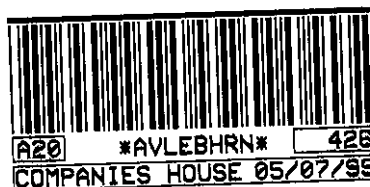


**CHERRY COURT (FOLKESTONE) MANAGEMENT
COMPANY LIMITED**

(Limited by Guarantee)

FINANCIAL STATEMENTS
31ST DECEMBER 1998

Registered Number: 1397868



SPAIN BROTHERS
CHARTERED ACCOUNTANTS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

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CHERRY COURT (FOLKESTONE) MANAGEMENT COMPANY LIMITED
(Limited by Guarantee)

COMPANY INFORMATION

FOR THE YEAR ENDED 31ST DECEMBER 1998

Incorporated in England and Wales on 3rd November 1978.

DIRECTORS

A B Atkins Esq
J Ashe Esq

SECRETARY

A B Atkins Esq

REGISTERED OFFICE

29 Manor Road
Folkestone
Kent
CT20 2SE

BANKERS

Barclays Bank plc
Sittingbourne
Kent

AUDITORS

Spain Brothers & Co
Chartered Accountants
29 Manor Road
Folkestone
Kent
CT20 2SE

COMPANY NUMBER

1397868

CHERRY COURT (FOLKESTONE) MANAGEMENT COMPANY LIMITED
(Limited by Guarantee)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors submit their report together with the audited financial statements for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the management of the property known as Cherry Court, Folkestone.

APPROPRIATIONS

The expenditure on maintenance and management during the year totalled £21,826 (1997: £25,155) which is divisible equally amongst the flatholders.

DIRECTORS

The Directors of the Company who served through the year were:-

A B Atkins Esq
J Ashe Esq

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 year. In preparing these 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- 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

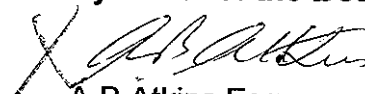
A resolution will be proposed at the Annual General Meeting to re-appoint Messrs Spain Brothers & Co as auditors.

SMALL COMPANY EXEMPTIONS

In preparing this report the Directors have taken advantage of the special exemptions available to small companies.

This report was approved by the Board on 19th May 1999.

By Order of the Board



A B Atkins Esq
Secretary

29 Manor Road
Folkestone
Kent
CT20 2SE
19th May 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF

CHERRY COURT (FOLKESTONE) MANAGEMENT COMPANY LIMITED **(Limited by Guarantee)**

FOR THE YEAR ENDED 31ST DECEMBER 1998

We have audited the financial statements set out on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, 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 financial statements and to report our opinion to you.

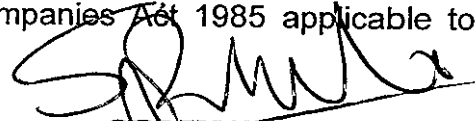
BASIS OF OPINION

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 at 31st December 1998 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



SPAIN BROTHERS & CO.
Chartered Accountants
Registered Auditors

29 Manor Road,
Folkestone,
Kent.
CT20 2SE

19th May 1999

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

Note

	<u>1998</u>	<u>1997</u>
TURNOVER	21,826	25,155
EXPENDITURE	21,826	25,155
<u>PROFIT ON ORDINARY ACTIVITIES</u>	£Nil	£Nil

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two years.

TOTAL RECOGNISED GAINS OR LOSSES

The Company has no recognised gains or losses other than the profit or loss for the above two years.

The notes on page 6 form part of these financial statements.

CHERRY COURT (FOLKESTONE) MANAGEMENT COMPANY LIMITED
(Limited by Guarantee)

BALANCE SHEET

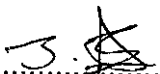
AS AT 31ST DECEMBER 1998

Note

	<u>1998</u>	<u>1997</u>
<u>FIXED ASSETS</u>		
Intangible assets	151	151
<u>CURRENT ASSETS</u>		
Debtors and Prepayments	63	-
Due from Flatholders	1,251	660
Cash at Bank	9,005	14,160
	10,319	14,820
3. <u>CREDITORS</u> - amounts falling due within one year	7,270	11,771
<u>NET CURRENT ASSETS</u>	3,049	3,049
<u>NET ASSETS</u>	£3,200	£3,200
<u>CAPITAL AND RESERVES</u>		
Flatholders' Maintenance Deposits	£3,200	£3,200

The Directors have taken advantage in preparing these financial statements of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985. In the opinion of the Directors the Company qualifies as a small Company and is entitled to make use of the exemptions.

Approved by the Board of Directors on 19th May 1999 and signed on their behalf by:-


.....
J Ashe Esq - Director

The notes on page 6 form part of these financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The Company's financial statements are prepared in accordance with applicable accounting standards. The principal accounting policies adopted are as follows:-

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.

2. SEGMENTAL ANALYSIS

The Company's operations are considered to fall into one class of business and derive from one geographical market.

3. CREDITORS - amounts due within one year

Creditors and Accruals
Due to Flatholders
Flatholders' Payments in Advance

<u>1998</u>	<u>1997</u>
3,628	3,751
3,642	2,065
-	5,955
£7,270	£11,771

4. CAPITAL

The Company has no share capital. Every member of the Company undertakes in the event of the winding-up of the Company to contribute such amount as may be necessary not exceeding £1 each.

5. MANAGEMENT ACCOUNT

The building is insured for £2,902,953. The premium of £3,381.36 falls due for renewal on the 9th July 1999.