

1-3 MORPETH TERRACE LIMITED

Company No. 2634198

ANNUAL REPORT AND ACCOUNTS

for the year ended

31ST DECEMBER 1997



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 1997.

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>31.12.97</i>	<i>31.12.96</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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

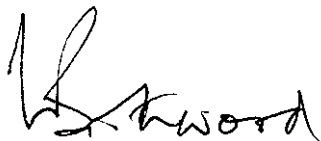
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the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

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

Approved by the board of directors on 22 December 1998
and signed on their behalf by :



.....
M Brothwood : Director

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 Financial Reporting Standard for Smaller Entities 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 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Derek Webster

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

Date: 4/1/99.

1-3 MORPETH TERRACE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	<i>Notes</i>	----- 1997 -----	----- 1996 -----
TURNOVER :			
Trustee fees	1b	1,747	1,661
ADMINISTRATIVE EXPENSES :			
Insurance		733	713
Bank charges		48	145
Company's secretarial fees		411	213
Audit fees		470	470
Sundry expenses		86	98
		<u>1,748</u>	<u>1,639</u>
OPERATING (LOSS)/PROFIT	2	(1)	22
Interest received		1	7
Interest paid		<u>-</u>	<u>(1)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	28
Tax on profit on ordinary activities	3	<u>-</u>	<u>6</u>
PROFIT FOR THE FINANCIAL PERIOD ON ORDINARY ACTIVITIES AFTER TAXATION		£ Nil	£ 22

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

1-3 MORPETH TERRACE LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1997

	<i>Notes</i>	<u>1997</u>	<u>1996</u>
CURRENT ASSETS :			
Prepayments		220	220
Sundry debtor		-	1
1-3 Morpeth Terrace		353	-
Cash at bank		-	22,654
		<u>573</u>	<u>22,875</u>
CREDITORS :			
Amounts falling due within one year :			
Corporation tax		-	5
1-3 Morpeth Terrace		-	22,297
Accruals		520	520
		<u>520</u>	<u>22,822</u>
NET CURRENT ASSETS		<u>53</u>	<u>53</u>
		<u>£ 53</u>	<u>£ 53</u>
CAPITAL AND RESERVES :			
CALLED UP SHARE CAPITAL	4	24	24
PROFIT AND LOSS ACCOUNT	5	29	29
SHAREHOLDERS' FUNDS		<u>£ 53</u>	<u>£ 53</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

Approved by the board of directors on 22 December 1998
and signed on their behalf by :

Patrick Nub P. Doyle : Director

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 1997

1. ACCOUNTING POLICIES :

a) Convention :

These accounts have been prepared in accordance with applicable accounting standards under the historical cost convention.

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 (1996 - £Nil).

3. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES :	1997	1996
Corporation tax at 21%/24%	£ -	£ 6
	<u> </u>	<u> </u>
4. CALLED UP SHARE CAPITAL :	1997	1996
Authorised : Ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </u>
Issued and fully paid : Ordinary shares of £1 each	£ 24	£ 24
	<u> </u>	<u> </u>
5. PROFIT AND LOSS ACCOUNT :	1997	1996
Balance at 31st December 1996	29	7
Retained profit for the year	-	22
	<u> </u>	<u> </u>
Balance at 31st December 1997	£ 29	£ 29
	<u> </u>	<u> </u>

1-3 MORPETH TERRACE LIMITED

NOTES TO THE ACCOUNTS AT 31ST DECEMBER 1997

6. 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.

- 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.