

1-3 MORPETH TERRACE LIMITED

Company No. 2634198

ANNUAL REPORT AND ACCOUNTS

for the year ended

31ST DECEMBER 1996

DEREK WEBSTER & CO.

136 BAKER STREET,

LONDON. W1M 2DU



1-3 MORPETH TERRACE LIMITED

DIRECTORS REPORT

The directors present their report to the members, together with the annual accounts for the year ended 31st December 1996.

PRINCIPAL ACTIVITY :

The principal activity of the company is acting as trustee to the block of flats known as 1-3 Morpeth Terrace, London, SW1 in accordance with the terms of the leases granted in respect of the property and comply with its obligations.

DIRECTORS :

The directors of the company and their beneficial interests in shares of the company were :

	<i>£1 Ordinary Shares</i>	
	<i>31.12.96</i>	<i>31.12.95</i>
M. Brothwood	1	1
J. Thompson	1	1
A.M. Brown	1	1
P. Doyle	1	1

DIRECTORS' RESPONSIBILITIES :

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

- select suitable accounting policies and 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

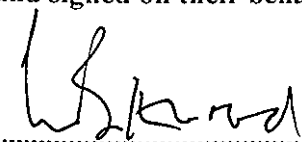
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS :

A resolution to re-appoint the auditors will be proposed at the Annual General Meeting.

The directors have taken advantage, in the preparation of their report, of the exemptions applicable to small companies.

Approved by the board of directors on 26/6/97
and signed on their behalf by :


..... M BROTHWOOD

AUDITORS' REPORT TO THE SHAREHOLDERS OF

1-3 MORPETH TERRACE LIMITED

We have audited the accounts on pages 3 to 6 which have been prepared in accordance with the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors :

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion :

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Derek Webster

DEREK WEBSTER & CO.
Chartered Accountants
& Registered Auditor,
136 Baker Street,
London. W1M 2DU

Date : 30/1/97

1-3 MORPETH TERRACE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1996

	<i>Notes</i>	----- 1996 -----	----- 1995 -----
TURNOVER :			
Trustee Fees	1b	1,661	1,696
ADMINISTRATIVE EXPENSES :			
Insurance		713	733
Bank charges		145	65
Company's secretarial fees		213	410
Audit fees		470	470
Sundry expenses		98	18
		<u>1,639</u>	<u>1,696</u>
OPERATING PROFIT/(LOSS)	2	22	-
Interest received		7	-
Interest paid		(1)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>28</u>	<u>-</u>
Tax on profit on ordinary activities	3	6	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£ 22</u>	<u>£ Nil</u>

Turnover and operating profit/(loss) derive wholly from continuing operations.

There are no recognised gains and losses in 1996 or 1995 other than the profit and loss for the year.

The notes on pages 5 and 6 form an integral part of these accounts.

1-3 MORPETH TERRACE LIMITED

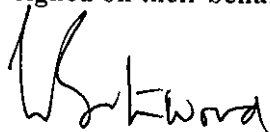
BALANCE SHEET

31ST DECEMBER 1996

	Notes	----- 1996 -----	----- 1995 -----
TANGIBLE FIXED ASSETS			
CURRENT ASSETS :			
Prepayments		220	-
Sundry debtor		1	-
Cash at bank		22,654	22,656
		<u>22,875</u>	<u>22,656</u>
CREDITORS :			
Amounts falling due within one year :			
Corporation tax		5	-
1-3 Morpeth Terrace		22,297	21,746
Accruals		520	880
		<u>22,822</u>	<u>22,626</u>
NET CURRENT ASSETS		<u>53</u>	<u>30</u>
		£ 53	£ 30
CAPITAL AND RESERVES :			
CALLED UP SHARE CAPITAL	4	24	23
PROFIT AND LOSS ACCOUNT	5	29	7
SHAREHOLDERS' FUNDS	6	£ 53	£ 30

The directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies, under Schedule 8 Part I of the Companies Act 1985. In the opinion of the directors the company qualifies as such a company and is entitled to make use of the special exemptions.

Approved by the board of directors on 26/6/97
and signed on their behalf by :



M BROTHWOOD

The notes on pages 5 and 6 form an integral part of these accounts.

1-3 MORPETH TERRACE LIMITED

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1996

1. ACCOUNTING POLICIES :

a) Cash Flow Statement :

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

b) Turnover :

Turnover represents fees due for trustee services, excluding VAT.

2. DIRECTORS REMUNERATION :

The directors received no remuneration from the company during the year (1995 - £Nil).

3. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES :

	<i>1996</i>	<i>1995</i>
Corporation tax at 25%/24%	£ 6	£ -
	<u> </u>	<u> </u>

4. CALLED UP SHARE CAPITAL :

	<i>1996</i>	<i>1995</i>
Authorised : Ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </u>
Issued and fully paid : Ordinary shares of £1 each	£ 24	£ 23
	<u> </u>	<u> </u>

5. PROFIT AND LOSS ACCOUNT :

	<i>1996</i>	<i>1995</i>
Balance at 31st December 1995	7	7
Retained profit/(loss) for the year	22	-
	<u> </u>	<u> </u>
Balance at 31st December 1996	£ 29	£ 7
	<u> </u>	<u> </u>

1-3 MORPETH TERRACE LIMITED

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1996

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS :

	<i>1996</i>	<i>1995</i>
Profit/(loss) for the year	22	-
Increase in share capital	1	-
	<u>23</u>	<u>-</u>
Shareholders funds at 1st January 1996	30	30
Shareholders funds at 31st December 1996	<u>£ 53</u>	<u>£ 30</u>

7. CONTINGENT LIABILITY :

- a) The company maintains a reserve bank account for contributions to the reserve for future expenditure received from the general maintenance fund of the property. Under the terms of the trust deed all interest earned on these monies together with other gross interest received is to be credited for the benefit of the maintenance fund.

The taxation of this interest, though the liability of the company, will ultimately be borne by the maintenance fund which will subsequently indemnify the company as and when it becomes due.

At the balance sheet date the corporation tax in respect of gross interest received is as follows :

	<i>1996</i>	<i>1995</i>
Reserve fund bank account	-	47
Late payment of service charge instalments	-	135
	<u>£ -</u>	<u>£ 182</u>

- b) The company was appointed trustee on 25 September 1991 on the resignation of the previous trustee. At that date there was an income tax liability of £1,707 in respect of interest received during the previous trustee's period as trustee. It is not known at present whether the previous trustee will discharge this liability or it will be met by the company. Notwithstanding the aforementioned the maintenance fund will similarly indemnify any taxation due.