 – Group (continued)**
1. Transfer of revaluation reserve to retained earnings.
 2. Transfer of revaluation in the year to income and expense account.
 3. Recognition of deferred tax liability in relation to the revaluation of investment properties, calculated at 30% (un-indexed).
 4. Recognition of the deferred tax liability in the year in relation to the revaluation of investment properties.
 5. Recognition of revaluation of property, plant and equipment in the associate.

* The UK GAAP restatement relates to deferred tax in prior years in respect of the company's associated undertaking.

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)

(b) Reconciliation of equity at 31 December 2006 – Group

	UK GAAP						IFRS		
	31 December 2006	UK GAAP* restatement	1	2	3	4	5	6	31 December 2006
	£	£	£	£	£	£	£	£	£
ASSETS									
Non-current assets									
Investment properties	2,391,190	-	-	-	-	-	-	-	2,391,190
Property, plant and equipment	85	-	-	-	-	-	-	-	85
Investments in associated undertakings	748,614	(23,235)	-	-	-	-	-	277,022	1,002,401
	3,139,889	(23,235)	-	-	-	-	-	277,022	3,393,676
Current assets									
Inventories	4,951,213	-	-	-	-	-	-	-	4,951,213
Trade and other receivables	81,426	-	-	-	-	-	-	-	81,426
Cash and cash equivalents	65,790	-	-	-	-	-	-	-	65,790
	5,098,429	-	-	-	-	-	-	-	5,098,429
TOTAL ASSETS	8,238,318	(23,235)	-	-	-	-	-	277,022	8,492,105

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)

(b) Reconciliation of equity at 31 December 2006 – Group (continued)

	UK GAAP						IFRS			
	31 December 2006 £	UK GAAP* restatement £	1 £	2 £	Adjustment 3 £		4 £	5 £	6 £	31 December 2006 £
EQUITY AND LIABILITIES										
Equity attributable to equity holders of the Company										
Share capital	1,877,500	-	-	-	-	-	-	-	-	1,877,500
Share premium account	535,207	-	-	-	-	-	-	-	-	535,207
Revaluation reserve	1,496,159	-	(1,290,802)	(205,357)	-	-	-	-	-	-
Capital redemption reserve	301,250	-	-	-	-	-	-	-	-	301,250
Retained earnings	1,742,528	(23,235)	1,290,802	205,357	(473,064)	85,826	(61,607)	277,022	-	3,043,629
Other reserves	342,752	-	-	-	-	-	-	-	-	342,752
Total equity	<u>6,295,396</u>	<u>(23,235)</u>	<u>-</u>	<u>-</u>	<u>(473,064)</u>	<u>85,826</u>	<u>(61,607)</u>	<u>277,022</u>	<u>-</u>	<u>6,100,338</u>
Non current liabilities										
Deferred tax liabilities	-	-	-	-	473,064	(85,826)	61,607	-	-	448,845
Current liabilities										
Trade and other payables	303,661	-	-	-	-	-	-	-	-	303,661
Borrowings	1,639,261	-	-	-	-	-	-	-	-	1,639,261
	<u>1,942,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,942,922</u>
Total liabilities	<u>1,942,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,064</u>	<u>(85,826)</u>	<u>61,607</u>	<u>-</u>	<u>-</u>	<u>2,391,767</u>
TOTAL EQUITY AND LIABILITIES	<u>8,238,318</u>	<u>(23,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,022</u>	<u>-</u>	<u>8,492,105</u>

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

- 35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)**
- (b) Reconciliation of equity at 31 December 2006 – Group (continued)**
1. Transfer of revaluation reserve to retained earnings.
 2. Transfer of revaluation in the year to income and expense account.
 3. Recognition of deferred tax liability in relation to the revaluation of investment properties, calculated at 30% (un-indexed).
 4. Recognition of the movement on the deferred tax liability due to the disposal of revalued investment properties.
 5. Recognition of the deferred tax liability in the year due to the revaluation of investment properties.
 6. Recognition of revaluation of property, plant and equipment in the associate and the related increase in depreciation charge.

*The UK GAAP restatement relates to deferred tax in prior years in respect of the company's associated undertaking.

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)

(c) Reconciliation of profit for the year ended 31 December 2006 – Group

	UK GAAP				IFRS				
	Year ended 31 December 2006	1	2	Adjustment	31 December 2006	3	4	5	Year ended 31 December 2006
	£	£	£	£	£	£	£	£	£
Revenue	1,654,771	-	-	-	1,654,771	-	-	-	1,654,771
Cost of sales	(1,533,631)	-	-	-	(1,533,631)	-	-	-	(1,533,631)
Gross profit	121,140	-	-	-	121,140	-	-	-	121,140
Administrative expenses	(312,613)	-	-	-	(312,613)	-	-	-	(312,613)
Net gain from fair value adjustment on investment properties	-	205,357	-	-	-	-	-	-	205,357
Operating profit/(loss)	(191,473)	205,357	-	-	(191,473)	-	-	-	13,884
Finance costs	(85,086)	-	-	-	(85,086)	-	-	-	(85,086)
Finance income	10,630	-	-	-	10,630	-	-	-	10,630
Profit on disposal of investment properties	35,570	-	-	-	35,570	-	-	-	35,570
Share of profit of associated undertakings	63,344	-	-	-	63,344	-	11,596	(782)	74,158
Profit/(loss) before taxation	(167,015)	205,357	-	-	(167,015)	-	11,596	(782)	49,156
Taxation	-	-	(61,607)	85,826	-	85,826	-	-	24,219
Share of associates taxation	11,596	-	-	-	11,596	-	(11,596)	-	-
Profit/(loss) for the period	(155,419)	205,357	(61,607)	85,826	(155,419)	85,826	-	(782)	73,375
Attributable to:									
Equity holders of CW Residential plc	(155,419)	205,357	(61,607)	85,826	(155,419)	85,826	-	(782)	73,375

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

- 35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Group (continued)**
- (c) Reconciliation of profit for the year ended 31 December 2006 – Group (continued)**
1. Recognition of the revaluation of investment properties in the income and expense account.
 2. Recognition of deferred tax liability in relation to the revaluation of investment properties, calculated at 30% (un-indexed).
 3. Recognition of the movement on the deferred tax liability due to the disposal of revalued investment properties.
 4. Recognition of share of associate's tax in share of profit of associated undertakings line.
 5. Recognition of the depreciation charge in respect of the revaluation of property, plant and equipment in the associate.

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Company

(d) Reconciliation of equity at 1 January 2006 – Company

	UK GAAP 1 January 2006 £	1	Adjustment 2	3	4	IFRS 1 January 2006 £
	£	£	£	£	£	£
ASSETS						
Non-current assets						
Investment properties	1,199,165	-	-	-	-	1,199,165
Investments	469,353	-	-	-	-	469,353
	<u>1,668,518</u>	-	-	-	-	<u>1,668,518</u>
Current assets						
Trade and other receivables	3,225,986	-	-	-	-	3,225,986
Cash and cash equivalents	254,330	-	-	-	-	254,330
	<u>3,480,316</u>	-	-	-	-	<u>3,480,316</u>
TOTAL ASSETS	<u>5,148,834</u>	-	-	-	-	<u>5,148,834</u>

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Company (continued)

(d) Reconciliation of equity at 1 January 2006 – Company (continued)

	UK GAAP		Adjustment		IFRS
	1 January 2006	1	2	3	1 January 2006
	£	£	£	£	£
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	1,917,500	–	–	–	1,917,500
Share premium account	535,207	–	–	–	535,207
Revaluation reserve	684,535	(620,085)	(64,450)	–	–
Capital redemption reserve	261,250	–	–	–	261,250
Retained earnings	1,655,500	620,085	64,450	(186,026)	2,134,674
Total equity	<u>5,053,992</u>	<u>–</u>	<u>–</u>	<u>(186,026)</u>	<u>4,848,631</u>
Non current liabilities					
Deferred tax liabilities	–	–	–	186,026	205,361
Current liabilities					
Trade and other payables	94,752	–	–	–	94,752
Total liabilities	94,752	–	–	186,026	300,113
TOTAL EQUITY AND LIABILITIES	<u>5,148,744</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,148,744</u>

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

- 35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Company (continued)**
- (d) Reconciliation of equity at 1 January 2006 – Company (continued)**
1. Transfer of revaluation reserve to retained earnings.
 2. Transfer of revaluation in the year to income and expense account.
 3. Recognition of deferred tax liability in relation to the revaluation of investment properties, calculated at 30% (un-indexed).
 4. Recognition of the deferred tax liability in the year in relation to the revaluation of investment properties.

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Company (continued)

(e) Reconciliation of equity at 31 December 2006 – Company

	UK GAAP					IFRS 31 December 2006 £
	31 December 2006 £	1	2	3	4	
ASSETS			£	£	£	£
Non-current assets						
Investment properties	1,074,890	-	-	-	-	1,074,890
Investments	471,732	-	-	-	-	471,732
	<u>1,546,622</u>	-	-	-	-	<u>1,546,622</u>
Current assets						
Trade and other receivables	3,399,176	-	-	-	-	3,399,176
Cash and cash equivalents	65,790	-	-	-	-	65,790
	<u>3,464,966</u>	-	-	-	-	<u>3,464,966</u>
TOTAL ASSETS	<u>5,011,588</u>	-	-	-	-	<u>5,011,588</u>

CW RESIDENTIAL PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)

	UK GAAP					IFRS
	31 December	Adjustment			31 December	
	2006	1	2	3	2006	
	£	£	£	£	£	
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	1,877,500	–	–	–	1,877,500	
Share premium account	535,207	–	–	–	535,207	
Revaluation reserve	728,436	(633,796)	(94,640)	–	–	
Capital redemption reserve	301,250	–	–	–	301,250	
Retained earnings	1,501,941	633,796	94,640	(205,361)	2,011,846	
Total equity	<u>4,944,334</u>	<u>–</u>	<u>–</u>	<u>(205,361)</u>	<u>4,725,803</u>	
Non current liabilities						
Deferred tax liabilities	–	–	–	205,361	218,531	
Current liabilities						
Trade and other payables	67,254	–	–	–	67,254	
Borrowings	–	–	–	–	–	
	67,254	–	–	–	67,254	
Total liabilities	<u>67,254</u>	<u>–</u>	<u>–</u>	<u>205,361</u>	<u>285,785</u>	
TOTAL EQUITY AND LIABILITIES	<u>5,011,588</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,011,588</u>	

CW RESIDENTIAL PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007 (continued)**

- 35. Reconciliation of equity and profit/(loss) under UK GAAP to IFRS – Company (continued)**
- (e) Reconciliation of equity at 31 December 2006 – Company (continued)**
1. Transfer of revaluation reserve to retained earnings.
 2. Transfer of revaluation in the year to income and expense account.
 3. Recognition of deferred tax liability in relation to the revaluation of investment properties, calculated at 30% (un-indexed).
 4. Recognition of the deferred tax liability in the year due to the revaluation of investment properties.
 5. Recognition of the movement on the deferred tax liability due to the disposal of revalued investment properties.

CW RESIDENTIAL PLC
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CW RESIDENTIAL PLC will be held at 25 Moorgate, London, EC2R 6AY at 10.00 am on the 12 June 2008 for the following purposes:

1. To receive the Directors' report and financial statements of the Company for the year to 31 December 2007.
2. To re-elect Robert Döry who retires by rotation, as Director.
3. To re-appoint Rawlinson & Hunter as auditors to the Company and authorise the Directors to fix their remuneration.
4. To approve payment of a final dividend in respect of the year to 31 December 2007 of 1.88 pence per share.
5. That the Company be and is hereby authorised to enter into, at any time, before 30 September 2009, contracts for the purchase of not more than 500,000 Ordinary Shares.

By Order of the Board
Athenaeum Secretaries
Limited
9 May 2008

Registered Office:
25 Moorgate
London, EC2R 6AY

NOTES:

Particulars of each Director's interest in the equity share capital of the Company are available for inspection at the registered office of the Company, during normal business hours of any weekday (Saturday excepted) from the date of this notice until the Annual General Meeting.

There are no contracts of service, which are required to be available for inspection at the meeting.

A member is entitled to attend and vote at the meeting or is entitled to appoint one or more proxies to vote instead of him or her. A proxy may not be a member of the Company. Forms of proxy are provided and to be valid must be lodged with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time fixed for the meeting.

CW RESIDENTIAL PLC
FORM OF PROXY

I/We

of

a member/members of the above named Company, hereby appoint the Chairman of the Meeting, or failing him

.....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 25 Moorgate, London, EC2R 6AY on 12 June 2008 and at any adjournment thereof.

Dated: Signature

Please indicate with an X in the spaces below how you wish your votes to be cast.

		For	Against
RESOLUTION 1	To receive the Directors' report and financial statements for the year to 31 December 2007		
RESOLUTION 2	To re-elect Robert Döry who retires by rotation, as a Director		
RESOLUTION 3	To re-appoint Rawlinson & Hunter, Chartered Accountants, as auditors to the Company as specified in the resolution		
RESOLUTION 4	To approve payment of a final dividend of 1.88 pence per share as specified in the resolution		
RESOLUTION 5	To authorise the Company to purchase its own shares as specified in the resolution		

NOTES:

1. A member may appoint a proxy of his own choice. If such an appointment is made, delete the words "Chairman of the Meeting" and insert the name of the person appointed proxy in the space provided.
2. If this form is returned without any indication as to how the person appointed shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
3. To be valid, this form must be completed and lodged with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.



