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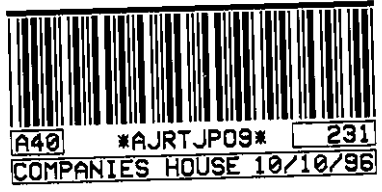
TO BE SIGNED BY1..... DIRECTOR
ON PAGE5..... AND BY SECRETAR
ON PAGE2..... AS INDICATED, AND
RETURNED TO CRANE & PARTNERS.

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

REPORT AND FINANCIAL STATEMENTS

30 JUNE 1996

COMPANY NO. 851579



Crane & Partners
Rutland House, 44 Masons Hill, Bromley, Kent, BR2 9EQ

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

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THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30th June 1996.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the maintenance of 37 houses and common grounds forming The Heights No.2 Estate.

RESULTS AND DIVIDEND

The results for the year are shown on page 4.
The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS AND FUTURE DEVELOPEMENTS

It is the intention of the directors that the company should continue in its present capacity for the foreseeable future.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were as follows:

J. S. Ohlson
S. Dibben
R. Pye
A. Denbeigh
A. Watson

Each director held one £10 ordinary share at the beginning and end of the year.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 HEIGHTS (MANAGEMENT) NO.2 LIMITED

REPORT OF THE DIRECTORS

AUDITORS

The auditors, Crane & Partners, have expressed their willingness to be re-appointed and a resolution to this effect will be proposed at the Annual General Meeting.

By order of the Board



Mrs. S. Dibben
Secretary

69 The Heights
Foxgrove Road,
Beckenham,
Kent.
BR3 2BZ

30th August 1996

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 the information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 30 June 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Crane and Partners
Chartered Accountants
Registered Auditors

Rutland House
44, Masons Hill
Bromley
Kent
BR2 9EQ

30th August 1996

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1996

| | Note | 1996 £ | 1995 £ |
|---|------|----------------------|----------------------|
| INCOME | 2 | 19,536 | 19,536 |
| Administrative expenses | | (12,335) | (15,923) |
| | | <u>7,201</u> | <u>3,613</u> |
| Interest receivable | 4 | 1,488 | 1,026 |
| SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | 8,689 | 4,639 |
| Taxation | 6 | (368) | (257) |
| SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION | | 8,321 | 4,382 |
| Balance brought forward | | 34,666 | 30,284 |
| BALANCE CARRIED FORWARD | | <u><u>42,987</u></u> | <u><u>34,666</u></u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the surplus or deficit for the above two financial years.

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

BALANCE SHEET
AS AT 30TH JUNE 1996

| | Note | 1996 £ | 1995 £ |
|---|------|----------------|---------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 3,604 | 3,604 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 1,972 | 1,610 |
| Cash at bank and in hand | | 38,830 | 30,764 |
| | | <u>40,802</u> | <u>32,374</u> |
| CREDITORS: Amounts falling due within one year | 9 | <u>(1,049)</u> | <u>(942)</u> |
| NET CURRENT ASSETS | | 39,753 | 31,432 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | <u>43,357</u> | <u>35,036</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 370 | 370 |
| Income and expenditure account | | 42,987 | 34,666 |
| SHAREHOLDERS' FUNDS | 11 | <u>43,357</u> | <u>35,036</u> |

Approved on behalf of the Board on 30th August 1996.

..... *Anne Watson* Director
A. Watson

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1996

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards issued by UK accountancy bodies. The particular accounting policies adopted are described below.

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Depreciation is not provided on the freehold interest as, in the opinion of the directors, there is no significant wasting of the freehold.

2 INCOME

| | 1996 £ | 1995 £ |
|------------------------------|---------------|---------------|
| Contributions from residents | <u>19,536</u> | <u>19,536</u> |

3 STAFF COSTS

There were no paid employees of the company at any time during the year.

4 INTEREST RECEIVABLE

| | 1996 £ | 1995 £ |
|---------------------|--------------|--------------|
| Interest receivable | <u>1,488</u> | <u>1,026</u> |

5 SURPLUS ON ORDINARY ACTIVITIES
BEFORE TAXATION

| | 1996 £ | 1995 £ |
|---|------------|------------|
| Surplus on ordinary activities is stated after charging: | | |
| Auditors' remuneration | <u>646</u> | <u>646</u> |

6 TAXATION

| | 1996 £ | 1995 £ |
|---|------------|------------|
| United Kingdom corporation tax at 25% and 24% (1995 - 25%) | <u>368</u> | <u>257</u> |

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1996

| | | | |
|----|---|--------------|--------------|
| 7 | TANGIBLE FIXED ASSETS | 1996 £ | 1995 £ |
| | Freehold interest in land at cost | <u>3,604</u> | <u>3,604</u> |
| 8 | DEBTORS | 1996 £ | 1995 £ |
| | Contributions due from residents | 1,817 | 1,247 |
| | Prepayments and accrued income | <u>155</u> | <u>363</u> |
| | | <u>1,972</u> | <u>1,610</u> |
| 9 | CREDITORS: Amounts falling due within one year | 1996 £ | 1995 £ |
| | Corporation tax | 368 | 257 |
| | Accruals and deferred income | <u>681</u> | <u>685</u> |
| | | <u>1,049</u> | <u>942</u> |
| 10 | CALLED UP SHARE CAPITAL | 1996 £ | 1995 £ |
| | Authorised | | |
| | 37 ordinary shares of £10 each | <u>370</u> | <u>370</u> |
| | Allotted, called up and fully paid | | |
| | 37 ordinary shares of £10 each | <u>370</u> | <u>370</u> |

THE HEIGHTS (MANAGEMENT) NO.2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1996

11 RECONCILIATION OF MOVEMENTS
ON SHAREHOLDERS' FUNDS

| | 1996 £ | 1995 £ |
|--|----------------------|----------------------|
| Surplus for the financial year after taxation | 8,321 | 4,382 |
| Opening shareholders' funds | <u>35,036</u> | <u>30,654</u> |
| Closing shareholders' funds | <u><u>43,357</u></u> | <u><u>35,036</u></u> |