

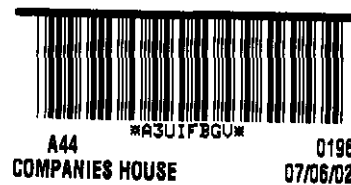
MARSHAM COURT MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31ST DECEMBER 2001

[Company Number: 1602191]



MARSHAM COURT MANAGEMENT COMPANY LIMITED

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Registered Office: 18 Pall Mall,
London,
SW1Y 5LU.

Company Number: 1602191

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2001

The Directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st December 2001.

STATEMENT OF 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;
- 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 company was formed for the purpose of acquiring and managing the freehold interest in Marsham Court, Marsham Street, London SW1 from the City of Westminster Assurance Company Limited and as such did not trade during the year.

The accounts disclose on page 5 the expenditure incurred in managing the freehold property, which constituted its main activity for the year.

The company is a non-profit making body; accordingly it does not make transfers to reserves, nor vote dividends.

DIRECTORS AND THEIR INTERESTS

The Directors and their interests in the share capital of the company were as follows:

	<u>Number of Shares</u>	
	<u>1st January</u> <u>2001</u>	<u>31st December</u> <u>2001</u>
Thomas S Corrigan OBE CA (Chairman)	1	1
Mrs Joanne M Stretton Clayton (Secretary)	1	1
Miss Helen Donoghue	1	1
Roger W Farrington	1	1
Miss Rosemary E Moodie	1	1
Julian H Prideaux OBE FRICS	1	1
Rear Admiral David M Pulvertaft CB	-	-
Miss Liz S Wallace (appointed 22 nd May 2001)	-	-
	==	==

Dr Michelle S Hill Perkins resigned as a Director on 22nd May 2001
Bernard J Adams was co-opted as a Director on 25th February 2002

DIRECTORS' REPORT (continued)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of F. W. Smith, Riches & Co. as auditors to the company is to be proposed at the forthcoming Annual General Meeting.

SMALL COMPANY RULES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 25th February 2002 and signed on its behalf by:

X *J. M. Stretton Clayton*

Mrs J. M. Stretton Clayton

Secretary

A.C. JACKSON
M.J. ROONEY
E.J. FURNISS

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MARSHAM COURT MANAGEMENT COMPANY LIMITED

We have audited the financial statements of Marsham Court Management Company Limited on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 31st December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F. W. Smith, Linder & Co.

Chartered Accountants and Registered Auditor

25th February 2002.

BALANCE SHEET AT 31ST DECEMBER 2001

		<u>2001</u>		<u>2000</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Tangible	4a		51,082		51,082
Investments	4b		98,337		181,253
			<u>149,419</u>		<u>232,335</u>
CURRENT ASSETS					
Debtors	5	89,553		19,195	
Cash in bank		211,061		253,849	
		<u>300,614</u>		<u>273,044</u>	
CREDITORS: amount falling due within one year	6	91,423		77,754	
NET CURRENT ASSETS			209,191		195,290
MEDIUM TERM DEBTORS	5		2,566		5,556
NET ASSETS			<u>361,176</u>		<u>433,181</u>
Representing:					
PROVISION FOR LIABILITIES AND CHARGES	7		294,082		369,077
CAPITAL AND RESERVES					
Called up share capital	8	147		147	
Extraordinary fund	9	66,947		63,957	
SHAREHOLDERS' FUND			<u>67,094</u>		<u>64,104</u>
			<u>361,176</u>		<u>433,181</u>

The financial statements on pages 4 to 8 which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000) were approved by the board on 25th February 2002 and signed on its behalf by:



T S Corrigan

Chairman

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2001

		<u>2001</u>		<u>2000</u>	
	<u>Notes</u>	£	£	£	£
TURNOVER					
Service charges to leaseholders	2		396,713		465,650
PROPERTY MAINTENANCE COSTS					
Porterage and cleaning		207,343		189,098	
Provision of hot water and hygiene		52,231		28,193	
Lift		14,439		9,902	
Building		25,415		22,257	
Electricity		10,948		9,845	
Sundries		16,035		14,072	
Insurance policies		24,292		15,778	
Amount recoverable from commercial parts		(4,718)		(3,757)	
		345,985		285,388	
Foyers and front entrances		136,013		97,762	
Entryphone		10,214		-	
Windows project surplus		(7,024)		-	
			(485,188)		(383,150)
			(88,475)		82,500
ADMINISTRATIVE EXPENSES					
Management fee		22,678		22,325	
Solicitors' fees		7,984		1,729	
Accountancy & professional fees		11,160		14,994	
Audit fee		2,000		300	
Bank charges		129		40	
			(43,951)		(39,388)
INTEREST RECEIVABLE	1(b)		3,317		7,425
TAX ON INTEREST RECEIVED	3		(1,128)		(2,524)
TRANSFER FROM SINKING FUND			139,203		-
TRANSFER TO SINKING FUND			(30,000)		(30,000)
AMOUNT (PAYABLE)/REPAYABLE (BY)/TO LEASEHOLDERS			(21,034)		18,013

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2001**1 ACCOUNTING POLICIES****(a) Accounting Conventions**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

(b) Interest Received

Interest arising on monies deposited with banks and building societies is accounted for on a receipts basis. Interest on sinking fund and extraordinary fund monies (net of corporation tax) is accumulated with the sinking fund and extraordinary fund and not dealt with through the Income and Expenditure Account (see notes 7 and 9 below).

(c) Corporation Tax

Any surplus arising in relation to leaseholders' service charges is exempt from taxation. No such exemption applies to investment income; tax is provided on gross income received, including interest on sinking fund and extraordinary fund monies.

(d) Depreciation

No depreciation is provided on freehold property as in the opinion of the Directors any element of depreciation would be immaterial.

2 TURNOVER

Income represents service charges receivable for the year in respect of the management of Marsham Court.

3 TAXATION

	<u>2001</u> £	<u>2000</u> £
Tax on service charge interest at 34 % (2000: 34 %)	1,128	2,524
	=====	=====
Tax on sinking fund interest at 18.5 % (2000: 22.6 %) (see note 7)	2,109	3,396
	=====	=====
Corporation tax chargeable on realised and unrealised capital gains at 10 % (2000: 10 %) (see note 7)	165	242
	=====	=====

4 FIXED ASSETS**(a) Tangible**

The freehold interest in Marsham Court, London, SW1 vested in the Management Company on 7th October 1985. The consideration payable for the interest on transfer to the Company was £1.

The reinstatement cost of the building for fire insurance purposes at 1st January 2001 was £30,750,000 (1st January 2000: £29,265,968).

The tangible fixed assets comprise the following:

	<u>Property enhancement</u> £	<u>Freehold property</u> £	<u>Total Costs</u> £
Balance at beginning and end of year	51,081	1	51,082
	=====	=	=====

The property enhancement costs shown above represent expenditure incurred in creating the head porter's flat in 1996.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2001 (continued)**4 FIXED ASSETS (continued)****(b) Investments**

	<u>2001</u>	<u>2000</u>
	£	£
Cost		
Listed	98,336	181,252
Unlisted	1	1
	<u>98,337</u>	<u>181,253</u>

The listed investment is a holding of 4³/₈% UK Index Linked Treasury Stock 2004. The market value of this investment at the balance sheet date was £110,636. The market value of the investments at 31st December 2000 was £217,015.

The unlisted investment is the cost of one share issued by Marsham Court Services Limited, a wholly owned subsidiary. The subsidiary has not traded in the year to 31st December 2001.

5 DEBTORS

	<u>2001</u>	<u>2000</u>
	£	£
Amounts falling due within one year:		
Amounts due from leaseholders	21,034	-
Prepayments	48,991	7,637
Other debtors	19,528	11,558
	<u>89,553</u>	<u>19,195</u>
Medium term loans	<u>2,556</u>	<u>5,556</u>

6 CREDITORS

	<u>2001</u>	<u>2000</u>
	£	£
Amounts falling due within one year:		
Amounts due to leaseholders	-	18,013
Taxation and social security	4,799	6,508
Corporation tax	1,945	4,739
Other creditors	55,066	39,219
Accruals	29,613	9,275
	<u>91,423</u>	<u>77,754</u>

NOTED TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2001 (continued)**7 PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions for certain future expenditure are dealt with in Sinking Fund account, which is interest bearing.

The movement on the Sinking Fund account is as follows:

	<u>2001</u> £	<u>2000</u> £
Balance at beginning of year	369,077	327,705
Transfer from Income and Expenditure Account	30,000	30,000
Transfer to Income and Expenditure Account	(139,203)	-
Realised Gain on Redemption of Investment	25,109	-
Corporation tax chargeable on realised and unrealised gains on investments (see note 3)	(165)	(242)
Interest received for the year	11,373	15,010
Tax on interest received (see note 3)	(2,109)	(3,396)
Balance at end of year	<u>£ 294,082</u>	<u>£ 369,077</u>

The Sinking Fund account represents the amount retained as reasonably necessary for the purpose of providing for any non-annually recurring future major expenditure.

8 CALLED UP SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Authorised:		
147 ordinary shares of £1 each	<u>147</u>	<u>147</u>
Allotted, called up and fully paid:		
147 ordinary shares of £1 each	<u>147</u>	<u>147</u>

9 EXTRAORDINARY FUND

The Extraordinary Fund account represents the profit after tax on the sale of an additional flat.

The movement on the Extraordinary Fund account is as follows:

	<u>2001</u> £	<u>2000</u> £
Balance at the beginning of year	63,957	59,629
Loans for windows expenditure repaid	2,990	4,328
	<u>66,947</u>	<u>63,957</u>