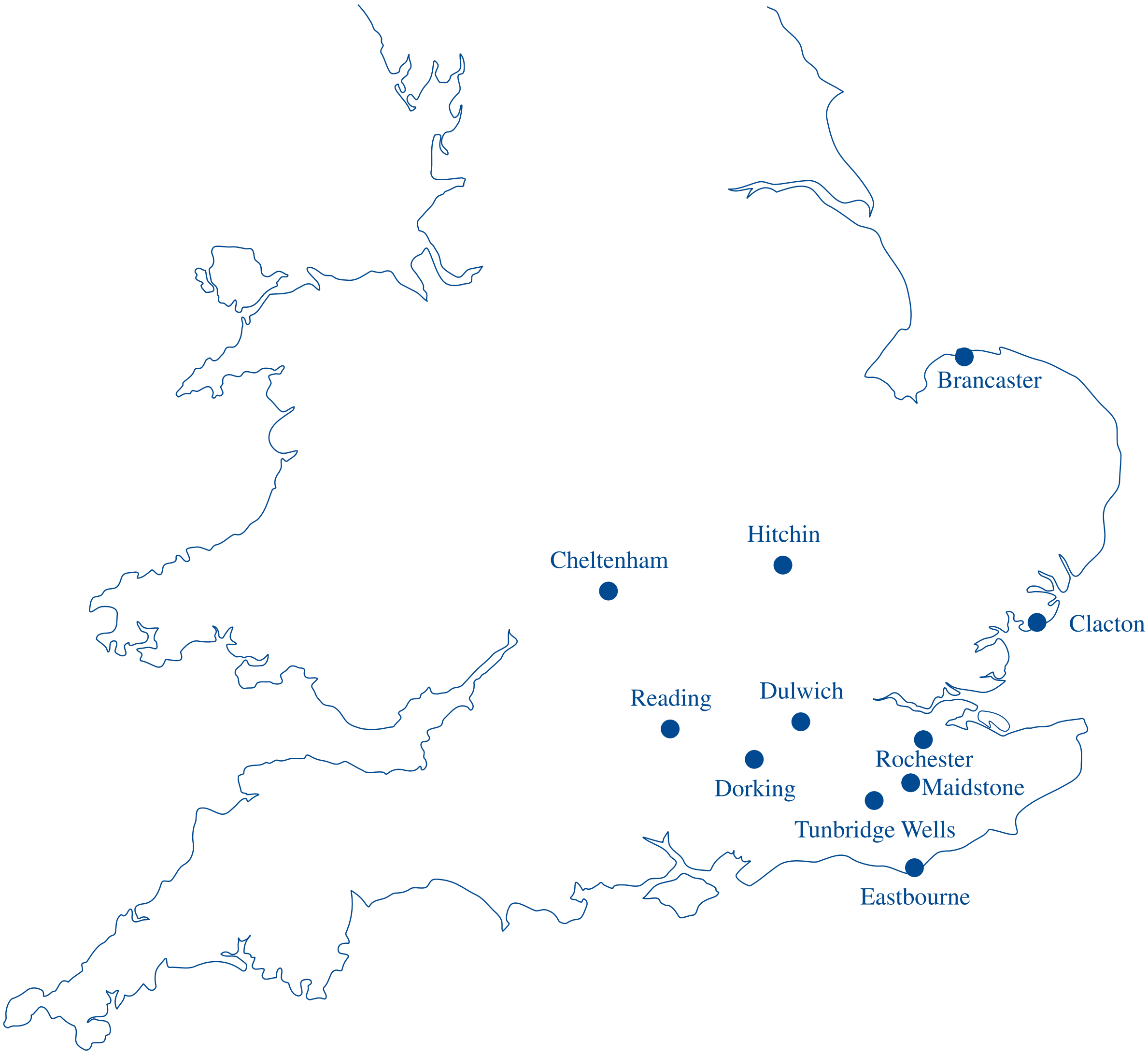
CW RESIDENTIAL

Report and financial statements for the year ended

31 DECEMBER 2008

CW RESIDENTIAL PLC

LOCATION OF PROPERTIES



CW RESIDENTIAL PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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CW RESIDENTIAL PLC

DIRECTORS AND ADVISERS
Registered No: 2295559

Directors	Robert Döry *Executive Chairman* Gareth Pearce *Non-Executive Director*
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
Bankers	Bank of Ireland 20 Berkeley Square London W1J 6LL
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
Financial advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Broker and Nominated Advisers	Singer Capital Markets Limited One Hanover Street London W1S 1YZ
Solicitors	Bircham Dyson Bell LLP 50 Broadway Westminster London SW1H 0BL
Company's registered number	2295559

CHAIRMAN'S STATEMENT

Following the general fall in UK property prices, in common with the majority of quoted property and/or house building groups currently reporting their results, we have had to take steps to reduce the value of our property based assets to reflect current market values. As a result, trading results for the year ended 31 December 2008 show a loss before taxation of £1,204,195 (2007: profit before taxation of £132,964), with the bulk of the loss, namely £833,401, being the impairment charge to reduce the value of the Group's property interests (excluding the investment in Leighton & Henley plc – see below) to market value following the general decline in UK residential property values. Turnover for the year was £103,087 (2007: £5,043,162). Losses per share were 29.9 pence (2007: earnings per share of 4.3 pence). All figures are prepared in accordance with IFRS (International Financial Reporting Standards).

Assets per share

Taking account of our *pro-rata* share of the earnings from Rhymecare Holdings Ltd and the portfolio revaluation by our valuers, Aitchison Raffety (formerly Barton Rix), net assets per share are now 132.9 pence per share. As shareholders are aware, under IFRS we consolidated our *pro-rata* share of the property revaluation of Rhymecare at the time we switched over to IFRS from UK GAAP (1 January 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 16.5 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 132.9 pence asset value per share.

Dividends

We previously announced that on the successful completion of our 13 pre-sales of flats at our Rochester development (see below), it is proposed to pay a dividend of 1.97 pence per share. This is still the intention and a further announcement will be made in due course, included in which will be advice on the next dividend payment.

Development division

Completion of our 23 flats at our Rochester development has occurred and notice to complete on our 13 pre-sales has been given. As shareholders are aware, the new homes market is currently weak but we would hope to sell our remaining flats during 2009. We have not commenced development of our other development site in Maidstone (for four flats), as it is currently proposed to wait until demand strengthens. The £590,000 stock impairment charge is to reflect the reduction in value of our Rochester and Maidstone development interests. No other sites are currently under consideration.

Provided the residential market does not weaken further, when all our Rochester flats have been sold, your Company should have net cash in the region of £1.4 million and so should be in a position to take advantage of any interesting situations that may arise.

Investment division

At 31 December 2008, Aitchision Raffery's revaluation of our portfolio resulted in a reduction in value of £243,401, which has been taken directly to the income statement. We have also reduced the value of our shareholding in Leighton & Henley plc, the Leighton Buzzard house builder, by 35% (from £355,000 to £230,750), to reflect the difficulties currently faced by the company. The situation will be kept under review. In accordance with IFRS this impairment charge has been taken directly to the income statement.

Healthcare

At our healthcare associate, Rhymecare, occupancy continues to be good and so profitability is on the increase.

Buy back of share capital

During 2008 we bought back 261,400 ordinary shares at an average cost of 138 pence per share. This purchase represented 6.96% of our then issued share capital. There are therefore now 3,493,600 shares in issue.

Future direction

Until the recent Credit Crunch, shareholders were able to enjoy one of the benefits of an AIM quote, namely marketability of their shares (albeit in limited form). Since then, marketability in small cap AIM stocks has all but dried up, such that a purchase or sale of a few thousand CW shares appears to effect their value disproportionately. In addition, due to increased regulation and professional costs, the cost of maintaining an AIM quote continues to rise disproportionately as well, in particular as regards small cap companies.

Your Board therefore proposes to delist from AIM. However, unlike some delistings, it also proposes a number of safeguards for shareholders. Following delisting, arrangements will be firmed up with JPJenkins, who have offered a matched bargain service, based on shareholders being able to access this service via their existing broker and/or by going through the process of opening an account direct with JPJenkins. Your Company will continue its policy of buying back shares for cancellation where possible. Without a listing, your Company will be able to place all its accounting, tax and audit functions with one firm, such that, following the delisting, we would propose to appoint Chantrey Vellacott DFK to these roles in place of Rawlinson & Hunter and Smith & Williamson. Additionally, with the elimination of our current AIM listing costs, the total savings from delisting are estimated to amount to just over £100,000 annually, a significant sum for this Group. Finally, your Board, with a view to obtaining the benefits of any potential upturn in the economy/residential values, propose to continue to run the Company for a further period of five years. At that point, it will consult with shareholders and, if it is felt that a majority do not wish to carry on with their investment, your Board will endeavour to either arrange a bid for their shareholdings, or put forward proposals to wind the Company up.

To delist the Company from AIM requires a special resolution, requiring a 75% majority, to be passed at the Company's AGM. With the above caveats in place, your Directors will be voting in favour of the resolution in respect of their shareholdings and recommend that shareholders do so as well. The requisite resolution appears as resolution 5 in the Notice of AGM. Assuming resolution 5 is passed, it is expected that the delisting from AIM will take effect on 31 July 2009.

With the passing of resolution 5 and the subsequent substantial reduction in annual running costs flowing from the delisting, your Company should be well placed to take advantage of any upturn in the residential markets, as and when they may occur.

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

Robert Döry
Chairman

27 May 2009

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of CW Residential Plc ("the Company") and its subsidiary and associated undertakings ("the Group") for the year ended 31 December 2008.

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 16 to the financial statements.

Business review

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

The consolidated loss for the year after taxation amounted to £1,054,067 (2007: profit £161,369).

The Directors did not declare an interim dividend in 2008 (2007: 1.88 pence per share at a total cost £70,594). The Directors do not propose payment of a final dividend (2007: 1.88 pence per share at a total cost of £66,695) (see note 34). The total dividend for the year ended 31 December 2007 was 3.76 pence per share.

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

Subsequent events

Our development at Rochester has recently been completed. Sales can now progress. A number of the flats have been previously pre-sold and notice of completion has been given on these.

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.

Creditor payment policy

The Group 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 2008 was 42 days (2007: 7 days).

Risk management

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

The Group'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 Group.

Risk analysis is shown in notes 35 and 36.

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

The Directors who served during the year were as follows:

Robert Döry
Gareth Pearce

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

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.

Approved by the board of directors
and signed on behalf of the board

Robert Döry
Director

27 May 2009

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 Group 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 Group'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C W RESIDENTIAL PLC

We have audited the Group and Company financial statements of C W Residential Plc for the year ended 31 December 2008 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 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.

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 Group 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 Group's affairs as at 31 December 2008 and of its loss and cash flows for the year then ended;
- the Company financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2008 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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Continuing operations:			
Revenue	2	**103,087**	5,043,162
Cost of sales	2	**(624,846)**	(4,649,064)
Gross (loss)/profit	2	**(521,759)**	394,098
Administrative expenses		**(360,335)**	(301,730)
Operating (loss)/profit before net (loss)/gains on investment properties		**(882,094)**	92,368
Net (loss)/gain from fair value adjustment on investment properties	10	**(243,401)**	110,888
Profit on disposal of investment properties		**7,108**	20,332
Impairment of available for sale financial assets	14	**(124,250)**	–
Operating (loss)/profit	3	**(1,242,637)**	223,588
Finance costs	7	**(15,450)**	(104,460)
Finance income	7	**18,337**	7,440
Share of profit of associated undertaking		**35,555**	6,396
(Loss)/profit before taxation		**(1,204,195)**	132,964
Taxation	8	**150,128**	28,405
(Loss)/profit for the financial year		**(1,054,067)**	161,369
(Loss)/earnings per share			
Basic and diluted	9	**(29.9)p**	4.3p

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £	Share premium account £	Capital redemption reserve £	Other reserve £	Retained earnings £	**Total £**
As at 1 January 2007	1,877,500	535,207	301,250	342,752	3,043,629	**6,100,338**
Profit for the financial year	–	–	–	–	161,369	**161,369**
Dividends (Note 34)	–	–	–	–	(137,809)	**(137,809)**
As at 31 December 2007	1,877,500	535,207	301,250	342,752	3,067,189	**6,123,898**
Purchase of own shares (Note 22)	(130,700)	–	130,700	–	(361,002)	**(361,002)**
Loss for the financial year	–	–	–	–	(1,054,067)	**(1,054,067)**
Dividends (Note 34)	–	–	–	–	(66,695)	**(66,695)**
As at 31 December 2008	1,746,800	535,207	431,950	342,752	1,585,425	**4,642,134**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Capital redemption reserve; being the aggregate nominal value of all the ordinary shares repurchased and cancelled
- Retained earnings; being the cumulative profit attributable to equity shareholders

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
ASSETS			
Non-current assets			
Investment properties	10	**1,971,712**	2,215,113
Property, plant and equipment	12	**11,270**	15,421
Financial assets	14	**230,750**	250,000
Investments accounted for using the equity method	15	**1,002,861**	967,306
		3,216,593	3,447,840
Current assets			
Inventories	17	**2,560,067**	2,033,578
Trade and other receivables	18	**61,391**	315,360
Cash and cash equivalents	20	**39,561**	938,994
		2,661,019	3,287,932
TOTAL ASSETS		**5,877,612**	6,735,772
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	22	**1,746,800**	1,877,500
Share premium account		**535,207**	535,207
Capital redemption reserve		**431,950**	301,250
Other reserve		**342,752**	342,752
Retained earnings		**1,585,425**	3,067,189
Total equity		**4,642,134**	6,123,898
Non-current liabilities			
Deferred tax liabilities	23	**256,989**	390,006
Current liabilities			
Trade and other payables	25	**978,489**	221,868
Total liabilities		**1,235,478**	611,874
TOTAL EQUITY AND LIABILITIES		5,877,612	6,735,772

The financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Robert Döry
Director

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

CONSOLIDATED CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**2008** **£**	2007 £
Net cash (used in)/from operating activities	28	**(1,135,372)**	2,665,060
Cash flows from investing activities			
Proceeds on disposal of investment properties		**7,108**	308,469
Purchase of investment properties		**–**	(1,172)
Purchases of property, plant and equipment		**(100)**	(16,554)
Purchase of financial assets	14	**(105,000)**	(250,000)
Dividend received		**–**	41,491
Finance income		**18,337**	7,440
Net cash (used in)/from investing activities		**(79,655)**	89,674
Cash flows from financing activities			
Net proceeds of issue of new loans		**455,754**	–
Repayments of bank loan		**–**	(1,639,261)
Purchase of own shares		**(361,002)**	–
Finance cost paid		**(10,101)**	(104,460)
Dividends paid	34	**(66,695)**	(137,809)
Net cash from/(used in) financing activities		**17,956**	(1,881,530)
Net (decrease)/increase in cash, cash equivalents and overdrafts		**(1,197,071)**	873,204
Cash, cash equivalents and overdrafts at beginning of year		**938,994**	65,790
Cash, cash equivalents and overdrafts at end of year	30	**(258,077)**	938,994

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	**Total £**
As at 1 January 2007	1,877,500	535,207	301,250	2,011,846	**4,725,803**
Profit for the financial year	–	–	–	58,221	**58,221**
Dividends (Note 34)	–	–	–	(137,809)	**(137,809)**
As at 31 December 2007	1,877,500	535,207	301,250	1,932,258	**4,646,215**
Purchase of own shares (Note 22)	(130,700)	–	130,700	(361,002)	**(361,002)**
Loss for the financial year	–	–	–	(192,511)	**(192,511)**
Dividends (Note 34)	–	–	–	(66,695)	**(66,695)**
As at 31 December 2008	1,746,800	535,207	431,950	1,312,050	**4,026,007**

Equity is the aggregate of the following:

- Share capital; being the nominal value of shares issued
- Share premium account; being the excess received over the nominal value of shares issued less direct issue costs
- Capital redemption reserve; being the aggregate nominal value of all the ordinary shares repurchased and cancelled
- Retained earnings; being the cumulative profit attributable to equity shareholders

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
ASSETS			
Non-current assets			
Investment properties	11	**898,563**	915,675
Property, plant and equipment	13	**772**	1,105
Financial assets	14	**230,750**	250,000
Investments	16	**471,732**	471,732
		1,601,817	1,638,512
Current assets			
Trade and other receivables	19	**3,404,528**	2,327,678
Cash and cash equivalents	21	**35,234**	931,304
		3,439,762	3,258,982
TOTAL ASSETS		**5,041,579**	4,897,494
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity shareholders			
Share capital	22	**1,746,800**	1,877,500
Share premium account		**535,207**	535,207
Capital redemption reserve		**431,950**	301,250
Retained earnings		**1,312,050**	1,932,258
Total equity		**4,026,007**	4,646,215
Non-current liabilities			
Deferred tax liabilities	24	**138,268**	169,736
Current liabilities			
Trade and other payables	26	**877,304**	81,543
Total liabilities		**1,015,572**	251,279
TOTAL EQUITY AND LIABILITIES		**5,041,579**	4,897,494

The financial statements were approved by the Board of Directors on 27 May 2009 and were signed on its behalf by:

Robert Döry
Director

The notes on pages 18 to 41 form part of these financial statements.

CW RESIDENTIAL PLC

COMPANY CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Net cash (used in)/from operating activities	29	**(1,287,375)**	870,371
Cash flows from investing activities			
Proceeds on disposal of investment properties		**–**	220,767
Purchase of investment properties		**–**	(1,172)
Purchases of property, plant and equipment		**(100)**	(1,284)
Purchase of financial assets	14	**(105,000)**	(250,000)
Dividend received		**–**	41,491
Finance income		**178,196**	164,051
Net cash from investing activities		**73,096**	173,853
Cash flows from financing activities			
Net proceeds of issue of new loans		**455,754**	–
Purchase of own shares		**(361,002)**	–
Finance costs paid		**(7,486)**	(40,901)
Dividends paid	34	**(66,695)**	(137,809)
Net cash from/(used in) financing activities		**20,571**	(178,710)
Net (decrease)/increase in cash, cash equivalents and overdrafts		**(1,193,708)**	865,514
Cash, cash equivalents and overdrafts at beginning of year		**931,304**	65,790
Cash, cash equivalents and overdrafts at end of year	31	**(262,404)**	931,304

The notes on pages 18 to 41 form part of these financial statements.

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.

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.

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.

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 statements incorporate 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.

1. Accounting policies (continued)

Basis of consolidation (continued)

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.

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 (credit)/expense represents the sum of the tax currently (recoverable)/payable and any deferred tax.

The tax currently (recoverable)/payable is based on the estimated taxable (loss)/profit for the year. The taxable result differs from the net result 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 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 the taxable result, and is accounted

1. Accounting policies (continued)

Taxation (continued)

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 nor the accounting result.

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.

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.

1. Accounting policies (continued)

Property, plant and equipment (continued)

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.

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.

1. Accounting policies (continued)

Financial instruments (continued)

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. 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 2: Share based payment (amended) (effective as of 1 January 2009)

1. Accounting policies (continued)

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

- IFRS 8: Operating Segments (effective as of 1 January 2009)
- 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)
- IAS 32: Financial Instruments: Presentation (amended) (effective as of 1 January 2009)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective as of 1 July 2008)
- IFRC Interpretation 15: Agreements for the Construction of Real Estate (effective as of 1 January 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 16: Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 17: Distributions of Non Cash Assets to Owners (effective 1 July 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 18: Transfers of Assets from Customers (effective 1 July 2009 – not yet endorsed by the EU)

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

	2008	2007
	£	£
An analysis of the Group's revenue is as follows:		
Rental income from investment properties	**103,087**	102,662
Proceeds from sale of development properties	**–**	4,940,500
	103,087	5,043,162
Direct expenses on rental income	**(34,846)**	(48,375)
Cost of sales of development properties	**–**	(4,600,689)
Impairment of unsold development properties	**(590,000)**	–
	(624,846)	(4,649,064)
Gross (loss)/profit	**(521,759)**	394,098

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 £109,758 (2007: £105,192).

3. Operating (loss)/profit

	2008	2007
	£	£
For the year is stated after charging:Depreciation of plant and equipment (see note 12)	**4,251**	1,218
Staff costs (see note 6)	**101,641**	105,557
Auditor remuneration (see note 4)	**30,500**	32,000

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 loss dealt within the financial statements of the parent Company is £192,511 (2007: profit £58,221).

4. Auditors' remuneration

	2008	2007
	£	£
Fees payable to the Group's auditor for:		
The audit of the Group's annual accounts (including £8,000 in respect of the Company (2007: £8,000))	**23,000**	23,500
All other services	**7,500**	8,500
	30,500	32,000

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 2007				
Segment assets	2,216,932	2,231,987	–	**4,448,919**
Unallocated assets	–	–	2,286,853	**2,286,853**
Total assets	2,216,932	2,231,987	2,286,853	**6,735,772**
Segment liabilities	92,107	1,572	–	**93,679**
Unallocated liabilities	–	–	518,195	**518,195**
Total liabilities	92,107	1,572	518,195	**611,874**
As at 31 December 2008				
Segment assets	2,560,067	2,008,982	–	**4,569,049**
Unallocated assets	–	–	1,308,563	**1,308,563**
Total assets	2,560,067	2,008,982	1,308,563	**5,877,612**
Segment liabilities	34,167	43,394	–	**77,561**
Unallocated liabilities	–	–	1,157,917	**1,157,917**
Total liabilities	34,167	43,394	1,157,917	**1,235,478**
Year ended 31 December 2007				
Capital additions	1,680,666	1,172	266,554	1,948,392
Year ended 31 December 2008				
Capital additions	1,131,835	–	105,100	1,236,935

6. Staff costs

The average number of persons, including Directors, employed during the year was 2 (2007: 2).

	2008 Number	2007 Number
Directors	**2**	2

	2008 £	2007 £
Staff costs for the above persons were:		
Wages and salaries	**100,932**	105,301
Social security costs	**12,459**	10,256
	113,391	115,557
Directors' emoluments:		
Aggregate emoluments	**89,182**	95,301
Fees	**11,750**	10,000
	100,932	105,301

No pension contributions were made in respect of the Directors.

7. Finance costs and finance income

	2008 £	2007 £
Interest payable on bank loans and overdrafts	**10,101**	104,460
Interest payable on loans from Directors	**5,349**	–
	15,450	104,460
Bank interest receivable	**18,337**	7,440

8. Taxation

	2008 £	2007 £
Current tax	**(17,111)**	30,434
Deferred tax (Note 23)	**(133,017)**	(58,839)
Total tax credit for the year	**(150,128)**	(28,405)

8. Taxation (continued)

The difference between the total current tax (credit)/expense shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to the Group to the (loss)/profit before tax is as follows:

	2008	2007
	£	£
(Loss)/profit before taxation	**(1,204,195)**	132,964
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate applicable to the Group of 28.5% (2007: 19.75%)	**(343,196)**	26,260
Effects of:		
Expenses/(income) not allowable for/(subject to) taxation	**21,671**	(28,815)
Difference between capital allowances and depreciation	**440**	(650)
Chargeable gains	**–**	35,163
Adjustment to tax charge in respect of previous periods	**(17,111)**	3,720
Short term timing differences	**–**	(1,784)
Losses carried forward	**321,085**	(3,460)
Total current tax (credit)/expense for the year	**(17,111)**	30,434

At the year end the Group had tax losses of £757,164 (2007: £Nil). No deferred tax asset has been recognised in respect of these losses due to the uncertainty over their future reversal.

9. (Loss)/earnings per share from continuing operations attributable to the equity shareholders

	2008	2007
	£	£
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted earnings per share being net (loss)/profit attributable to equity shareholders	**(1,054,067)**	161,369
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**3,526,388**	3,755,000
Number of dilutive shares under option	**–**	–
Weighted average number of ordinary shares for the purposes of dilutive (loss)/earnings per share	**3,526,388**	3,755,000

At 31 December 2008 and 31 December 2007 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.

10. Investment properties – Group

	Freehold £
Fair value	
As at 1 January 2007	2,391,190
Additions	1,172
Disposals	(288,137)
Net gain from fair value adjustments on investment property	110,888
As at 31 December 2007	2,215,113
Net loss from fair value adjustments on investment property	(243,401)
As at 31 December 2008	1,971,712

All of the Group's investment properties as at 31 December 2008 are held at fair value. 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 2008.

11. Investment properties – Company

	Freehold £
As at 1 January 2007	1,074,890
Additions	1,172
Disposals	(209,762)
Net gain from fair value adjustments on investment property	49,375
As at 31 December 2007	915,675
Net loss from fair value adjustments on investment property	(17,112)
As at 31 December 2008	898,563

All of the Company's investment properties as at 31 December 2008 are held at fair value. 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 2008.

12. Property, plant and equipment – Group

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2007	2,362	3,663	1,542	**7,567**
Additions	–	15,270	1,284	**16,554**
Disposal	–	(3,663)	–	**(3,663)**
At 31 December 2007	2,362	15,270	2,826	**20,458**
Additions	–	–	100	**100**
At 31 December 2008	2,362	15,270	2,926	**20,558**
Depreciation				
At 1 January 2007	2,362	3,663	1,457	**7,482**
Charge for the year	–	954	264	**1,218**
Disposal	–	(3,663)	–	**(3,663)**
At 31 December 2007	2,362	954	1,721	**5,037**
Charge for the year	–	3,818	433	**4,251**
At 31 December 2008	2,362	4,772	2,154	**9,288**
Net book value				
At 31 December 2008	–	10,498	772	**11,270**
At 31 December 2007	–	14,316	1,105	**15,421**

13. Property, plant and equipment – Company

	Office equipment £
Cost	
At 1 January 2007 and at 1 January 2008	**1,284**
Additions	**100**
At 31 December 2008	**1,384**
Depreciation	
At 1 January 2007	**–**
Charge for the year	**179**
At 1 January 2008	**179**
Charge for the year	**433**
At 31 December 2008	**612**
Net book amount	
At 31 December 2008	**772**
At 31 December 2007	**1,105**

14. Financial assets – Group and Company

	2008	2007
	£	£
As at 1 January 2008	**250,000**	–
Addition	**105,000**	250,000
Net loss from fair value adjustment	**(124,250)**	–
As at 31 December 2008	**230,750**	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.

On 10 January 2008, the Group and the Company increased its investment in Leighton & Henley Plc by £105,000. At the year end the Group held a 3.45% interest in Leighton & Henley Plc.

At the end of the year, in view of the current downturn in the performance and hence valuations of property development companies such as Leighton & Henley Plc, the investment was revalued to fair value based on Directors' estimate and the net loss was charged to the income statement.

15. Investments accounted for using the equity method – Group

	2008	2007
	£	£
Share of net assets of associate undertaking at 1 January	**691,066**	726,161
Share of profit of the associated undertaking for the financial year	**35,555**	6,396
Share of dividends paid during the year	**–**	(41,491)
Share of net assets of associate undertaking at 31 December	**726,621**	691,066
Share of revaluation of assets on transition to IFRS, net of deferred tax on the revaluation	**276,240**	276,240
	1,002,861	967,306

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.

15. Investments accounted for using the equity method – Group (continued)

Entities classified as associated undertakings

	2008	2007
	£	£
Revenue	**1,559,441**	1,355,243
Gross profit	**478,801**	376,850
Profit for the financial year	**77,061**	17,300
Non-current assets	**3,016,351**	2,839,553
Current assets	**47,895**	51,288
Total assets	**3,064,246**	2,890,841
Current liabilities	**605,380**	264,650
Non-current liabilities	**716,180**	960,566
Total liabilities	**1,321,560**	1,225,216
Total equity shareholders' funds	**1,742,686**	1,665,625
Total equity and liabilities	**3,064,246**	2,890,841

The non-current assets of £3,016,351 (2007: £2,839,553) represent the land, buildings, fixtures and fittings of the associate.

On transition to IFRS, the Group measured the land and buildings at a 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 £5,100,000, which has not been incorporated in these financial statements, was carried out by Edward Simmonds on 18 February 2009.

16. Investments – Company

	2008	2007
	£	£
Investment in subsidiary undertakings	**200,000**	200,000
Investment in an associated undertaking	**271,732**	271,732
	471,732	471,732

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.

16. Investments – Company (continued)

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

17. Inventories – Group

	2008	2007
	£	£
Development properties	**2,560,067**	2,033,578

No development properties are held by CW Residential PLC. Included within cost of sales is £590,000 to record the development properties at the lower of cost and net realisable value.

There is no material difference between the replacement cost of development properties and the amounts stated above.

18. Trade and other receivables – Group

	2008	2007
	£	£
Other receivables	**37,270**	204,914
Prepayments and accrued income	**7,010**	110,446
Corporation tax	**17,111**	–
	61,391	315,360

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

19. Trade and other receivables – Company

	2008 £	2007 £
Amounts owed by Group undertakings	**3,386,660**	2,211,617
Other receivables	**11,101**	5,730
Prepayments and accrued income	**6,767**	110,331
	3,404,528	2,327,678

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

20. Cash and cash equivalents – Group

	2008 £	2007 £
Cash at bank	**39,561**	938,994

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 deemed to have a high credit-rating. All the cash is held in Sterling.

21. Cash and cash equivalents – Company

	2008 £	2007 £
Cash at bank	**35,234**	931,304

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 deemed to have a high credit-rating. All the cash is held in Sterling.

22. Called up share capital

	2008 £	2007 £
Authorised		
10,000,000 ordinary shares of £0.50 each	5,000,000	5,000,000
Allotted, called up and fully paid		
3,493,600 (2007 : 3,755,000) ordinary shares of £0.50 each	1,746,800	1,877,500

On 7 January 2008, 207,400 ordinary shares of 50p each were repurchased for £296,582 at a price of 143.00 pence 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 2007.

22. Called up share capital (continued)

On 27 June 2008, 10,000 ordinary shares of 50 pence each were repurchased for £12,500 at a price of 125.00p. On 23 July 2008, 44,000 ordinary shares of 50 pence each were repurchased for £51,920 at an average price of 118.00p. The aim of the share repurchases were to increase the net asset value per share. The repurchases were in accordance with the authorisation by shareholders as stated in resolution five at the annual general meeting on 12 June 2008.

23. Deferred tax – Group

	2008	2007
	£	£
At 1 January	**390,006**	448,845
Released to the income statement	**(133,017)**	(58,839)
At 31 December	**256,989**	390,006

	2008	2007
	£	£
Fixed asset timing differences	**256,989**	390,006

24. Deferred tax – Company

	2008	2007
	£	£
At 1 January	**169,736**	218,531
Released to the income statement	**(31,468)**	(48,795)
At 31 December	**138,268**	169,736

	2008	2007
	£	£
Fixed asset timing differences	**138,268**	169,736

25. Trade and other payables – Group

	2008	2007
	£	£
Bank overdraft	**297,638**	–
Trade payables	**71,505**	5,647
Other taxes and social security	**3,356**	4,376
Other payables	**512,554**	39,306
Accruals and deferred income	**93,436**	145,834
Corporation tax	**–**	26,705
	978,489	221,868

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Included within other payables is £461,103 in respect of loans from Directors, see note 27.

26. Trade and other payables – Company

	2008	2007
	£	£
Bank overdraft	**297,638**	–
Trade payables	**35,513**	1,572
Other taxes and social security	**3,356**	4,376
Other payables	**506,376**	32,200
Accruals and deferred income	**34,421**	35,975
Corporation tax	**–**	7,420
	877,304	81,543

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. Included within other payables is £461,103 in respect of loans from Directors, see note 27.

27. Financial liabilities – borrowings

	2008	2007
	£	£
Short-term borrowings – Group and Company		
Bank overdraft	**297,638**	–
Loans from Directors	**461,103**	–
	758,741	–
Borrowings are repayable as follows:		
Within one year	**758,741**	–

During the year, the Directors provided loans to the Group of £455,754 and by 31 December 2008 interest of £5,349 had accrued. At 31 December 2008 the loans bore interest at 6% per annum payable on maturity of the loan and were repayable on demand. On 5 February 2009, the interest rate was reduced to 1.5% above the Bank of Ireland's Base Rate and the loan term was extended to the earlier of 30 September 2009 or the sale of the Group's Rochester development.

The weighted average interest rates applicable during the year were as follows:

	2008	2007
	%	%
Loan from Directors (Sterling)	**6.00**	–
Bank overdraft	**5.71**	–

The Directors consider that the carrying amounts of the loan from the Directors and the overdraft approximates their fair value.

28. Cash flows from operating activities – Group

	2008	2007
	£	£
(Loss)/profit for the financial year	**(1,054,067)**	161,369
Tax credit	**(150,128)**	(28,405)
Finance income	**(18,337)**	(7,440)
Finance costs	**10,101**	104,460
Share of profit from associate	**(35,555)**	(6,396)
Depreciation	**4,251**	1,218
Gain on sale of investment properties	**(7,108)**	(20,332)
Devaluation/(revaluation) of investment properties	**243,401**	(110,888)
Impairment of available for sale financial assets	**124,250**	–
	(883,192)	93,586
Changes in working capital		
(Increase)/decrease in development properties	**(526,489)**	2,917,635
Decrease/(increase) in trade and other receivables	**271,080**	(233,934)
Increase/(decrease) in trade and other payables	**29,934**	(108,399)
	(225,475)	2,575,302
Taxation paid	**(26,705)**	(3,828)
Net cash (used in)/from operating activities	**(1,135,372)**	2,665,060

29. Cash flows from operating activities – Company

	2008	2007
	£	£
(Loss)/profit for the financial year	**(192,511)**	58,221
Tax credit	**(29,294)**	(37,655)
Finance income	**(178,196)**	(164,051)
Finance costs	**7,486**	40,901
Dividend received	**–**	(41,491)
Depreciation	**433**	179
Gain on sale of investment properties	**–**	(11,005)
Devaluation/(revaluation) of investment properties	**17,112**	(49,375)
Impairment of available for sale financial assets	**124,250**	–
	(250,720)	(204,276)
Changes in working capital		
(Increase)/decrease in trade and other receivables	**(1,076,850)**	1,071,498
Increase in trade and other payables	**49,793**	6,968
	(1,027,057)	1,078,466
Taxation paid	**(9,598)**	(3,819)
Net cash (used in)/from operating activities	**(1,287,375)**	870,371

30. Analysis of net (debt)/funds – Group

	2007	Movement	**2008**
	£	£	**£**
Cash	938,994	(899,433)	**39,561**
Overdraft	–	(297,638)	**(297,638)**
	938,994	(1,197,071)	**(258,077)**

31. Analysis of net (debt)/funds – Company

	2007	Movement	**2008**
	£	£	**£**
Cash	931,304	(896,070)	**35,234**
Overdraft	–	(297,638)	**(297,638)**
	931,304	(1,193,708)	**(262,404)**

32. Related party transactions

The Directors are considered to be the only key management personnel; disclosures in respect of remuneration of the Directors are contained in note 6.

During the year the Directors provided loans to the Group amounting to £455,754 and by 31 December interest of £5,349 had accrued. The split by Director is as follows:

	£
Robert Döry	**309,784**
Gareth Pearce	**151,319**
	461,103

Further details relating to the loans from Directors are provided in note 27.

During the year the Group paid £83,203 (2007: £74,387) to Smith & Williamson Limited, a company of which Gareth Pearce is Chairman, for accounting and tax services.

During the year the Company paid £26,920 (2007: £23,573) to Smith & Williamson Limited, a company of which Gareth Pearce is Chairman, for accounting and tax services.

33. Post balance sheet events

Our development at Rochester has recently been completed. Sales can now progress. A number of flats have been previously pre-sold and notice of completion has been given on these.

34. Dividends

	2008	2007
	£	£
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2007 of 1.88 pence (2006: 1.79p) per share.	**66,695**	67,215
Interim dividends for the year ended 31 December 2008 of £nil (2007: 1.88p) per share.	**–**	70,594
	66,695	137,809
Proposed final dividend for the year ended 31 December 2008 of £nil (2007: 1.88p) per share.	**–**	66,695

35. Financial instruments

The Group's financial instruments comprise cash, overdrafts and items such as trade receivables and payables 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, interest rate risk and property price 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.

Classification of financial instruments

The tables below set out the Group's accounting classification of each class of financial assets and liabilities.

Financial assets

At 31 December 2008

	Measured at amortised cost	Available for sale financial assets	**Total carrying value**
	£	£	**£**
Financial assets	–	230,750	**230,750**
Other receivables	37,270	–	**37,270**

35. Financial instruments (continued)

At 31 December 2007

	Measured at amortised cost	Available for sale financial assets	**Total carrying value**
	£	£	**£**
Financial assets	–	250,000	**250,000**
Other receivables	204,914	–	**204,914**

The other receivables and available for sale financial assets shown above have short times to maturity. For this reason, their carrying amounts at the year end approximate the fair values.

Financial liabilities

At 31 December 2008

	Measured at amortised cost	**Total carrying value**
	£	**£**
Trade payables	71,505	**71,505**
Other payables	512,554	**512,554**
Accruals	93,436	**93,436**

At 31 December 2007

	Measured at amortised cost	**Total carrying value**
	£	**£**
Trade payables	5,647	**5,647**
Other payables	39,306	**39,306**
Accruals	145,834	**145,834**

The trade payables, other payables and accruals shown above generally have short times to maturity; and so the values reported approximate the fair values.

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.

35. Financial instruments (continued)

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

	2008	2007
	£	£
Available-for-sale financial assets	**230,750**	250,000
Trade and other receivables	**44,280**	315,360
Cash and cash equivalents	**39,561**	938,994
	314,591	1,504,354

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 and other payables
	£
At 31 December 2008	
6 months or less	988,635
Total contractual cash flows	988,635
Carrying amount of financial liabilities measured at amortised cost	978,489
At 31 December 2007	
6 months or less	195,163
6 – 12 months	26,705
Total contractual cash flows	221,868
Carrying amount of financial liabilities measured at amortised cost	221,868

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 the overdraft incurs interest at a variable rate. During the year the Directors' loans were at a fixed rate of 6%. On 5 February 2009 the interest rate was reduced to 1.5% above the Bank of Ireland's Base Rate. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

35. Financial instruments (continued)

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

Based on the Group's interest bearing assets and liabilities held at the year end A movement of 1% on the annual interest rate would result in a gain or loss in the income statement of approximately £7,138 (2007: £9,400).

Property price risk

The Group's main assets consist of investment and development properties. Movements in the price of property will lead to an increase or decrease in the net asset value of the Group.

Based on the Group's property portfolio held at the year end, a movement of 5% on the value of property would lead to a gain or loss to the net asset value of the Group of approximately £226,589 (2007: £212,435).

36. 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.

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 a.m. on 25 June 2009 for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive the Directors' report and financial statements of the Company for the year to 31 December 2008.

2. To re-elect Gareth Pearce, 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.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolution 4 will be proposed as an ordinary resolution and resolution 5 will be proposed as a special resolution:

4. That, in accordance with Chapter VII of the Companies Act 1985 ("the Act") the Company be and is hereby authorised to make market purchases (as defined in section 163(3) of the Act), at any time, before 30 September 2010, of not more than 500,000 of the Company's own ordinary shares of 50 pence each ("Ordinary Shares"), at any price not higher than 150 pence and not lower than 10 pence per Ordinary Share.

5. That the admission to trading on AIM (a market operated by the London Stock Exchange plc) of the issued Ordinary Shares be cancelled and that the Directors be authorised to take all steps which are necessary or desirable in order to effect such cancellation.

By Order of the Board
Athenaeum Secretaries Limited
27 May 2009

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 25 June 2009 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 2008		
RESOLUTION 2	To re-elect Gareth Pearce, 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 authorise the Company to purchase its own shares as specified in the resolution		
RESOLUTION 5	To approve the cancellation of admission of the Company's shares to trading on AIM		

NOTES:

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.

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.

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.