

**FALCONHURST
RESIDENTS ASSOCIATION LTD**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
24TH DECEMBER 1996**



**PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
29-39 LONDON ROAD
TWICKENHAM
MIDDLESEX TW1 3SZ**

26th March 1997

COMPANY INFORMATION

DIRECTORS

M. Moss
A.F. Barnes
J.C. Andrews
D C Kille (Appointed 30.4.96)

COMPANY SECRETARY

M. Moss

REGISTERED OFFICE

69 Victoria Road
Surbiton
Surrey KT6 4NX

REGISTERED NO.

839155

AUDITORS

Pridie Brewster
29-39 London Road
Twickenham
Middlesex TW1 3SZ

PRINCIPAL BANKER

National Westminster Bank plc
10 Victoria Road
Surbiton
Surrey KT6 4JY

REPORT OF THE DIRECTORS**FINANCIAL STATEMENTS**

The directors present their report and the financial statements for the year ended 24 December 1996.

PRINCIPAL ACTIVITY

The principal activity is to supervise the management of the property at Falconhurst for the mutual benefit of the Leaseholders.

DIRECTORS

The directors in office during the year are listed on page 1.

M Moss retires by rotation and offers himself for re-election.

DIRECTORS' INTERESTS

In respect of the Directors at the Balance Sheet date, their interests in the share capital of the company at 25 December 1995 and at 24 December 1996 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows

	Ordinary shares of £10 each	
	24 December 1996	25 December 1995
M. Moss	1	1
A.F. Barnes	1	1
J.C. Andrews	1	1
D C Kille	1	1

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:

- a] select suitable accounting policies and then apply them consistently;
- b] make judgements and estimates that are reasonable and prudent;
- c] 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.

AUDITORS

The Company is entitled to audit exemption under Section 249(A)(1) of the Companies Act 1985 although the financial statements have been audited.

The auditors, Pridie Brewster, Chartered Accountants, are willing to continue in office, and a motion for their re-appointment will be put before the Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'M. Moss', is written over a dotted line.

M. MOSS - DIRECTOR AND COMPANY SECRETARY

26th March 1997

**AUDITORS' REPORT TO THE MEMBERS OF FALCONHURST
RESIDENTS ASSOCIATION LIMITED**

We have audited the accounts on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. 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 judgments 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.

Fundamental Uncertainty

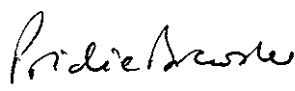
In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the debt due from former managing agents amounting to £44,212. The circumstances relating to this fundamental uncertainty are disclosed in note 3. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 24th December 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

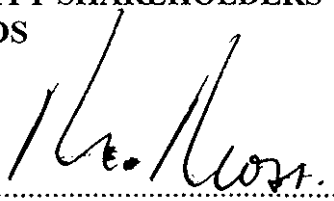
29-39 London Road
Twickenham
Middlesex TW1 3SZ

26th March 1997



PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

**BALANCE SHEET AT
24 DECEMBER 1996**

	NOTE	1996	1995
FIXED ASSETS			
TANGIBLE ASSETS			
Head Lease of 1-30 Falconhurst 10 The Crescent, Surbiton, Surrey At Cost		-	-
CURRENT ASSETS			
Debtors	2	4,462	4,616
Debt due from former managing agents	3	44,212	33,009
Cash at bank		2,045	564
		<u>50,719</u>	<u>38,189</u>
CREDITORS: amounts falling due within one year	4	<u>4,685</u>	<u>1,337</u>
NET CURRENT ASSETS		<u>46,034</u>	<u>36,852</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£46,034</u>	<u>£36,852</u>
CAPITAL AND RESERVES			
Called up share capital	5	300	300
Income and expenditure account	6	<u>45,734</u>	<u>36,552</u>
EQUITY SHAREHOLDERS FUNDS	7	<u>£46,034</u>	<u>£36,852</u>


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M MOSS

DIRECTOR


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A F BARNES

DIRECTOR

26th March 1997

INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 24 DECEMBER 1996

	NOTE	1996	1995
TURNOVER	8	20,438	20,738
EXPENDITURE		<u>11,258</u>	<u>8,597</u>
OPERATING SURPLUS		9,180	12,141
Interest receivable and Similar Income		<u>2</u>	<u>2</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	8	9,182	12,143
Tax on surplus on ordinary activities	9	-	-
RETAINED SURPLUS FOR THE FINANCIAL YEAR	6	<u>£9,182</u>	<u>£12,143</u>

All Gains and Losses for the year arise from continuing operations and have been recognised in the revenue account.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 24 DECEMBER 1996

1. ACCOUNTING POLICIES

- a) The accounts are prepared under the historical cost convention.
- b) The accounts are prepared in accordance with applicable accounting standards.
- c) The Company qualifies as a small Company under the requirements of Financial Reporting Standard 1 and therefore does not have to produce a cash flow statement.

2. DEBTORS	1996	1995
Compensation for lost interest	600	600
Amounts due from lessees	1,077	1,151
Prepayments and accrued income	2,785	2,865
	<u>£4,462</u>	<u>£4,616</u>
	=====	=====

3. DEBT DUE FROM MANAGING AGENTS

The balance held by the former Managing Agents is in accordance with statements issued by them and fairly represents amounts due to the company at the Balance Sheet date. The Directors have been informed that the former Managing Agents are unable to discharge their liability to the company immediately. In the absence of full information the Directors are unable to form an opinion whether all or some part of the debt eventually may prove to be irrecoverable. In these circumstance the debt has been shown at its full value in the Balance Sheet. However, the Directors consider that the Accounts should be read in the light of these facts and that the company may be involved in further costs to recover the amount due.

4. CREDITORS Amounts falling due within one year	1996	1995
Service charges paid in advance	2,700	5
Accruals and deferred income	1,985	1,332
	<u>£4,685</u>	<u>£1,337</u>
	=====	=====

5. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and Fully Paid		
30 ordinary shares of £10 each	£300	£300
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 24 DECEMBER 1996 (continued)

6. INCOME AND EXPENDITURE ACCOUNT	1996	1995
At 25 December 1995	36,552	24,409
Surplus for the year	9,182	12,143
	<hr/>	<hr/>
At 24 December 1996	£45,734	£36,552
	<hr/> <hr/>	<hr/> <hr/>

7. EQUITY SHAREHOLDERS' FUNDS

Reconciliation of movement in shareholders' funds

Surplus for the financial year	9,182	12,143
Opening shareholders' funds	36,852	24,709
	<hr/>	<hr/>
Closing shareholders' funds	£46,034	£36,852
	<hr/> <hr/>	<hr/> <hr/>

8. TURNOVER AND SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and surplus on ordinary activities before taxation is attributable to the principal activity of the company.

Surplus is stated after charging

Auditors' remuneration	£511	£493
	<hr/>	<hr/>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Company is a mutual trading company within the definition of Section 486 I.C.T.A. 1988. There is no liability to tax on income other than investment income which is charged to Corporation Tax.

Corporation tax on investment income at 24%
 (1995 - 25%)

£-	£-
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10. TRANSACTIONS WITH DIRECTORS

In common with other members, each Director is a lessee of Falconhurst and a contributor to the running costs of the company.

DETAILED INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 24 DECEMBER 1996

	1996	1995
INCOME		
Maintenance charges and service charges	19,200	19,200
Staircase service charge	638	638
Ground rents receivable	600	600
Compensation for lost interest	-	300
	<u>20,438</u>	<u>20,738</u>
INTEREST RECEIVABLE		
Deposit account interest	2	2
	<u>20,440</u>	<u>20,740</u>
EXPENSES PER SCHEDULE		
Upkeep expenses	2,594	2,081
Office and general	8,664	6,516
	<u>11,258</u>	<u>8,597</u>
NET SURPLUS FOR THE YEAR	<u><u>£9,182</u></u>	<u><u>£12,143</u></u>