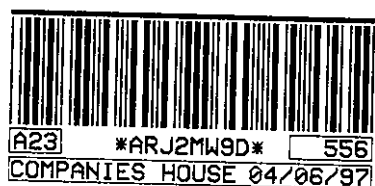


"THE LYNCH" MANAGEMENT LIMITED
DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

CONTENTS

Page 1:	Directors Report
Page 2:	Auditors Report
Page 3:	Income and Expenditure Account
Page 4:	Balance Sheet as at 31 December 1996
Page 5:	Notes forming part of the Accounts



"THE LYNCH" MANAGEMENT LIMITED

REPORT OF THE DIRECTORS For the Year Ended 31 December 1996

The Directors have pleasure in submitting their Annual Report together with the audited accounts for the year ended 31 December 1996.

Activities

The Company's principal activity is that of the management of the common services of a residential development at "The Lynch", Hoddesdon, Herts on a non profit making basis. There have been no changes in this activity during the year.

Directors

The Directors and their interests in the shares of the Company were as given below :

	<u>£1 Ordinary Shares</u>	
	<u>31 December 1996</u>	<u>31 December 1995</u>
B.K. Barnes (resigned 16 July 1996)	1	1
P..C. Harrison	1	1
F.E. Wilson	1	1
S.M. Cornford	1	1
J.W. Spenceley	1	1
J. P. Luckie (resigned 16 July 1996)	1	1
S. Nine (appointed 16 July 1996)	1	1

Directors Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable ;
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will continue in operation.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Exemptions

Advantage has been taken, in the preparation of this report, of special exemptions applicable to small companies. In the Directors' opinion, the company is entitled to those exemptions on the grounds that it qualifies as a small company under the provisions of Section 247 of the Companies Act 1985.

Registered Office

Park House
The Street
Great Saling
Essex CM7 5DR

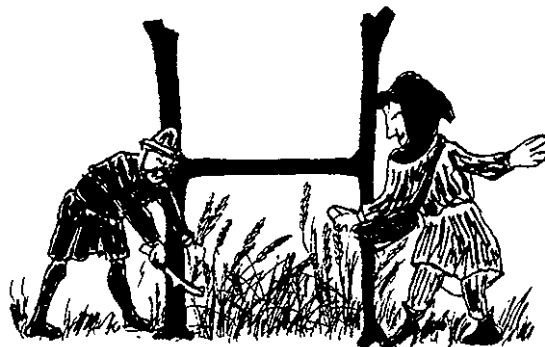
Registered in England No. 2302474

Signed on Behalf of the Board


S.M. CORNFORD Director

1996 MM 1997

TEL. 01371 850050
FAX. 01371 851282



TONY HINE & CO.

CHARTERED ACCOUNTANTS

**PARK HOUSE
THE STREET
GREAT SALING
ESSEX
CM7 5DR**

REPORT OF THE AUDITORS

To the Members of "The Lynch" Management Limited

We have audited the accounts on pages 3 to 5 which have been prepared under the historical cost convention and with accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of the 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 affairs of the company as at 31 December 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Tony Hine a/c

**Tony Hine & Co
Registered Auditor**

27 May, 1997

(2)

A. HINE FCA

Registered to carry out audit work by the Institute of Chartered Accountants in England and Wales

"THE LYNCH" MANAGEMENT LIMITED

INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 December 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
Service Charges Receivable		4,500	4,500
Expenditure			
Gardening and Maintenance	2,827	2,391	
Insurance	128	126	
Audit and Accountancy	388	376	
Share Registration Services	118	0	
Bank Charges	97	90	
Electricity to Common Parts	106	158	
Sundry Expenses	82	190	
Legal Fees	<u>182</u>	<u>0</u>	
	3,928	3,331	
Less: Transfer from Maintenance Reserve -			
Legal Costs & Shrubs	<u>550</u>	<u>0</u>	
		<u>3,378</u>	<u>3,331</u>
		1,122	1,169
Share Registration Fees Received		117	59
Instalment Fees Received		40	40
Bank Interest Received		<u>92</u>	<u>87</u>
Net Surplus for the Year before Taxation		1,371	1,355
Taxation	2	<u>22</u>	<u>22</u>
Net Surplus for the Year after Taxation		1,349	1,333
Retained Surplus brought forward		<u>0</u>	<u>0</u>
		1,349	1,333
Transfer to Maintenance Reserve	5	<u>1,349</u>	<u>1,333</u>
Retained Surplus carried forward		<u>£ 0</u>	<u>£ 0</u>

There were no recognised gains or losses other than the surplus for the current or preceding financial year.

There were no acquisitions or discontinued operations during the current or preceding financial year.

The notes on page 5 form an integral part of these accounts.

"THE LYNCH" MANAGEMENT LIMITED

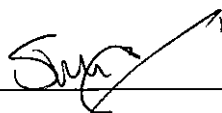
BALANCE SHEET
As at 31 December 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
Current Assets			
Debtors	58	0	
Prepayments	62	62	
Cash at Bank and in Hand	<u>3,466</u>	<u>2,712</u>	
	<u>3,586</u>	<u>2,774</u>	
Creditors : Amounts falling due within one year			
Service Charges Overpaid	0	2	
Trade Creditors	641	626	
Corporation Tax	<u>22</u>	<u>22</u>	
	<u>663</u>	<u>650</u>	
Net Current Assets		<u>£2,923</u>	<u>£2,124</u>
Capital and Reserves			
Called Up Share Capital	3	30	30
Reserves			
Maintenance Reserve	5	2,893	2,094
Income and Expenditure Account		<u>0</u>	<u>0</u>
		<u>2,893</u>	<u>2,094</u>
Shareholders Funds	6	<u>£2,923</u>	<u>£2,124</u>


The notes on page 5 form an integral part of these accounts.

These accounts were approved by the Board of Directors on 19/5/97

S.M. CORNFORD



J.W. SPENCELEY



Directors

"THE LYNCH" MANAGEMENT LIMITED

NOTES FORMING PART OF THE ACCOUNTS

For the Year Ended 31 December 1996

1. Accounting Policies

The accounts have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

2. Taxation

The Company is only liable to Corporation Tax on its investment income. The charge of £22 in the accounts represents tax due on Bank Deposit Interest [1995 £22].

3. Called Up Share Capital

	<u>1996</u>	<u>1995</u>
Authorised: 31 Ordinary Shares of £1 each	£ 31	£ 31
Issued and Fully Paid: 30 Ordinary Shares of £1 each	£ 30	£ 30

4. Employees

The Company has no employees and no remuneration was paid during the year to Directors or others.

5. Maintenance Reserve

The Maintenance Reserve represents a provision for major items of future maintenance for which the company is responsible under the terms of the Deeds of Covenant entered into with the individual owners of the properties at The Lynch. The following movements took place during the year:-

	<u>1996</u>	<u>1995</u>
Balance brought forward	2,094	761
Transfer from/(to) Income and Expenditure Account:		
General	1,349	783
Legal Costs	(300)	300
Shrubs	(250)	250
	2,893	2,094
Expenditure:	<u>0</u>	<u>0</u>
Balance carried forward	<u>£2,893</u>	<u>£2,094</u>

6. Reconciliation of Shareholders Funds

	<u>1996</u>	<u>1995</u>
Surplus for the financial year	1,349	1,333
Less: Transfer from Maintenance Reserve	(550)	<u>0</u>
	799	1,333
Opening Shareholders Funds	<u>2,124</u>	<u>791</u>
Closing Shareholders Funds	<u>£2,923</u>	<u>£2,124</u>