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Company Registration No. 851579 (England and Wales)

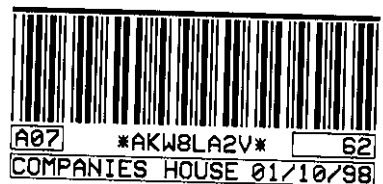
TO BE SIGNED BY 1 DIRECTORS
ON PAGE 1 AND BY SECRETARY 2
ON PAGE 3 AS INDICATED, AND
RETURNED TO CRANE & PARTNERS.

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

REPORT OF THE DIRECTORS

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1998



THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

CONTENTS

	Page
Directors' report	1
Income and expenditure account	2
Balance sheet	3
Notes to the financial statements	4 - 6

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and financial statements for the year ended 30 June 1998.

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 1997:

R Lavington	(Resigned 22 October 1997)
S Dibben	(Resigned 22 October 1997)
A Denbeigh	(Resigned 22 October 1997)
M Burstow	
M. Foreman	(Appointed 22 October 1997)
S. Birkhamshaw	(Appointed 22 October 1997)
G. Lee	(Appointed 22 October 1997)
H. Smith	(Appointed 22 October 1997)

Directors' interests

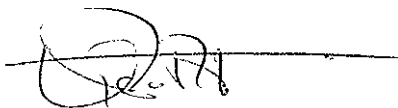
The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £10 each	
	30 June 1998	1 July 1997
M Burstow	-	1
M. Foreman	-	-
S. Birkhamshaw	-	-
G. Lee	-	-
H. Smith	-	-

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

By order of the board

M. Foreman
Director
17 September 1998



THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

		1998	1997
	Notes	£	£
Income	2	19,536	19,536
Administrative expenses		(35,909)	(14,778)
Operating (deficit)/surplus	3	(16,373)	4,758
Other interest receivable and similar income	4	1,766	1,699
(Deficit)/surplus on ordinary activities before taxation		(14,607)	6,457
Tax on (deficit)/surplus on ordinary activities	5	(371)	(395)
(Deficit)/surplus on ordinary activities after taxation	10	(14,978)	6,062

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 1998

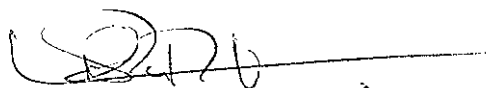
	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	6		3,604		3,604
Current assets					
Debtors	7	758		1,652	
Cash at bank and in hand		31,279		45,364	
		32,037		47,016	
Creditors: amounts falling due within one year	8	(1,200)		(1,201)	
Net current assets			30,837		45,815
Total assets less current liabilities			34,441		49,419
Capital and reserves					
Called up share capital	9		370		370
Income and expenditure account	10		34,071		49,049
Shareholders' funds - equity interests	11		34,441		49,419

In preparing these financial statements:

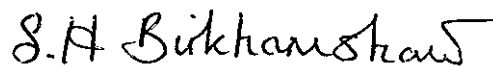
- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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 17 September 1998



M. Foreman
Director



S. Birkhamshaw
Director

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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	1998	1997
		£	£
	Contributions from residents	19,535	19,537
		<u> </u>	<u> </u>
3	Operating (deficit)/surplus	1998	1997
		£	£
	Operating (deficit)/surplus is stated after charging:		
	Auditors' remuneration	-	658
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	1,766	1,699
		<u> </u>	<u> </u>
5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1997 - 21%)	371	395
		<u> </u>	<u> </u>

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

6	Tangible fixed assets		Freehold interest
			£
	Cost		
	At 1 July 1997 & at 30 June 1998		3,604
	Depreciation		
	At 1 July 1997 & at 30 June 1998		-
	Net book value		
	At 30 June 1998		3,604
	At 30 June 1997		3,604
7	Debtors	1998	1997
		£	£
	Trade debtors	758	1,571
	Other debtors	-	81
		758	1,652
8	Creditors: amounts falling due within one year	1998	1997
		£	£
	Taxation and social security	371	395
	Other creditors	829	806
		1,200	1,201
9	Share capital	1998	1997
		£	£
	Authorised		
	37 Ordinary shares of £10 each	370	370
	Allotted, called up and fully paid		
	37 Ordinary shares of £10 each	370	370

THE HEIGHTS (MANAGEMENT) NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

10 Statement of movements on income and expenditure account

	Income and expenditure account £
Balance at 1 July 1997	49,049
Retained deficit for the year	(14,978)
	<hr/>
Balance at 30 June 1998	34,071
	<hr/> <hr/>

11 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
(Deficit)/Surplus for the financial year	(14,978)	6,062
Opening shareholders' funds	49,419	43,357
	<hr/>	<hr/>
Closing shareholders' funds	34,441	49,419
	<hr/> <hr/>	<hr/> <hr/>