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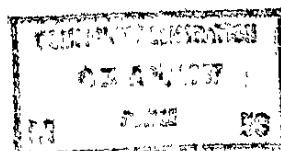
FRESHWATER PROPERTY MANAGEMENT LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1986.

COHEN, ARNOLD & CO.

LONDON, W.1.



FRESHWATER PROPERTY MANAGEMENT LIMITED

REPORT OF THE DIRECTORS.

The Directors have pleasure in presenting their Annual Report together with the audited Accounts of the Company for the year ended 31 March 1986.

Business Review:

The principal activity of the Company is that of property management.

The financial results of the Company's activities for the year ended 31 March 1986 are fully reflected in the attached Accounts together with the Notes thereon.

The Directors do not recommend the payment of a Dividend for the year under review.

Directors:

The Directors of the Company who served throughout the year and who are still in office are:

Mr. B.S.E. Freshwater, Mr. L. Stempel, Mr. S.I. Freshwater,
Mr. D.R. Hodges, Mr. S.F. Townsend, Mr. H.E. Severn,
Mr. D.G. Weaver.

The Articles of Association do not require the Directors to retire by rotation. No Director has a Service Contract, nor do any of them receive emoluments from the Company.

Interests in Share Capital:

The whole of the Issued Share Capital of the Company is owned by Mayfair Charities Limited, a Company registered in Great Britain and incorporated in England for Charitable purposes. Mr. B.S.E. Freshwater and Mr. D. Davis are Governors of the Holding Company but do not have any beneficial interest therein nor in this Company.

Taxation Status:

So far as the Directors are aware, the Company is a "close Company" within the meaning of the provisions of Section 282 Taxes Act 1970.

FRESHWATER PROPERTY MANAGEMENT LIMITED

REPORT OF THE DIRECTORS.

Charitable Donations:

During the year the Company made a Donation amounting to £400,000 under a Deed of Covenant executed in favour of its Holding Company, Mayfair Charities Limited.

Auditors:

A Resolution will be proposed at the Annual General Meeting that Messrs. Cohen, Arnold & Co., Chartered Accountants, are to be re-appointed Auditors of the Company and their remuneration is to be determined by agreement with the Directors.

BY ORDER OF THE BOARD



H.E. SEVERN
SECRETARY.

19 MAR 1987

HEAD OFFICE

FRESHWATER HOUSE,
158-162, Shaftesbury Avenue,
LONDON, WC2H 8HR.

AUDITORS' REPORT TO THE MEMBERS

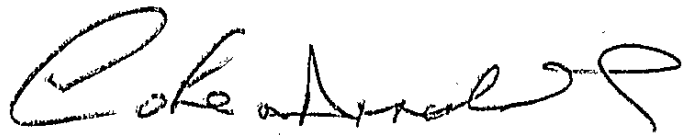
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FRESHWATER PROPERTY MANAGEMENT LIMITED.

We have audited the annexed Accounts in accordance with approved Auditing Standards.

The Accounts have been prepared on the basis of the accounting policy set out in Note 1 on the Accounts, and also in accordance with the accounting principles appropriate to a going concern, this being dependent primarily upon the continued provision of financial facilities by the Company's Bankers and Creditors.

In our opinion, the Accounts, together with the Notes thereon, give a true and fair view of the state of affairs of the Company at 31 March 1986 and of the results and Source and Application of Funds for the year ended on that date, and comply with the Companies Act 1985.



LONDON

19 MAR 1987

COHEN, ARNOLD & CO.
Chartered Accountants.

FRESHWATER PROPERTY MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1986

	<u>Note</u>	<u>1986</u>	<u>1985</u>
		<u>£</u>	<u>£</u>
Commissions Receivable	2	683,855	685,779
Interest Receivable		17,187	11,759
		<u>701,042</u>	<u>697,538</u>
Administrative Expenses	3	(407,500)	(303,000)
Interest Payable	4	(50,138)	(37,836)
Reduction in provision for bad and doubtful debts		3,995	51,706
Payment under Deed of Covenant	5	(400,000)	(357,143)
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>(152,601)</u>	<u>51,265</u>
Taxation on profit on ordinary activities	6	-	(1,100)
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</u>		<u>(152,601)</u>	<u>50,165</u>
<u>RETAINED EARNINGS BROUGHT FORWARD</u>		<u>72,250</u>	<u>22,085</u>
<u>(ADVERSE BALANCE)/RETAINED EARNINGS CARRIED FORWARD</u>		<u>£(80,351)</u>	<u>£72,250</u>

The Notes referred to above
form part of these Accounts.

FRESHWATER PROPERTY MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 MARCH 1986

	<u>Note</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
<u>CURRENT ASSETS</u>			
Debtors	7	2,705,313	1,143,697
Cash at Bank		49,492	291,864
		<u>2,754,805</u>	<u>1,435,561</u>
<u>CREDITORS: AMOUNTS FALLING</u>			
<u>DUE WITHIN ONE YEAR</u>	8	(2,835,056)	(1,363,211)
<u>(NET LIABILITIES)/NET ASSETS</u>		<u>£(80,251)</u>	<u>£ 72,350</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	9	100	100
Profit and Loss Account		(80,351)	72,250
		<u>£(80,251)</u>	<u>£ 72,350</u>

The Notes referred to above
form part of these Accounts.

.....
DIRECTORS

.....
The Accounts approved by the Board of Directors on 19 MAR 1987

FRESHWATER PROPERTY MANAGEMENT LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 MARCH 1986

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>		
(Loss)/Profit for the year before Taxation, being funds (absorbed by)/generated from operations	<u>£(152,601)</u>	<u>£51,265</u>
 <u>Increase/(Reduction) in Net Working Capital</u>		
Debtors	1,561,616	(959,206)
Creditors falling due within one year	<u>1,225,019</u>	<u>452,778</u>
	336,597	(506,428)
 <u>Movement in Net Liquid Funds</u>		
(Reduction)/Increase in		
Cash at Bank	(242,372)	272,424
(Increase)/Reduction in		
Bank Overdrafts	<u>(246,826)</u>	<u>285,269</u>
	(489,198)	557,693
	<u>£(152,601)</u>	<u>£ 51,265</u>

FRESHWATER PROPERTY MANAGEMENT LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICY

The following Accounting policy has been used consistently in the preparation of the Company's Accounts.

Basis of Accounting:

The Accounts have been prepared under the Historical Cost Convention.

2. TURNOVER

The turnover of the Company is all derived from its Property Management activities.

3. ADMINISTRATIVE EXPENSES

The Administrative expenses charged in the Profit and Loss Account are comprised as follows:

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Auditors' Remuneration	3,500	3,000
Management and Administration Charges	404,000	300,000
	<u>£407,500</u>	<u>£303,000</u>

4. INTEREST PAYABLE

The aggregate charge for interest payable is in relation to Bank Overdrafts and Loans repayable within one year.

5. PAYMENT UNDER DEED OF COVENANT

The payment under the Deed of Covenant is related to total profits as computed for taxation purposes. Any adjustment to the payment will be reflected in a subsequent Accounting period when relevant taxation computations have been agreed with the Inland Revenue.

6. TAXATION

1986

1985

FRESHWATER PROPERTY MANAGEMENT LIMITED

NOTES ON THE ACCOUNTS

7. DEBTORS

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Other Debtors	<u>2,705,313</u>	<u>1,143,697</u>

The major portion of the above is represented by amounts due from Companies certain Directors of which are also Directors of this Company: the amounts due are on Current Account which are interest-free and repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1986</u>	<u>1985</u>
	<u>£</u>	<u>£</u>
Corporation Tax	375,100	375,100
Other Taxation	99,400	87,400
Bank Loans and Overdrafts	256,087	9,261
Other Creditors and Accruals	1,104,469	891,450
Amounts due to Holding Company	1,000,000	-
	<u>£2,835,056</u>	<u>£1,363,211</u>

The amount due to Holding Company bears Interest at 10% per annum and has been fully repaid subsequent to the Balance Sheet date.

9. CALLED UP SHARE CAPITAL

Authorised, Issued and Fully paid:

At 31 March 1986 and

31 March 1985:

100 Ordinary Shares of £1 each

£100

FRESHWATER PROPERTY MANAGEMENT LIMITED

NOTES ON THE ACCOUNTS

10. CONTINGENT LIABILITIES

The Company has entered into a joint and several unlimited guarantees in respect of Bank Overdraft facilities granted to itself and Companies in which one of the Directors of this Company is also a Director. The facilities utilised at 31 March 1986 amounted to £118,000 (1985: £60,000).

11. ULTIMATE HOLDING COMPANY

The Company's Ultimate Holding Company is Mayfair Charities Limited a Company incorporated in England for Charitable purposes.