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**REGISTRAR OF
COMPANIES**

Rivermead Court Limited

Report and Financial Statements

Year Ended

31 December 1997



BDO

BDO Stoy Hayward
Chartered Accountants

RIVERMEAD COURT LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the nineteenth annual general meeting of Rivermead Court Limited will be held at 7 pm on Monday 29 June 1998 in the Quadrangle of The Hurlingham Club, Ranelagh Gardens, London, for the following purposes:

- 1 To receive and consider the statement of accounts of the company for the year ended 31 December 1997 and the reports of the directors and the auditors thereon.
- 2
 - (a) To reappoint Louis Joshua Manson as a director of the company.
 - (b) To reappoint Kim Guy Felix Britton Howe as a director of the company.
 - (c) To reappoint Richard Frank Coleman Pollitzer as a director of the company.
- 3 To reappoint BDO Stoy Hayward as auditors and to authorise the directors to agree their remuneration.
- 4 To transact any other ordinary business of the company.

5 May 1998

Registered Office	Morgan Cosec Limited
82 St. John Street	Secretary
London EC1M 4JN	

PROXIES

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy (who need not be a member) to attend and vote in his place. Blank forms of proxy may be obtained upon request, from Morgan Cosec Limited, 82 St. John Street, London, EC1M 4JN, and, when completed must be left at the Porters' Lodge, Rivermead Court, by 7pm on Friday 26 June 1998.

JOINT HOLDERS

All joint holders of a share may attend the meeting but under article 70 of the articles of association of the company only the first named of them on the register of members kept by the company is entitled to vote, (whether in person or by proxy). However, if the first named does not vote, the second may do so and so on. This notice is addressed to the first named of them.

RIVERMEAD COURT LIMITED

Annual report and financial statements for the year ended 31 December 1997

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Directors

Louis Joshua Manson (Chairman)
Peter Harvey Gimson (Vice-Chairman)
Eileen Grace Donald
Suzanne Jean Henderson
Kim Guy Felix Britton Howe, OBE, JP
Sir John Henry Lambert, KCVO, CMG
Louis Moran
Denis Basil O'Neill
Richard Frank Coleman Pollitzer

Secretary and registered office

Morgan Cossec Limited, 82 St. John Street, London, EC1M 4JN.

Company number

1432634

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

RIVERMEAD COURT LIMITED

Chairman's statement

1997 was a difficult year for your Board of Directors and the staff.

The refurbishment of the twenty lifts was begun and the renewal of the television installation and wiring accomplished against a background of staff problems and anonymous harassment of certain directors and staff members by post and telephone.

As you know the head porter was dismissed earlier this year and at the time of writing the search is on for a replacement. Hopefully by the time the Annual General Meeting takes place the position will be filled. We are seeking a suitably qualified individual of high calibre. Residents will be advised immediately an appointment is made.

Results for the year

In my statement last year I explained why the results for 1997 would show a substantial loss. This amounted to £160,163 before taxation.

The significant influences on this result are as follows:

- no properties were sold in 1997 compared with the sale of 2 properties in 1996 for a profit of £425,302.
- interest receivable and similar income fell by £46,120. This item includes profits on disposal of investments. After deduction of provisions this produced a profit of £59,404 in 1996 compared to a profit after provisions of £744 in 1997. Excluding these amounts the income from interest and dividends actually increased.
- an additional £203,815 was paid in respect of the lifts.
- the cost of wages and salaries increased by £39,140. This resulted in the main from the company dispensing with the external provision of security services and engaging three additional members of staff so that our own employees could provide this service at a cost of £22,500 per annum. The cost of the external provision of security services in the 9 months to 30 September 1996 was £25,561 and this cost, which amounts to around £34,000 on an annual basis, ceased at that time. There has therefore been a considerable saving by employing our own staff for security services instead of an outside company. The balance is attributable to the engagement of two extra staff, the annual pay rise and an increase in the number of temporary employees. This arose from the staff problems mentioned earlier. Fewer temporary staff are expected to be employed this year.
- service charge income increased by £57,444. £30,650 of this relates to the increase in the budgeted service charge and the balance relates to VAT written off against the service charges receivable in 1996.
- small savings were achieved in heating and electricity costs, building repairs, including major works, and legal and professional fees.

RIVERMEAD COURT LIMITED

Chairman's statement (*Continued*)

Service charges

The service charges payable for 1997 amounted to £631,660, as budgeted. Total expenditure, including the cost of major works, amounted to £906,708 against £703,856 in 1996. The excess of £202,852 is slightly less than the additional amount spent this year on the lifts.

The contribution from the company's reserves in respect of major items of expenditure amounted to £378,985 against £204,170 in 1996, while the lessee's contribution increased from £107,000 to £110,000.

The service charge payable by lessees for the year ending 31 December 1998, is budgeted to amount to £636,000, including an allocation to reserves in respect of major works of £113,000. Most of the items in the budget are estimates and vary depending on circumstances. However, a small number are annual contracts the cost of which is fixed. One of these is the building insurance premium. In order to obtain a discount this insurance had been effected on a three year agreement with Royal and Sun Alliance which expired at the end of 1997. Our brokers conducted an exhaustive insurance market review resulting in the risk being placed with the Commercial Union at a saving of some £19,674. This was only finalised after the service charge demands had been sent out, in which the increased cost of £50,500 was based on the anticipated renewal premium from Royal and Sun Alliance.

In addition the TV maintenance contract with Ward Aerials will cost only £750 per annum not £7,000 as stated in the estimate.

The saving from these two items of between £96 to £150 per flat, depending on the level of service charges, will be credited to lessees in the June 1998 service charge demand.

Major works

The refurbishment of the lifts is proceeding in line with the agreed programme. Most of the work takes place inside the lift shafts and motor rooms so little is visible to the residents.

Work on most of the goods lifts has been completed. The most difficult part of the programme will occur during successive periods of around fourteen weeks when each passenger lift is out of action and goods lifts have to be used as passenger lifts. The draw-backs are the small size of the goods lifts, the lifts being fitted with lattice gates and the distance of many of the lifts from the basement exits. While there are no statutory regulations restricting the use of lattice gates within residential premises and our insurers made no objection, they do represent a hazard to passengers and property if anything is poked between the latticework. For additional passenger protection we experimented with alternative gates, all of which reduced the size of the lift, and with a concertina screen, such as is used in some nursing homes, but this did not work. It was eventually decided to fit a protective canvas screen by using a vertically operated roller blind. Although this is somewhat unsightly it does provide protection by covering the open lattice work.

The first of the passenger lifts is being installed in the centre block and if all goes to plan should be completed around the date of the Annual General Meeting. I hope it meets with the approval of residents.

The new upgraded television equipment and wiring was finished early this year. There were surprisingly few problems or complaints. The boxing in of the wiring has blended in well with the outside walls and the removal of the old cabling has improved the appearance of the building.

RIVERMEAD COURT LIMITED

Chairman's statement (*Continued*)

As the lift works are completed in different sections of the building, work will start on cleaning and decorating the fire escapes, landings and wells, many of which are of poor decorative condition.

Parking

The white lines have helped to increase the spaces available, so has the removal of cars illegally parked here. A number of changes to the pavements have been made to improve turning points and more clearly define parking areas. A serious abuse of our parking regulations occurred when a lessee parked his motor car on double yellow lines, partially blocking the ability of two lessees to use their garages, while the owner went on holiday for two weeks. Immediate legal action will be taken in future if any lessee breaches the rules and shows such a lack of community spirit.

Staff

You have been advised of the background to the dismissal of the former Head Porter. Legal action had to be taken to obtain possession of the flat he occupied but that has now been vacated. Since his dismissal Ron Powell and Gerry Hoyte have done everything we could expect in covering the gap, putting in long hours with real dedication. The rest of the staff have fully co-operated and the atmosphere among the staff has much improved. I wish to thank them all for the excellent service they have provided.

Gardens

We have been gradually replacing the damaged York stone in the pathways and have installed a new automatic watering system. As in previous years the gardens, troughs and jardinières have looked beautiful and we look forward to a splendid and colourful display as the summer approaches.

I particularly wish to thank my co-directors this year, especially those who were the target of vicious, threatening and obscene communications. It is very sad that people who have voluntarily given time and effort to ensure the smooth running and continuous improvement of Rivermead Court should be subject to such harassment. It is partly through their efforts that Rivermead Court has become such a desirable place to live, with a consequent significant increase in the value of the flats here. In addition I extend thanks to David Murray who has been deeply involved in helping the board solve the many difficult problems of the last year.



Louis Manson

Chairman

RIVERMEAD COURT LIMITED

Report of the directors for the year ended 31 December 1997

The directors present their annual report together with audited financial statements for the year ended 31 December 1997.

Principal activity, review of business and future developments

The company purchased the freehold of Rivermead Court from the Prudential Assurance Company Limited with a view to granting long leases of the flats therein to those sitting tenants who wished to acquire them. Long leases of certain flats which were vacant at that time or subsequently became vacant have been sold in the open market. Two flats continued to be let during the year at rack rents, to sitting tenants who did not elect to acquire long leases.

Results

The profit and loss account is set out on page 7 and shows the company's loss for the year.

The directors do not recommend the payment of a dividend.

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	
	31 December 1997	31 December 1996
	(or date of appointment if later)	
Louis Joshua Manson	1	1
Peter Harvey Gimson	1	1
Eileen Grace Donald	1	1
Suzanne Jean Henderson	1	1
Kim Guy Felix Britton Howe, OBE, JP	1	1
Sir John Henry Lambert, KCVO, CMG	1	1
Louis Moran	1	1
Denis Basil O'Neill	1	1
Richard Frank Coleman Pollitzer	1	1

Louis Joshua Manson, Kim Guy Felix Britton Howe and Richard Frank Coleman Pollitzer retire as directors in accordance with the company's articles of association. Resolutions will be proposed at the annual general meeting for their reappointment.

RIVERMEAD COURT LIMITED

Report of the directors for the year ended 31 December 1997 (*Continued*)

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



Morgan Cosec Limited

Secretary

5 May 1998

RIVERMEAD COURT LIMITED

Report of the auditors

To the shareholders of Rivermead Court Limited

We have audited the financial statements on pages 7 to 13 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 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, 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 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

5 May 1998

RIVERMEAD COURT LIMITED

Profit and loss account for the year ended 31 December 1997

	Note	1997 £	1996 £
Turnover	1	-	452,306
Cost of sales		-	27,004
		<hr/>	<hr/>
Gross profit		-	425,302
Other operating income		680,211	625,115
		<hr/>	<hr/>
		680,211	1,050,417
Administrative costs		949,107	749,479
		<hr/>	<hr/>
		(268,896)	300,938
Interest receivable and similar income		108,733	154,853
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	3	(160,163)	455,791
Taxation on (loss)/profit on ordinary activities	4	19,558	61,008
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(179,721)	394,783
		<hr/>	<hr/>
(Loss)/profit for the year	10	(179,721)	394,783
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities

All gains and losses recognised in the year are included in the profit and loss account

The notes on pages 9 to 13 form part of these financial statements

RIVERMEAD COURT LIMITED**Balance sheet at 31 December 1997**

	Note	1997 £	1996 £
Current assets			
Property	5	192,359	192,359
Investments	6	1,082,397	1,234,653
Debtors	7	256,293	193,529
Cash at bank and in hand		926,223	1,056,091
		<hr/>	<hr/>
		2,457,272	2,676,632
Creditors: amounts falling due within one year	8	462,584	502,223
		<hr/>	<hr/>
		1,994,688	2,174,409
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	9	207	207
Profit and loss account	10	1,994,481	2,174,202
		<hr/>	<hr/>
Shareholders' funds - equity		1,994,688	2,174,409
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board on 5 May 1998



L J Manson
Director

The notes on pages 9 to 13 form part of these financial statements

RIVERMEAD COURT LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the gross proceeds from the sale of leasehold and freehold properties.

Property

Property is shown in the financial statements at the lower of cost and net realisable value.

Investments

Investments are shown in the financial statements at the lower of cost and net realisable value.

2 Employees

	1997 £	1996 £
Staff costs consist of:		
Wages and salaries	179,103	135,891
Social security costs	12,018	9,856
	<hr/>	<hr/>
	191,121	145,747
	<hr/>	<hr/>

The average weekly number of full-time employees during the year was 14 (1996 - 12).

RIVERMEAD COURT LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

3 (Loss)/profit on ordinary activities before taxation

	1997		1996	
	£	£	£	£
This is arrived at after charging:				
Auditors' remuneration				
- audit services	21,130		18,565	
- non-audit services	5,014		7,710	
		26,144		26,275
and after crediting:				
Rents receivable		48,552		50,899
Income from investments				
- listed	29,944		40,752	
- unlisted	27,474		23,977	
		57,418		64,729

No director received any remuneration during the year.

4 Taxation on (loss)/profit on ordinary activities

	1997	1996
	£	£
U.K. Corporation tax	14,470	55,565
Under provision in respect of previous years	-	1,472
Tax credit on UK dividends received	5,088	3,971
	19,558	61,008

5 Property

Cost

At 1 January 1997 and 31 December 1997

192,359

RIVERMEAD COURT LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

6 Investments

All investments are stated at the lower of cost and net realisable value. The market value at 31 December 1997 was £1,732,976 (1996 - £1,679,001).

The investments held at 31 December were as follows:-

	1997 £	1996 £
Listed on UK stock exchange		
£153,000 8.75% Treasury Stock 1997	-	149,710
£ 60,000 2.5% Index-linked Treasury Stock 2001	97,476	97,476
£ 50,000 8% Treasury Stock 2002/06	49,032	49,032
£100,000 8% Treasury Stock 2003	97,301	97,300
37,900 Finsbury Growth Trust ordinary shares of 25p each	50,165	50,165
17,500 Electric and General Investment Company ordinary shares of 5p each	39,898	39,898
14,500 Anglo and Overseas Trust	75,169	69,456
9,500 Foreign & Colonial Pacific Investment Trust	10,854	15,841
	<hr/>	<hr/>
	419,895	568,878
Listed on foreign stock exchange		
FL200,000 Dutch Government 7% Stock 2003	69,229	72,503
Not listed on recognised stock exchange		
20,000 Hallmark Growth Portfolio	150,087	150,087
403,790 Threadneedle UK Growth Trust	100,003	100,003
48,940 St James' Place International Unit Trust	99,984	99,984
130,000 Mercury Fund Managers British Blue Chip Fund	93,002	93,002
50,000 Newton Fund Managers Income Fund	96,402	96,401
14,500 Capel-Cure Myers Income and Growth Fund	53,795	53,795
	<hr/>	<hr/>
	1,082,397	1,234,653
	<hr/> <hr/>	<hr/> <hr/>

RIVERMEAD COURT LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 (*Continued*)

7 Debtors

	1997 £	1996 £
Trade debtors	233,368	162,144
Other debtors	3,212	2,853
Prepayments and accrued income	19,713	28,532
	<u>256,293</u>	<u>193,529</u>

8 Creditors: amounts falling due within one year

Trade creditors	315,974	313,402
Other creditors	3,500	9,804
Taxation and social security	4,937	4,299
Corporation tax	8,660	44,112
Accruals	129,513	130,606
	<u>462,584</u>	<u>502,223</u>

9 Share capital

Authorised

Ordinary shares of £1 each	250	250
	<u>250</u>	<u>250</u>

Issued and called up

Ordinary shares of £1 each	207	207
	<u>207</u>	<u>207</u>

RIVERMEAD COURT LIMITED

Notes forming part of the financial statements for the year ended 31 December 1997 *(Continued)*

10 Profit and loss account

	1997 £	1996 £
Retained profit brought forward	2,174,202	1,779,419
(Loss)/profit for the year	(179,721)	394,783
	<hr/>	<hr/>
Retained profit carried forward	1,994,481	2,174,202
	<hr/>	<hr/>

11 Reconciliation of movements in shareholders' funds

(Loss)/profit for the year	(179,721)	394,783
Issue of share capital	-	2
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds in the year	(179,721)	394,785
Opening shareholders' funds	2,174,409	1,779,624
	<hr/>	<hr/>
Closing shareholders' funds	1,994,688	2,174,409
	<hr/>	<hr/>

12 Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 not to prepare a cash flow statement on the basis that the company is small.