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Company Registration No. 851579 (England and Wales)

TO BE SIGNED BY S. L. O. O. DIRECTORS
ON PAGE 4 AND BY SECRETARY S. L. O. O.
ON PAGE 1 AS INDICATED, AND
RETURNED TO CRANE & PARTNERS.

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001



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THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

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THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The directors present their report and financial statements for the year ended 30 June 2001.

Principal activities

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

Directors

The following directors have held office since 1 July 2000:

V Lavington

C Clarke

(Appointed 20 November 2000)

S. Lee

H. Smith

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 10 each	
	30 June 2001	1 July 2000
C Clarke	1	1
S. Lee	1	1
V Lavington	1	1
H. Smith	1	1

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Crane & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

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 profit or loss 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;
- 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 to 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



S. Lee

Director

30 October 2001

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and 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 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Crane & Partners

Crane & Partners

Chartered Accountants
Registered Auditor

31 October 2001

Rutland House
44 Masons Hill
Bromley
Kent
BR2 9EQ

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 £	2000 £
Income	2	26,418	19,360
Administrative expenses		<u>(18,873)</u>	<u>(15,203)</u>
Operating surplus		7,545	4,157
Other interest receivable and similar income	3	<u>1,972</u>	<u>1,506</u>
Surplus on ordinary activities before taxation		9,517	5,663
Tax on surplus on ordinary activities	4	<u>(160)</u>	<u>(301)</u>
Surplus on ordinary activities after taxation	9	<u>9,357</u>	<u>5,362</u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income and expenditure account.

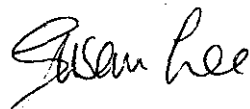
THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

BALANCE SHEET AS AT 30 JUNE 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	5		3,604		3,604
Current assets					
Debtors	6	338		563	
Cash at bank and in hand		55,907		47,768	
		<u>56,245</u>		<u>48,331</u>	
Creditors: amounts falling due within one year	7	<u>(4,425)</u>		<u>(5,868)</u>	
Net current assets			<u>51,820</u>		<u>42,463</u>
Total assets less current liabilities			<u><u>55,424</u></u>		<u><u>46,067</u></u>
Capital and reserves					
Called up share capital	8		370		370
Income and expenditure account	9		55,054		45,697
			<u>55,424</u>		<u>46,067</u>
Shareholders' funds - equity interests	10		<u><u>55,424</u></u>		<u><u>46,067</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 30 October 2001



S. Lee
Director

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Tangible fixed assets and depreciation

Land and buildings Freehold

No depreciation is provided in respect of freehold interest in land as, in the opinion of the directors, there is no significant wasting of the freehold.

2 Income	2001	2000
	£	£
Contributions from residents	21,978	19,360
Additional contributions	4,440	-
	<u>26,418</u>	<u>19,360</u>
3 Other interest receivable and similar income	2001	2000
	£	£
Bank interest	<u>1,972</u>	<u>1,506</u>
4 Taxation	2001	2000
	£	£
U.K. current year taxation		
U.K. corporation tax at 10% (2000 - 10%/20%)	197	301
Prior years		
U.K. Corporation tax	(37)	-
	<u>160</u>	<u>301</u>

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

5 Tangible fixed assets

	Freehold interest
	£
Cost	
At 1 July 2000 & at 30 June 2001	3,604
Depreciation	
At 1 July 2000 & at 30 June 2001	-
Net book value	
At 30 June 2001	3,604
At 30 June 2000	3,604

6 Debtors

	2001	2000
	£	£
Trade debtors	338	308
Other debtors	-	255
	<u>338</u>	<u>563</u>

7 Creditors: amounts falling due within one year

	2001	2000
	£	£
Taxation and social security	197	301
Other creditors	4,228	5,567
	<u>4,425</u>	<u>5,868</u>

8 Share capital

	2001	2000
	£	£
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 30 JUNE 2001

9 Statement of movements on income and expenditure account

	Income and expenditure account £
Balance at 1 July 2000	45,697
Retained surplus for the year	9,357
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Balance at 30 June 2001	55,054
	<hr/> <hr/>

10 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Surplus for the financial year	9,357	5,362
Opening shareholders' funds	46,067	40,705
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Closing shareholders' funds	55,424	46,067
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