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GEORGIAN HOUSE FREEHOLD LIMITED

REPORT AND ACCOUNTS

AT

31ST DECEMBER 1997



## GEORGIAN HOUSE FREEHOLD LIMITED

### DIRECTOR'S REPORT for the year ended 31st December 1997

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The Directors present their seventh Report with the Financial Statements for the year to 31st December 1997.

#### PRINCIPAL ACTIVITY

The company was formed solely for the purpose of acquiring the freehold interest in 58 Marine Parade, Brighton. The object was that each lessee, numbering nine in all, would contribute a share of the cost of such acquisition and, when such purchases were completed, the freehold would effectively be owned jointly by all the existing long lease-holders through the medium of the company.

#### REVIEW OF BUSINESS

During the year to 31st December 1997 the company received certain ground rents. A number of the lessees are in arrears with their payments of ground rents and service charges and the managing agents responsible for dealing with these matters are taking the necessary action, legal or otherwise, to recover outstanding amounts. No credit is taken for outstanding sums if it is doubtful if they will be recovered.

#### LEGAL COSTS

Substantial legal expenses have been incurred by the Company in attempting to recover unpaid maintenance costs and ground rents from certain lessees. These costs have been met by loans to the Company from three other lessees. The amounts paid to date are shown in the financial statements. There are further amounts payable which cannot be quantified as the actions are continuing.

#### DIVIDENDS

The Directors do not recommend the payment of a dividend.

#### FUTURE DEVELOPMENTS

To date three lease-holders have acquired their share of the freehold. The balance of the cost, together with associated legal expenses has been met by unsecured loans from two lease-holders.

#### COMPANY CONSTRUCTION

The Company is limited by guarantee without a share capital. The method whereby a share in the freehold is acquired is for the lease-holder to make an unsecured loan to the company, which is non-interest bearing and not repayable. If any lease-holder wishes to dispose of his lease-hold interest, then the new purchaser should contribute either to an existing part freehold owner or to the free-holder company, the respective share of the cost of the freehold. When a lease-holder acquires his share the ground rent applicable to that flat ceases to be payable.

### EVENTS SINCE THE END OF THE YEAR

Since the 31st December 1997 there have been no events which could materially affect the state of affairs of the Company as shown by the Financial Statement at that date, the result for the year then ended or any of the figures in the Financial Statements or Notes thereto.

### DIRECTORS RESPONSIBILITIES

Company law required 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 judgement and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained.
- prepare the accounts on a 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 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.

### DIRECTORS

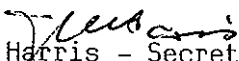
J. C. Harris  
Mrs L. Schulz  
C. L. Noel

In accordance with the Articles of Association Mrs L Schulz resigns and offers herself for re-election.

### FIXED ASSETS

The Company owns the freehold of 58 Marine Parade at an aggregate cost of £4,500 including expenses.

By order of the Board:

  
J. C. Harris - Secretary  
58 Marine Parade  
Brighton  
Sussex BN2 1AB

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GEORGIAN HOUSE FREEHOLD LIMITED

(A Company limited by Guarantee)

BALANCE SHEET as at 31st December 1997

		<u>1997</u> £	<u>1996</u> £
<u>FIXED ASSETS</u>			
Freehold Property at cost		4,500	4,500
Less Depreciation	Note 1	<u>630</u>	<u>540</u>
		3,870	3,960
<u>CURRENT ASSETS</u>			
Cash at bank		<u>42</u>	<u>815</u>
		3,912	4,775
<u>CURRENT LIABILITIES</u>			
Loans	Note 2	12,444	12,444
Taxation	Note 4	<u>101</u> <u>12,545</u>	<u>-</u>
Total Liabilities less Assets		<u>£(8,633)</u>	<u>£(7,669)</u>
<u>Financed by:</u>			
Members Unsecured Loans	Note 3	1,500	1,500
Less Accumulated Deficiency		<u>(10,133)</u>	<u>(9,169)</u>
		<u>£(8,633)</u>	<u>£(7,669)</u>

Director's Statement

- (a) for the year to 31 December 1997 the company was entitled to the exemption under subsection (1) of section 249A:
- (b) no notice requiring an audit had been deposited under subsection (2) of s249B in relation to the accounts for the financial year: and
- (c) the directors acknowledge their responsibilities for:
- (i) ensuring that the company keeps accounting records which comply with section 221: and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

.....*Greg. West*..... Director

.....*14th February 1998*..... Date

The notes on page 5 form part of these financial statements.

GEORGIAN HOUSE FREEHOLD LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1997

		<u>1997</u> £	<u>1996</u> £
Ground Rents received		487	230
Less Agents Commission		-	9
Legal Costs	Note 2	1,168	9,444
Depreciation of Property		90	90
Bank Charges		36	33
Company filing fee		15	18
		<u>1,309</u>	<u>9,594</u>
Profit/(Loss) for the year before Taxation		( 822)	(9,364)
Taxation	Note 4	( 142)	-
Profit/(Loss) for the year after taxation		( 964)	(9,364)
Profit/(Losses) brought forward		(9,169)	195
Cumulative Surplus/(Deficiency)		<u>£(10,133)</u>	<u>£(9,169)</u>

There were no recognised gains or losses other than disclosed above.

The notes on Page 5 form part of these financial statement.

# GEORGIAN HOUSE FREEHOLD LIMITED

(A Company limited by Guarantee)

## Notes to the Financial Statements at 31st December 1997

### 1. ACCOUNTING POLICIES

#### (a) Accounting Convention

The Balance Sheet has been prepared under the historical cost convention.

#### (b) Deferred Taxation

No provision is necessary.

#### (c) Fixed Assets

Depreciation is provided at 2% of cost.

#### (d) Ground Rents

No provision is made for ground rents receivable where they are the subject of legal or other action to recover them.

### 2. CURRENT LIABILITIES

The purchase price, including costs, of the property was financed by interest free, undated loans from the two members of the company. These will be repaid as and when the other lease-holders take up their rights. Further loans have been made to the company by three members to cover the cost of legal expenses incurred in attempting to recover unpaid maintenance charges and ground rent. These aggregate £9,444. There are further costs to be incurred, the amount of which is not yet known.

### 3. MEMBERS UNSECURED LOANS

The property comprises nine flats all owned on long leases. Each lease-holder should subscribe for an unsecured non-repayable loan note of £500. To date three such subscriptions have been received. The obligation to pay ground rent ceases for a subscriber.

### 4. TAXATION

Corporation Tax payable on the adjusted profits for the year	£101
Underprovision for prior year	£ 41
	<u>£142</u>

### 5. RECONCILIATION OF MOVEMENT IN MEMBERS FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Surplus/(Loss) for the year	(964)	(9,364)
Total members funds brought forward	<u>(7,669)</u>	<u>1,695</u>
Total members funds carried forward	<u>£(8,633)</u>	<u>£(7,669)</u>