

3 & 5 CADOGAN GARDENS (MANAGEMENT) LIMITED

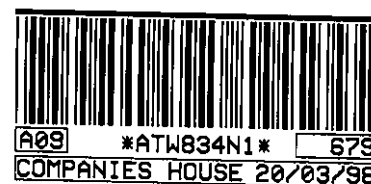
REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 1997

Company Registration No. 1575889

Saffery Champness

CHARTERED ACCOUNTANTS



DIRECTORS' REPORT

The directors submit their report and the financial statements of 3 & 5 Cadogan Gardens (Management) Limited for the year ended 30 September 1997

PRINCIPAL ACTIVITY

The principal activity of the company is to regulate, control the use of and maintain the property and building known as 3 & 5 Cadogan Gardens, London SW3.

The expenses for the year amounted to £32,040 against levies of £29,659. The company receives reimbursement of expenses incurred by contributions from lessees of the flats within the property under the covenants within their leases. The deficit will be demanded from the lessees.

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.

DIRECTORS AND THEIR INTEREST IN SHARES

The following were the directors during the year:

M E Hollis
J S Nounou
N K Nounou

Their beneficial interests in the £1 Ordinary Shares of the company and the £0.01 Ordinary Shares were as follows:


	30.9.97		30.9.96	
	Ordinary £1	Ordinary £0.01	Ordinary £1	Ordinary £0.01
M E Hollis	12	1,314	12	1,314
J S Nounou and N K Nounou (held jointly)	12	1,651	12	1,651

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to re-appoint Saffery Champness as auditors for the ensuing year will be put to the members at the annual general meeting in accordance with S.384(1) of the Companies Act 1985, and the directors be authorised to fix their remuneration.

By order of the board


M E Hollis
Secretary

Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

10 February 1998

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 3 to 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report 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.

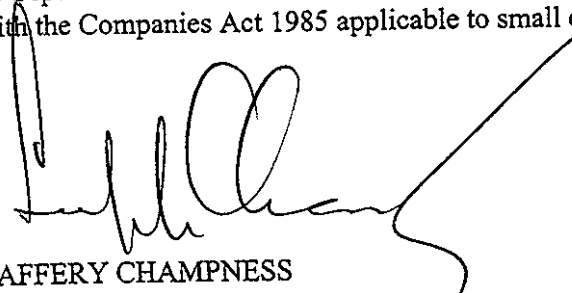
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice 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 affairs of the company as at 30 September 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors
Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

10 February 1998

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Note	1997	1996
Contributions recoverable from lessees		32,040	27,428
Operating expenses		28,287	23,791
Administration expenses	3	<u>3,753</u>	<u>3,637</u>
		(32,040)	(27,428)
Interest received gross		53	183
Taxation	4	<u>(12)</u>	<u>(44)</u>
		41	139
Transfer to reserve fund		<u>(41)</u>	<u>(139)</u>
		<u>£Nil</u>	<u>£Nil</u>

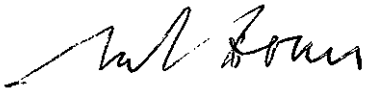
The notes on page 5 form part of the these financial statements.

There are no recognised gains or losses other than those in the income and expenditure account.

BALANCE SHEET
30 SEPTEMBER 1997

	Note	1997	1996
CURRENT ASSETS			
Debtors and prepayments		14,356	10,121
Monies held by agents		<u>242</u>	<u>3,502</u>
		<u>14,598</u>	<u>13,623</u>
CURRENT LIABILITIES			
CREDITORS			
Bank overdraft		1,329	-
Monies received in advance		3,689	6,039
Creditors and accruals		4,012	2,025
Corporation Tax due		<u>12</u>	<u>44</u>
		<u>9,042</u>	<u>8,108</u>
		5,556	5,515
PROVISION FOR LIABILITIES AND CHARGES	5	<u>5,360</u>	<u>5,319</u>
		<u>£196</u>	<u>£196</u>
CAPITAL AND RESERVES			
10,000 Ordinary shares of £0.01 each		100	100
96 Ordinary shares of £1 each		<u>96</u>	<u>96</u>
		<u>£196</u>	<u>£196</u>

Approved by the board on 10 February 1998


 M E Hollis


 J S Nounou


 Directors

The notes on page 5 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

1 ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and other applicable accounting policies.

b) Interest Receivable

Interest earned on deposit is brought to credit when received and has been transferred to the reserve fund.

2 EMPLOYEES	1997	1996
Staff costs during the year		
Wages	<u>£3,159</u>	<u>£2,743</u>
No remuneration was payable to the directors in respect of the year (1996 - £Nil).		
The company has one employee.		
3 ADMINISTRATION EXPENSES	1997	1996
Administration expenses include:		
Management and professional fees	£2,375	£2,340
Audit fee	<u>£425</u>	<u>£400</u>
4 TAXATION		
Corporation tax @ 22.5% on interest received during the year	<u>£12</u>	<u>£44</u>
5 PROVISION FOR LIABILITIES AND CHARGES		
Reserve Fund		
Balance at 1 October 1996	5,319	2,180
Interest received (net)	41	139
Transfers into the fund - on account	-	3,000
Balance at 30 September 1997	<u>£5,360</u>	<u>£5,319</u>