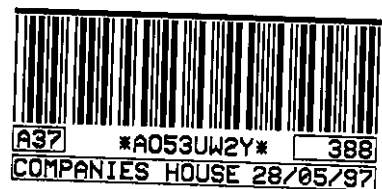


Co. Reg. No: 1638310

ONE HUNDRED AND SIX LEXHAM GARDENS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 October 1996



REPORT OF THE DIRECTORS

31 October 1996

REPORT AND ACCOUNTS

The directors present their report with the accounts of the company for the year ended 31 October 1996.

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 to apply them consistently, make judgments and estimates that are reasonable and prudent and 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.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the management of 106 Lexham Gardens, London W8 6JQ

REVIEW OF BUSINESS

A summary of the results of the period's activities is given on page 3 of the accounts. The directors consider the state of affairs to be satisfactory.

DIRECTORS

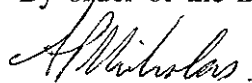
The directors in office in the year and their beneficial interests in the issued ordinary share capital were as follows:

	<u>31.10.96</u>	<u>31.10.95</u>
J T Mackay	1	1
A Khanna	1	1
D Brown	1	1
A P Nicholas	1	1

AUDITORS

The auditors Croft May & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the Board



A P NICHOLAS

Secretary

Dated: 17 April 1997

AUDITORS' REPORT

year ended 31 October 1996

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ONE HUNDRED AND SIX LEXHAM GARDENS LIMITED

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described 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.

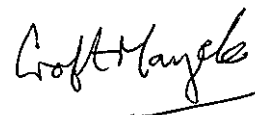
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing 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 as at 31 October 1996 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



33 Marloes Road
Kensington
London W8 6LG

CROFT MAY & CO
Chartered Accountants
Registered Auditors

Dated: 17 April 1997

INCOME AND EXPENDITURE ACCOUNT
year ended 31 October 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
Turnover	1(b)	6,773	7,186
Operating charges		(8,302)	(3,929)
Operating (deficit) surplus		(1,529)	3,257
Interest received		298	146
(Deficit)/surplus on ordinary activities before taxation	2	(1,231)	3,403
Taxation	3	(74)	27
(Deficit)/surplus on ordinary activities after taxation	8	£(1,305)	£3,430

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the surplus/loss for the above two financial periods.

The notes on page 5 and 6 form part of these accounts.

ONE HUNDRED AND SIX LEXHAM GARDENS LIMITED

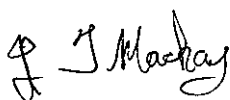
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BALANCE SHEET

31 October 1996

	Note	£	1996 £	£	1995 £
TANGIBLE FIXED ASSET					
Freehold Property at cost	1(d)		3,830		3,830
CURRENT ASSETS					
Debtors	3	703		1,600	
Investments	5	6,275		-	
Cash at bank and in hand		2,485		8,940	
		<u>9,463</u>		<u>10,540</u>	
CREDITORS: amounts due within one year					
	6	<u>880</u>		<u>652</u>	
NET CURRENT ASSETS					
			<u>8,583</u>		<u>9,888</u>
			<u>£12,413</u>		<u>£13,718</u>
CAPITAL AND RESERVES					
Called up share capital	7		10		10
Property reserve	8		3,820		3,820
Maintenance sinking fund	8		8,583		9,888
			<u>£12,413</u>		<u>£13,718</u>

Approved on behalf of the Board on 17 April 1997
and signed on its behalf by



Director

J T MACKAY

The notes on pages 5 and 6 form part of these accounts.

NOTES TO THE ACCOUNTS

31 October 1996

1 ACCOUNTING POLICIES

Basis of accounting:

The accounts have been prepared under the historical cost convention.

Turnover:

Turnover represents the lessees' contributions towards service charges and it is attributable to continuing operations.

Cash flow statement:

The company is exempt from the requirement to prepare a cash flow statement as it is a small company as defined in section 247 of the Companies Act 1985.

Fixed assets:

No depreciation is provided on the freehold reversion.

2 (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES

The deficit is stated after charging:	<u>1996</u>	<u>1995</u>
Auditors' remuneration	£650	£588

3 TAXATION

The company is a mutual trading company and does not pay tax on excess contributions received but does pay tax on investment income.

	<u>1996</u>	<u>1995</u>
	£	£
Corporation tax at 25% on deposit interest received	74	37
Over provision in prior year	-	(64)
	<u>£74</u>	<u>£(27)</u>

4 DEBTORS

	<u>1996</u>	<u>1995</u>
Lessees' Accounts	<u>£703</u>	<u>£1,600</u>

5 INVESTMENTS

	<u>1996</u>	<u>1995</u>
12,886 units in a fixed interest Unit Trust at cost	£6,275	-
	<u>£6,450</u>	<u>-</u>
at Market Value		

NOTES TO THE ACCOUNTS

31 October 1996

6	CREDITORS: amounts falling due within one year:	<u>1996</u>	<u>1995</u>	
		£	£	
	Residents' accounts	218	27	
	Corporation tax	74	37	
	Accruals and deferred income	588	588	
		<u>£880</u>	<u>£652</u>	
7	CALLED UP SHARE CAPITAL	<u>1996</u>	<u>1995</u>	
		£	£	
	Authorised:			
	10 ordinary shares of £1 each	<u>10</u>	<u>10</u>	
	Allotted, issued and fully paid:			
	10 ordinary shares of £1 each	<u>10</u>	<u>10</u>	
8	RESERVES	Service charges	Sinking fund	Total
		£	£	£
	As at 31 October 1995	-	9,888	9,888
	Income	3,716	3,355	7,071
	Expenditure	(3,716)	(4,660)	(8,376)
	As at 31 October 1996	-	£8,583	£8,583