

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

Company No. 2231168

ACCOUNTS

for the year ended

31ST DECEMBER 1994



DEREK WEBSTER & CO.

136 BAKER STREET,

LONDON. W1M 2DU

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report to the members, together with the annual accounts for the year ended 31st December 1994.

PRINCIPAL ACTIVITY :

The principal activity of the company is administration and management of flats and housing estates, including the management of maintenance and reserve funds.

DIRECTORS :

The directors of the company and their beneficial interests in shares of the company are set out below. There were no changes in the composition of the board of directors during the year.

| | 31.12.94 | 31.12.93 |
|-------------|-----------------|-----------------|
| C.B. Tonkin | 1,000 | 1,000 |
| V.A. Tonkin | 1,000 | 1,000 |

Each of the directors owns 47.5% of the issued share capital of the holding company and through a trust control the remaining 5%.

DIRECTORS' RESPONSIBILITIES :

Company law requires the directors to prepare accounts 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 accounts, the directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

DIRECTORS' REPORT

AUDITORS :

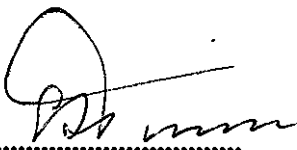
A resolution to reappoint the auditors will be proposed at the Annual General Meeting.

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies.

Registered Office :

**Clinton House,
High Street,
Coleshill,
Birmingham.
B46 3BP**

**Approved by the board of directors on
7.6.95 and signed on their
behalf by :**


.....
C.B. TONKIN, Director

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED**

We have audited the accounts on pages 4 to 10 which have been prepared 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion :

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Date : 7th June 1995

Derek Webster & Co.

DEREK WEBSTER & CO.
Chartered Accountants
& Registered Auditor,
136 Baker Street,
London. W1M 2DU

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

| | Notes | 1994 | 1993 |
|--|-------|-----------------|-----------------|
| | | £ | £ |
| TURNOVER | 1 | 596,832 | 534,990 |
| Administrative Expenses | | (202,576) | (208,588) |
| Staff Costs | 3 | (288,604) | (280,319) |
| OPERATING PROFIT | 2 | 105,652 | 46,202 |
| Interest Payable | 4 | (2,993) | (1,120) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 102,659 | 44,963 |
| Tax on profit on ordinary activities | 5 | (26,088) | (10,734) |
| PROFIT FOR THE FINANCIAL YEAR on ordinary activities after Taxation | | <u>£ 76,571</u> | <u>£ 34,229</u> |

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

There are no recognised gains and losses for 1994 and 1993 other than the profit and loss for the above two financial years.

The notes on pages 6 to 10 form an integral part of these accounts.

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

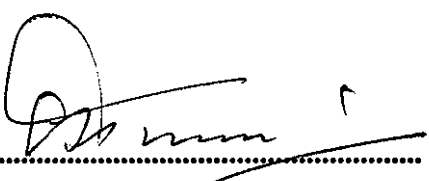
BALANCE SHEET

AS AT 31ST DECEMBER 1994

| | Notes | 31.12.94 | 31.12.93 |
|--|-------|----------|----------|
| | | £ | £ |
| FIXED ASSETS : | | | |
| Tangible Assets | 6 | 19,664 | 25,644 |
| CURRENT ASSETS : | | | |
| Debtors | 7 | 119,404 | 73,981 |
| Cash at bank and in hand | 12 | 104,790 | 67,118 |
| | | ----- | ----- |
| | | 224,194 | 141,099 |
| | | ----- | ----- |
| CREDITORS : | | | |
| Amounts falling due within one year | 8 | 82,611 | 76,120 |
| | | ----- | ----- |
| NET CURRENT ASSETS | | 141,583 | 64,979 |
| | | ----- | ----- |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 161,247 | 90,623 |
| | | | |
| CREDITORS : | | | |
| Due after more than one year: | | | |
| Hire Purchase | | (5,451) | 11,398 |
| | | ----- | ----- |
| | | £155,796 | £ 79,225 |
| | | ===== | ===== |
| CAPITAL AND RESERVES : | | | |
| Called Up Share Capital | 9 | 12,000 | 12,000 |
| Profit and Loss Account | 13 | 143,796 | 67,225 |
| | | ----- | ----- |
| | | £155,796 | £ 79,225 |
| | | ===== | ===== |

The directors have taken advantage of special exemptions conferred by Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the accounts and have done so on the grounds that, in their opinion, the company is entitled to those exemptions.

Approved by the Board of Directors on 7.6.95
and signed on their behalf by :


 C.B. TONKIN Director

The notes on pages 6 to 10 form an integral part of these accounts.

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES :

Cash Flow Statement :

The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

Turnover :

Turnover represents fees invoiced excluding VAT.

Depreciation :

Depreciation of tangible fixed assets is provided at the following annual rates in order to write off each asset over its estimated useful life :

| | |
|----------------------------------|-----------------------|
| Computer Equipment | 33 1/3% straight line |
| Fixtures, Fittings and Equipment | 20% straight line |
| Motor Vehicles | 25% straight line |

Leased Assets :

Operating lease rentals are charged to profit and loss account as incurred.

Pensions :

The company has a defined contribution pension scheme for certain employees. The cost of the contributions made by the company to the scheme are charged to profit and loss account as incurred.

Taxation :

The charge for Corporation Tax is calculated on the profit on ordinary activities for the year. No provision for deferred taxation is considered necessary.

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

2. OPERATING PROFIT :

| The operating profit is stated after charging : | 1994 £ | 1993 £ |
|---|--------------|--------------|
| Depreciation on tangible fixed assets | 11,881 | 16,194 |
| (Profit) on disposal of Motor Vehicle | - | (5,030) |
| Operating lease charges : Equipment | 7,392 | 7,252 |
| Land & buildings | 37,500 | 37,500 |
| Staff Costs (Note 3) | 288,604 | 280,319 |
| Auditors' Remuneration | <u>2,100</u> | <u>2,000</u> |

3. PARTICULARS OF STAFF AND PENSIONS :

| Staff costs, including directors remuneration, were as follows : | 1994 £ | 1993 £ |
|--|-----------------|-----------------|
| Wages and Salaries | 256,211 | 248,970 |
| Social Security costs | 25,115 | 25,221 |
| Other Pension costs | 7,278 | 6,128 |
| | <u>£288,604</u> | <u>£280,319</u> |

DIRECTORS EMOLUMENTS :

| Emoluments for services as directors : | 1994 £ | 1993 £ |
|--|-----------------|-----------------|
| Chairman | 27,500 | 28,000 |
| Other Director | 22,997 | 22,527 |
| | <u>£ 50,497</u> | <u>£ 50,527</u> |

4. INTEREST PAYABLE :

| | 1994 £ | 1993 £ |
|-------------------------------------|----------------|----------------|
| Bank Overdraft Interest and Charges | 1,566 | 1,120 |
| Lease Purchase Interest | 1,427 | 119 |
| | <u>£ 2,993</u> | <u>£ 1,239</u> |

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

| 5. TAX ON PROFIT ON ORDINARY ACTIVITIES : | 1994 | 1993 |
|--|-----------------|-----------------|
| | £ | £ |
| Corporation Tax at 25% | 26,100 | 10,750 |
| (Over)provision in previous year | (12) | (16) |
| | <u>£ 26,088</u> | <u>£ 10,734</u> |

| 6. TANGIBLE FIXED ASSETS : | Computer Equipment £ | Office Furniture & Equipment £ | Motor Vehicles £ | Total £ |
|-----------------------------------|-------------------------------------|---|---------------------------------|--------------------|
| Cost : | | | | |
| At 01.01.94 | 40,340 | 24,192 | 31,383 | 95,915 |
| Additions | 5,112 | 789 | - | 5,901 |
| At 31.12.94 | <u>45,452</u> | <u>24,981</u> | <u>31,383</u> | <u>101,816</u> |
| Depreciation : | | | | |
| At 01.01.94 | 38,361 | 16,652 | 15,258 | 70,271 |
| Charge for year | 2,905 | 3,601 | 5,375 | 11,881 |
| At 31.12.94 | <u>41,266</u> | <u>20,253</u> | <u>20,633</u> | <u>82,152</u> |
| Net Book Value : | | | | |
| At 31.12.94 | <u>£ 4,186</u> | <u>£ 4,728</u> | <u>£10,750</u> | <u>£ 19,664</u> |
| At 31.12.93 | <u>£ 1,979</u> | <u>£ 7,540</u> | <u>£16,125</u> | <u>£ 25,644</u> |

A motor vehicle with a net book value of £10,750 (1993 £16,125) is secured under a lease purchase contract.

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1994

| | | |
|--|---------------------------|-----------------|
| 7. DEBTORS : | 1994 | 1993 |
| | £ | £ |
| Trade Debtors | 12,824 | 13,401 |
| Other Debtors and Prepayments | 19,491 | 23,519 |
| Amount due from Holding Company (Note 10) | 87,089 | 37,061 |
| | <u>£119,404</u> | <u>£ 73,981</u> |
| 8. CREDITORS : | | |
| Amounts falling due within one year : | 1994 | 1993 |
| | £ | £ |
| Other Taxes and Social Security | 37,877 | 34,635 |
| Other Creditors | 873 | 10 |
| Lease Purchase Creditor (secured) | 5,946 | 5,946 |
| Director's Current Account | 1,332 | 1,332 |
| Corporation Tax | 26,100 | 15,884 |
| Accruals | 10,483 | 18,313 |
| | <u>£ 82,611</u> | <u>£ 76,120</u> |
| 9. CALLED UP SHARE CAPITAL : | Ordinary £1 Shares | |
| | 1994 | 1993 |
| Authorised | <u>£ 20,000</u> | <u>£ 20,000</u> |
| Allotted, called up and fully paid | <u>£ 12,000</u> | <u>£ 12,000</u> |

SOLITAIRE PROPERTY MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31ST DECEMBER 1994

10. HOLDING COMPANY :

The holding company is Holding and Management (Solitaire) Limited incorporated in England number 1649347.

11. FUNDS HELD FOR TENANTS :

The company collects and disburses service charge and rents on behalf of clients of approximately £7m per annum through client trustee bank accounts. In the opinion of the directors this turnover and these bank accounts are not part of the company's own affairs and are not included in these accounts.

12. COMMITMENTS :

The company has given an unlimited guarantee to its bank dated 12th November 1992 in favour of the holding company.

The company has also given a debenture to its bank dated 15th June 1994 in respect of the group's borrowings.

Commitments under Operating Leases :

| | Land and Buildings | Other |
|--|-------------------------------|----------------|
| Expiring in the second to fifth years inclusive | - | 7,392 |
| Expiring in five years or more | 37,500 | - |
| | <u>£37,500</u> | <u>£ 7,392</u> |

13. MOVEMENTS ON SHAREHOLDERS FUNDS :

| | Profit & Loss A/c £ | Share Capital £ | Total £ |
|---------------------|--|--------------------------------|--------------------|
| Balance at 1.1.94 | 67,225 | 12,000 | 79,225 |
| Profit for the year | 76,571 | - | 76,571 |
| Balance at 31.12.94 | <u>£143,796</u> | <u>£12,000</u> | <u>£155,796</u> |