

MARINE PARADE MANAGEMENT LIMITED

Company Number 1119310

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1997

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MARINE PARADE MANAGEMENT LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present herewith their report together with the financial statements of the company for the year ended 31st December 1997.

REVIEW OF ACTIVITIES

The principal activity of the company is the collection of service charges from the leaseholders of Fitzhardinge House, 84/85 Marine Parade, Brighton, and discharging from those funds the costs of common maintenance of the premises, on a non profit making basis.

During the year the company completed the purchase of the freehold (see note 4 to the financial statements).

The maintenance fund is as stated on page 5, and the directors consider the state of affairs of the company to be satisfactory.

A provision for works required on the roof has been set-up as described in Note 3 to the financial statements.

DIRECTORS

The directors of the company during the year and their interests in the ordinary share capital of the company were:

Ordinary Shares of £1 each

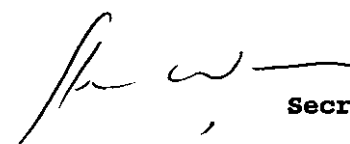
	<u>31st December 1997</u>	<u>1st January 1996</u>
C. Stephens	1	1
R.A. Jones	1	1
Mrs. B. Findlay	1	1
Mrs.H. Nalecz	1	1
W.B. Haase	1	1
Mrs.L. Lester-George	1	1
Mr.B. Wood (resigned 22.5.97)	-	1
Dr. M.A. Hooker	1	1
C.V. Webber	1	1
D.B. Stuart	1	1
D. Noel-Paton	1	1
A. Slater	1	1
J. Hetherington (appointed 22.5.97)	1	-

AUDITORS

The auditors, Messrs. Justice & Co., are willing to continue in office and offer themselves for re-election at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Date.....19.2.98....



Secretary

MARINE PARADE MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES & REPORT OF THE AUDITORS

Statement of directors' responsibilities

The directors are obliged under company law to prepare financial statements for each financial year.

The directors are satisfied that these financial statements give a true and fair view of the state of affairs of the company as at 31st December 1997 and of the results for the year then ended.

These financial statements have been prepared by the directors on the going concern basis, using suitable accounting policies consistently applied. Applicable accounting standards have been followed.

The directors are satisfied that adequate accounting records have been maintained in order to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors' Report to the Shareholders of Marine Parade Management Limited

We have audited the financial statements on pages 3 to 6 in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described above, 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 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 (if any), 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 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 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Justice + Co

Chartered Accountants
and Registered Auditor

72, Poulterers Lane,
WORTHING,
West Sussex,
BN14 7SZ.

19th February 1998

MARINE PARADE MANAGEMENT LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
<u>INCOME</u>				
Ground Rent Receivable		-		540
Sundry Income		41		-
		<u>41</u>		<u>540</u>
<u>EXPENDITURE</u>				
Ground Rent Payable	58		560	
Audit Fee	130		130	
Company Registration Fee	15		18	
Leasehold Purchase cost written off	275		-	
		<u>478</u>		<u>708</u>
Operating Deficit		(437)		(168)
<u>OTHER INCOME</u>				
Bank Interest Received		1,001		-
		<u>1,001</u>		<u>-</u>
SURPLUS/(DEFICIT) FOR THE YEAR, before taxation		564		(168)
Taxation (Note 2)		(210)		-
		<u>354</u>		<u>(168)</u>
SURPLUS/(DEFICIT) FOR THE YEAR, after taxation		354		(168)
(Deficit) brought forward		(187)		(19)
Surplus/(Deficit) carried forward		<u>£ 167</u>		<u>£ (187)</u>

Notes

1. The company made no recognised surplus or deficit in 1997 or 1996 other than those shown above or in the Maintenance Fund (page 5).
2. All income or expenditure in either the Profit and Loss Account above or in the Maintenance Fund (page 5) are derived from continuing operations.

MARINE PARADE MANAGEMENT LIMITEDBALANCE SHEETAS AT 31ST DECEMBER 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
<u>FIXED ASSET</u>				
Freehold Property, at cost		9,800		-
Long Leasehold Property, at cost		-		275
		<u>9,800</u>		<u>275</u>
<u>CURRENT ASSETS</u>				
Service Charges and Ground				
Rents Receivable	874		1,728	
Prepaid Expenditure	736		-	
Cash at Bank	45,299		15,692	
	<u>46,909</u>		<u>17,420</u>	
<u>CREDITORS - AMOUNTS FALLING DUE</u>				
<u>WITHIN ONE YEAR</u>				
Maintenance Contributions				
received in advance	372		-	
Sundry Creditors	16,490		1,916	
Taxation	152		-	
Provision for Major Works (Note 3)	20,737		6,000	
Contributions received towards				
purchase of Freehold	-		9,286	
	<u>37,751</u>		<u>17,202</u>	
<u>NET CURRENT ASSETS</u>		<u>9,158</u>		<u>218</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>£ 18,958</u>		<u>£ 493</u>
<u>CAPITAL AND RESERVES</u>				
Called Up Share Capital				
Ordinary Shares of £1 each:				
Authorised	£ 100		£ 100	
Allotted, Issued and Fully Paid		15		15
Share Premium Account (Note 4)		10,000		-
Maintenance Fund Account		8,776		665
Profit and Loss Account		167		(187)
		<u>£ 18,958</u>		<u>£ 493</u>


 Director
 On behalf of Marine Parade Management Limited

The financial statements were approved by the Board on 19.2.98.

MARINE PARADE MANAGEMENT LIMITEDMAINTENANCE FUND INCOME AND EXPENDITURE ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
<u>INCOME</u>				
Service Charges Receivable		57,947		17,377
<u>EXPENDITURE</u>				
Expenditure on Building				
Lighting and Power	176		229	
Cleaning, Gardening and Minor Maintenance	2,165		1,470	
Building and Lift Insurance	2,320		2,685	
General Repairs	2,450		2,535	
Major Works to Property	25,263		-	
Lift - Service and Repairs	847		114	
Entryphone Rental and Repairs	147		144	
Provision for Major Works	14,737		6,000	
	<u>48,105</u>		<u>13,177</u>	
Other Expenditure				
Management Fees	1,528		1,528	
Accountancy Fees	145		145	
Bank Charges	58		45	
	<u>1,731</u>		<u>1,718</u>	
Total Expenditure		<u>49,836</u>		<u>14,895</u>
<u>SURPLUS FOR THE YEAR</u>		8,111		2,482
surplus/(Deficit) brought forward		665		(1,817)
surplus carried forward		<u>£ 8,776</u>		<u>£ 665</u>

MARINE PARADE MANAGEMENT LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 19971. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. TAXATION

The company is liable to Corporation Tax at 21% on bank interest received.

3. PROVISION FOR MAJOR WORKS

	<u>1997</u>	<u>1996</u>
Balance at 1st January 1997	£ 6,000	£ -
Transfer from Maintenance Fund Income and Expenditure Account	<u>14,737</u>	<u>6,000</u>
Balance at 31st December 1997	<u>£ 20,737</u>	<u>£ 6,000</u>

It is anticipated that this provision will be utilised in 1998 on the balance of roofing works that were in the course of completion at the Balance Sheet date.

4. PURCHASE OF FREEHOLD AND SHARE PREMIUM ACCOUNT

The company purchased the freehold of 84/85 Marine Parade, Brighton, in January 1997.

In order to finance this purchase, the 14 shareholders made a contribution of £ 714 each and this contribution has been treated as a share premium.