

MARLBOROUGH KNIGHTSERIDGE MANAGEMENT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 25TH DECEMBER 1996

(Company Number: 2668432)



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MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

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FOR THE YEAR ENDED 25TH DECEMBER 1996

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part of statutory accounts for members

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MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 25TH DECEMBER 1996

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 25th December 1996.

ACTIVITIES

The principal activity of the Company continued to be that of the management of the property Marlborough, 61 Walton Street, London, SW3.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and their interests in the shares of the Company at the beginning and end of the financial year were :-

	Ordinary shares of £1 each	
	At beginning of year	At end of year
John Davis Clevely	1	1
Pauline Davis	1	1
Bryan Peter Galbally	1	1
Alexander Ian Schoolar	1	1
James Stuart Paton	1	1
Karine Renton Cullen	1	1
David Bruce Sinclair	1	1

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 year. In preparing those accounts, the Directors are required to:

select suitable accounting policies and then 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 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 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.

(Continued)

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 25TH DECEMBER 1996

(Continued)

CLOSE COMPANY

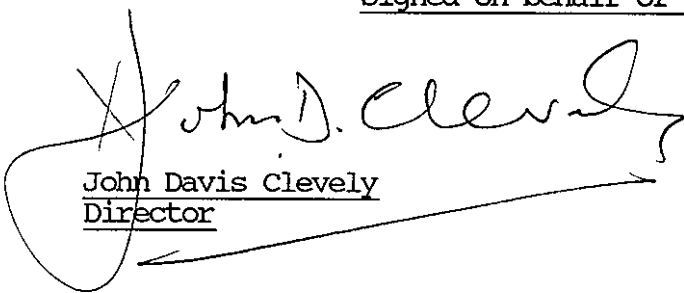
The Company is a Close Company as defined by the Income and Corporation Taxes Act 1988.

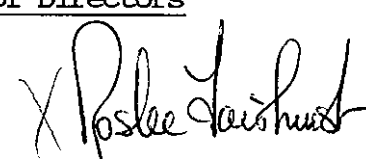
AUDITORS

In accordance with Section 385(2), Companies Act 1985, a resolution the re-appointment of Messrs. Silver Altman, Chartered Accountants, will be proposed at the next Annual General Meeting.

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

Signed on behalf of the Board of Directors


John Davis Clevely
Director


Jean Roslee Fairhurst
Secretary

23 April 1997

AUDITORS REPORT TO THE SHAREHOLDERS OF
MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

We have audited the accounts on pages 4 to 8 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 25th December 1996 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.



SILVER ALTMAN
Chartered Accountants & Registered Auditors

8, Baltic Street East,
London, EC1Y 0UJ.

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 25TH DECEMBER 1996**

	<u>Notes</u>	£	<u>1996</u> £	£	<u>1995</u> £
<u>TURNOVER</u>			117,028		133,267
Cost of Sales			108,792		125,840
<u>GROSS PROFIT</u>			8,236		7,427
Administrative expenses		1,683	1,683	4,399	4,399
Other operating income			6,553		3,028
			-		5,500
<u>OPERATING PROFIT</u>	2		6,553		8,528
Interest receivable less payable	3		813		19
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>			7,366		8,547
<u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>	4		769		1,394
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</u>			6,597		7,153
Retained profit brought forward			52,508		45,355
<u>RETAINED PROFIT CARRIED FORWARD</u>			£ 59,105		£ 52,508

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the Profit for the above two financial years.

MARLBOROUGH KNIGHTSERIDGE MANAGEMENT LIMITED

**BALANCE SHEET
AS AT 25TH DECEMBER 1996**

	<u>Notes</u>	£	<u>1996</u> £	£	<u>1995</u> £
<u>CAPITAL EMPLOYED</u>					
<u>FIXED ASSETS</u>					
Tangible assets	5		115,029		115,029
<u>CURRENT ASSETS</u>					
Debtors	6	163,761		133,124	
Cash at bank and in hand		27,612		23,943	
			191,373		157,067
<u>CREDITORS</u> (amounts falling due within one year)	7	(99,769)		(110,827)	
<u>NET CURRENT ASSETS</u>			91,604		46,240
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			206,633		161,269
Provisions for liabilities and charges	8		(147,423)		(108,656)
			£ 59,210		£ 52,613
<u>FINANCED BY:</u>					
<u>CAPITAL AND RESERVES</u>					
Equity called up share capital	9		105		105
Profit and loss account			59,105		52,508
<u>Shareholders funds</u>	10		£ 59,210		£ 52,613

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 on 23 April 1997

.....
John Davis Clevely

.....
Pauline Davis

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 25TH DECEMBER 1996

1. ACCOUNTING POLICIES

1.1 Basis of accounting

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

1.2 Tangible fixed assets

In accordance with Statement of Standard Accounting Practice No. 19 no depreciation or amortisation is provided in respect of the investment property. This is a departure from the Statutory Valuation rules for fixed assets and is required by Section 226(5) of the Companies Act 1985 to enable the accounts to give a true and fair view. The amount of depreciation which might otherwise have been shown cannot be separately identified or quantified.

1.3 Turnover

Turnover represents service charges and ground rents receivable in respect of the property managed by the Company.

1.4 Deferred taxation

Deferred taxation is not provided for as, in the opinion of the Directors, no liability will arise in the foreseeable future.

1.5 Major works reserve

The major works reserve is held on Trust in order to meet future expenditure on repairs and renewals.

2. OPERATING PROFIT

This is stated after charging:

Audit fees

<u>1996</u>	<u>1995</u>
<u>£</u>	<u>£</u>
353	793

3. INTEREST RECEIVABLE LESS PAYABLE

Interest receivable
Less transfer to major works reserve

<u>1996</u>	<u>1995</u>
<u>£</u>	<u>£</u>
6,294	3,861
(5,481)	(3,842)
<u>£ 813</u>	<u>£ 19</u>

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 25TH DECEMBER 1996

4. TAXATION

	<u>1996</u> £	<u>1995</u> £
4.1 The tax charge on the Profit on ordinary activities for the year was as follows:		
U.K corporation tax at 24% (1995 - 25%)	669	1,394
	<hr/>	<hr/>
	669	1,394
Taxation (over)/underprovided in previous years:		
Corporation tax	100	-
	<hr/>	<hr/>
	£ 769	£ 1,394
	<hr/>	<hr/>

4.2 The Company is a Close Company as defined by the Income and Corporation Taxes Act 1988.

5. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u> £
Cost:	
At 26th December 1995 & At 25th December 1996	115,029
	<hr/>
Net book values:	
At 25th December 1996	£115,029
	<hr/>
At 25th December 1995	£115,029
	<hr/>

The Directors consider that the open market value of the Company's property is not significantly different from its book value at the balance sheet date.

6. DEBTORS

	<u>1996</u> £	<u>1995</u> £
Service charges and ground rents receivable	3,730	9,216
Monies held by agents	154,471	112,947
Other debtors	5,560	10,961
	<hr/>	<hr/>
	£163,761	£133,124
	<hr/>	<hr/>

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 25TH DECEMBER 1996

7. <u>CREDITORS(Amounts falling due within one year)</u>	<u>1996</u> £	<u>1995</u> £
Service charges received in advance	5,673	6,685
Other creditors	94,096	104,142
	<u>£ 99,769</u>	<u>£110,827</u>

8. PROVISIONS FOR LIABILITIES AND CHARGES

7.1 Major works reserve

The major works reserve is held in Trust on behalf of the lessees in order to meet future expenditure on repairs and renewals. The movement for the year is as follows :

	<u>1996</u> £	<u>1995</u> £
Balance as at 26th December 1995	108,656	69,666
Amounts demanded from tenants	100,000	102,817
Rebate from/(to) service charge	3,169	(17,423)
Transfer to profit and loss account	(69,883)	(48,795)
Transfer from profit and loss account	5,481	2,391
<u>BALANCE AS AT 25TH DECEMBER 1996</u>	<u>£147,423</u>	<u>£108,656</u>

9. EQUITY SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
<u>Authorised</u>		
168 Ordinary shares of £1 each	168	168
	<u>£</u>	<u>£</u>
<u>Issued and fully paid</u>		
105 Ordinary shares of £1 each	105	105

MARLBOROUGH KNIGHTSBRIDGE MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 25TH DECEMBER 1996

10. RECONCILIATION OF MOVEMENTS EQUITY

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>PROFIT FOR THE FINANCIAL YEAR</u>	6,597	7,153
Opening equity shareholders funds at 26th December 1995	52,613	45,459
Share capital issued in the year	-	1
<u>CLOSING EQUITY SHAREHOLDERS FUNDS</u>		
<u>AT 25TH DECEMBER 1996</u>	<u>£ 59,210</u>	<u>£ 52,613</u>