

BASIL MANSIONS MANAGEMENT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

25 MARCH 1997

Company Registration No. 1339500



***Saffery Champness***

CHARTERED ACCOUNTANTS

REPORT OF THE COUNCIL  
FOR THE YEAR ENDED 25 MARCH 1997

---

MEMBERS OF THE COUNCIL RESPONSIBILITIES

Company law requires the council members 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 council members 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 council members 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.

RESULTS AND REVIEW OF THE BUSINESS

The principal activity of the company is to regulate, control the use of and maintain the property and building known as Basil Mansions, London, SW3.

The company does not operate for profit. Expenditure amounted to £105,193.65 which is recoverable from the freeholder and lessees of the flats in the covenanted proportions. Net interest receivable of £9,732.50 has been received, which along with the surplus recovered of £132,306.53 has been transferred to the provision for major repairs and replacements has been received.

LIABILITY OF MEMBERS

The liability of each member in respect of the undertaking to contribute to the assets of the company is limited to any amount not exceeding £1.

COUNCIL

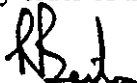
The following were Members of Council during the year:

T D Camblin  
J P Keeley

AUDITORS

A resolution to re-appoint Saffery Champness as auditors and to authorise the Council to fix their remuneration will be proposed at the annual general meeting.

By order of the council

  
R Benton  
Secretary

20 June 1997

AUDITORS' REPORT

---

We have audited the financial statements on pages 3 to 6.

RESPECTIVE RESPONSIBILITIES OF MEMBERS OF THE COUNCIL AND AUDITORS

As described in the members of the council's report on page 1, the company's council members 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.

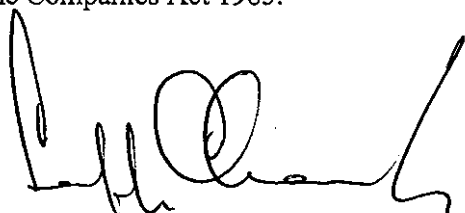
BASIS OF OPINION

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 council members 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 25 March 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

20 June 1997

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 25 MARCH 1997

	Note	1997	1996
CONTRIBUTIONS RECOVERABLE	1(b)	237,500.18	237,500.18
Staff costs	2	24,503.39	23,971.53
Operating expenses		67,393.01	73,120.88
Administrative expenses	3	<u>13,297.25</u>	<u>12,943.00</u>
		(105,193.65)	(110,035.41)
OPERATING RESULT		132,306.53	127,464.77
Interest receivable		<u>12,489.34</u>	<u>10,390.95</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE TAXATION		144,795.87	137,855.72
Taxation	4(a)	<u>(2,756.84)</u>	<u>(2,597.83)</u>
		142,039.03	135,257.89
Transfer to provision for major repairs and replacements	5	<u>(142,039.03)</u>	<u>(135,257.89)</u>
RETAINED SURPLUS/(DEFICIT)		<u>£Nil</u>	<u>£Nil</u>

The notes on pages 5 to 6 form part of these financial statements.

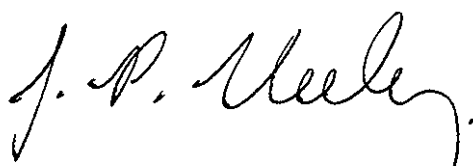
There are no recognised gains or losses other than the result for the year.

BALANCE SHEET  
25 MARCH 1997

	Note	1997	1996
<b>CURRENT ASSETS</b>			
Debtors:			
Contributions due		5,300.44	6,055.73
Other debtors	6	2,647.42	2,983.54
Prepayments		<u>15,931.64</u>	<u>10,038.59</u>
		23,879.50	19,077.86
Cash at bank		374,791.68	255,028.07
Cash in hand		<u>10.00</u>	<u>10.00</u>
		374,801.68	255,038.07
		<u>398,681.18</u>	<u>274,115.93</u>
<b>CREDITORS: Amounts falling due within one year:</b>			
Operating creditors		30,583.37	36,838.65
Corporation tax		2,996.40	2,562.50
Contributions received in advance		<u>37,293.34</u>	<u>48,705.99</u>
		70,873.11	88,107.14
		<u>£327,808.07</u>	<u>£186,008.79</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Major repairs and replacements	5	327,808.07	185,769.04
Deferred taxation	4(b)	<u>0.00</u>	<u>239.75</u>
		<u>£327,808.07</u>	<u>£186,008.79</u>

Approved by the Council on 20 June 1997

J P Keeley



T D Camblin



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 1997

## 1 ACCOUNTING POLICIES

### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

### b) Contributions Recoverable

These represent amounts recoverable under the covenants entered into by the company with the freeholder and lessees of flats sold on leases expiring 28 September 2052.

### c) Provision for Major Repairs and Replacements

The provision is created by charging to expenditure the sums considered necessary to produce the amounts required to carry out future major repairs and replacements. To this is added interest earned net of corporation tax payable.

Items of expenditure are charged against the specific provision in the year incurred, to the extent that provision has been made.

### d) Deferred Taxation

Deferred taxation is provided under the liability method on all short term timing differences at the rate ruling at the balance sheet date.

### e) Interest Receivable

Interest on bank deposits is accounted for on the accruals basis; interest receivable on service charge arrears is brought to credit when received.

### f) Cash Flow Statements

The company has adopted Financial Reporting Standard No. 1 - "Cashflow Statements". As defined by the Standard, the company is a small reporting entity, and, as such, is exempt from the requirement to include a cash flow statement as part of the financial statements.

2 STAFF COSTS	1997	1996
Wages	23,336.56	22,772.96
Social security costs	1,166.83	1,198.57
	<u>£24,503.39</u>	<u>£23,971.53</u>

The company employed 2 persons (1996:2) throughout the year.

No remuneration was payable to Members of the Council in respect of their services to the company (1996: £Nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 1997 (continued)

3	ADMINISTRATIVE EXPENSES	1997	1996
	Managing agents' fees	10,528.00	10,528.00
	Auditors' remuneration	2,420.50	2,385.25
	Other professional fees	348.75	29.75
		<u>£13,297.25</u>	<u>£12,943.00</u>
4	TAXATION		
	a) Charge for the year		
	Corporation tax based on interest received in the year at 24% (1996: 25%)	2,996.59	2,562.50
	Transfer (from)/to deferred taxation	(239.75)	35.33
		<u>£2,756.84</u>	<u>£2,597.83</u>
	b) Deferred taxation		
	Corporation tax at 24% (1996: 25%) on interest receivable	<u>£0.00</u>	<u>£239.75</u>
5	PROVISION FOR MAJOR REPAIRS AND REPLACEMENTS		
	Balance at 26 March 1996	185,769.04	3,780.07
	Interest received net of corporation tax payable	9,732.50	7,793.12
	Transfer from income and expenditure account	132,306.53	127,464.77
	Surplus for year to 25 March 1995	0.00	46,731.08
	Balance at 25 March 1997	<u>£327,808.07</u>	<u>£185,769.04</u>
6	OTHER DEBTORS		
	Expenditure recoverable from freeholder	2,393.36	2,024.55
	Interest receivable	254.06	958.99
		<u>£2,647.42</u>	<u>£2,983.54</u>
7	COUNCIL MEMBERS' INTEREST IN CONTRACT		

The Council members were also directors of DTZ Debenham Thorpe Limited during their service within the year. DTZ Debenham Thorpe Limited acted as managing agents during the year and their fees are calculated at the rate of £280 (1996: £280) plus VAT, per flat.

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 25 MARCH 1997

INCOME	1997	1996
Amounts recoverable under the covenants entered into by the company with the freeholder and lessees of flats sold on leases expiring on 28 September 2052	<u>£237,500.18</u>	<u>£237,500.18</u>
EXPENDITURE		
Heating costs		
Fuel oil	-	1,178.29
Boiler maintenance	16,229.11	19,452.10
Central heating repairs	5,559.76	3,779.21
Plumbing	<u>528.76</u>	<u>0.00</u>
	22,317.63	24,409.60
Other running costs		
Lift telephone	163.50	160.56
Lift maintenance and repairs	3,703.50	4,291.11
Window cleaning	200.00	208.00
Cleaning and cleaning materials	702.87	406.12
Electricity and electrical repairs	7,052.14	8,778.99
Entryphone	3,154.40	3,653.72
TV aerial rental	1,569.89	1,620.89
Staff wages and related costs	24,503.39	23,971.53
Staff accommodation		
rent and rates	6,753.66	5,372.36
light and heat	936.12	-
telephone	864.85	836.04
Pest control	3,186.39	1,219.28
Bank charges	32.31	32.31
Fire protection	185.19	1,569.80
Refuse storage	1,250.00	937.50
Refuse collection	775.07	205.30
Signs	0.00	274.95
Security	<u>522.87</u>	<u>0.00</u>
	55,556.15	53,538.46
Insurance	10,637.77	10,646.25
Maintenance and repair		
Garden	939.26	588.51
Internal	1,919.96	5,018.25
External	<u>525.63</u>	<u>2,891.34</u>
	3,384.85	8,498.10
Carried forward	91,896.40	97,092.41



INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 25 MARCH 1997 (continued)

	1997	1996
Brought forward	91,896.40	97,092.41
Company costs		
Managing agents' fees	10,528.00	10,528.00
Auditors' remuneration	2,420.50	2,385.25
Other professional fees	<u>348.75</u>	<u>29.75</u>
	13,297.25	12,943.00
Transfer to provision for major repairs and replacements	<u>142,039.03</u>	<u>135,257.89</u>
	247,232.68	245,293.30
INTEREST RECEIVABLE		
Gross	(12,489.34)	(10,390.95)
Taxation	<u>2,756.84</u>	<u>2,597.83</u>
	(9,732.50)	(7,793.12)
	<u>£237,500.18</u>	<u>£237,500.18</u>

The above information does not form part of the financial statements on which the auditors have reported.