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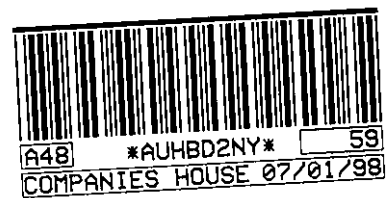
HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

2142313

1997 REPORT AND ACCOUNTS

BEAVIS WALKER

Chartered Accountants



HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

DIRECTORS
E.J. Crowley
D.R.A. Webb A.C.A.

SECRETARY
V.L. Marshall

REGISTERED OFFICE
14 Bridge Road
Weybridge
Surrey
KT13 8XT

REGISTERED NUMBER
2792313

1997 REPORT AND ACCOUNTS

Pages	1 & 2	Directors' Report
	3	Auditors' Report
	4	Profit and Loss Account
	5	Balance Sheet
	6 - 8	Notes on the Accounts

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31st March, 1997.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of property investment and management.

BUSINESS REVIEW

A summary of the year's results is set out on page 4.

DIVIDENDS

The Directors cannot recommend the payment of a dividend.

DIRECTORS

The Directors during the year were:

E.J. Crowley
D.R.A. Webb A.C.A.

The Directors did not hold any interests in the share capital of the Company at any time during the year.

At 1st April, 1996 and 31st March, 1997 E.J.Crowley and D.R.A.Webb held 100 and 200 ordinary shares of £1 each respectively in the parent undertaking, House Owners Investments Limited.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year or period which give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit or loss of the Company for the 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;
- * state whether applicable accounting standards have been followed 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 also 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.

FIXED ASSETS

Details of movements are given in the notes on the accounts.

The Directors consider that the market value of the investment property is significantly greater than the value shown in the accounts. The Directors, however, do not consider that they are properly qualified to assess the open market value accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

DIRECTORS' REPORT

AUDITORS

A resolution for the reappointment of the Auditors, Beavis Walker, will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

Director

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a series of loops and a horizontal stroke.

AUDITORS' REPORT TO THE MEMBERS OF

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

We have audited the accounts on pages 5 to 8 which have been prepared on the historical cost basis and in accordance with 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 an 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.

Qualified opinion arising from disagreement about accounting treatment

As explained in Note 1(b), the freehold investment properties have not been included in the Accounts at open market value as required by Statement of Standard Accounting Practice Number 19. Instead, the properties have been recorded in the balance sheet at cost. We are unable to quantify the effects of this because, as also explained in Note 1(b), the Directors do not consider that they are properly qualified to assess the open market value of the property accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

Except for the valuation of the freehold investment property, in our opinion the accounts give a true and fair view of the state of the Company's affairs at 31st March, 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BEAVIS WALKER

Chartered Accountants,
Registered Auditor

Audrey House,
16/20 Ely Place,
London EC1N 6SN.

2nd January, 1998

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
GROSS RENTALS - continuing operations	2	60,727	7,766
Property expenses		16,599	58,209
GROSS PROFIT/(LOSS) on continuing activities		44,728	(50,443)
Administrative expenses		20,268	5,912
OPERATING PROFIT/(LOSS) before and after tax	3	23,860	(56,355)
DEFICIT at 1st April, 1996		(80,648)	(24,293)
DEFICIT at 31st March, 1997		£(56,788)	£(80,648)

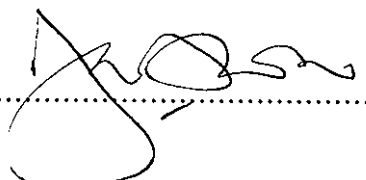
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The loss on ordinary activities after taxation as stated above, recognises all gains and losses for the year as defined by Financial Reporting Standard No. 3.

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

BALANCE SHEET AT 31ST MARCH, 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	5	1,579,704	962,882
CURRENT ASSETS			
Debtors	6	8,544	98,824
Bank balance		26,755	-
		<u>35,299</u>	<u>98,824</u>
CREDITORS due within one year	7	<u>96,286</u>	<u>104,572</u>
NET CURRENT LIABILITIES		<u>(60,987)</u>	<u>(5,748)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,518,717	957,134
CREDITORS due after more than one year	8	<u>1,575,503</u>	<u>1,037,780</u>
		<u>£(56,786)</u>	<u>£(80,646)</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account - deficit		<u>(56,788)</u>	<u>(80,648)</u>
SHAREHOLDERS' FUNDS - Equity interests		<u>£(56,786)</u>	<u>£(80,646)</u>


Director

Approved by the Board on 2nd January, 1998

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Bases of accounting

The accounts have been prepared on the historical cost basis and in accordance with applicable accounting standards with the exception of Statement of Standard Accounting Practice Number 19 explained in Note 1(b). The accounts have also been prepared on the going concern basis.

(b) Freehold investment property

Freehold investment property has been included at cost and, in this respect, the Accounts do not comply with Statement of Standard Accounting Practice Number 19. The Directors do not consider that they are properly qualified to assess the open market value of the property accurately, nor do they consider it to be in the Company's best interest to incur the expense of a professional valuation.

(c) Fundamental accounting concept

As stated in note 1(a) the accounts are prepared on the basis that the fundamental accounting concept of going concern is applied. Following a detailed review of the Company's cash requirements, it is considered that the Company will be able to continue in operational existence for the foreseeable future. A principal component in ensuring that the Company will continue in operational existence, is the continued provision of adequate loan facilities from the Company's creditors, principally its parent undertaking, House Owners Investments Limited. The Company is confident that such facilities will remain in place. On this basis, the Directors consider that the concept continues to be appropriate and has therefore been applied.

(d) Cash flow statement

As the Company is defined as a small company in accordance with Sections 246 and 247 of the Companies Act 1985, no cash flow statement has been prepared as permitted by Financial Reporting Standard No. 1.

(e) Rents receivable

Gross rents are accounted for on a receivable basis.

(f) Tangible fixed assets

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives by the following annual rates:-

Freehold property	- 2% on cost
Office equipment	- 25% on reducing balance

(g) Repairs

Revenue expenditure is charged to the profit and loss account when incurred and repairs of a capital nature are capitalised and included in the Balance Sheet as additions to freehold investment property.

(h) Interest charges

Interest is charged to the profit and loss account as incurred.

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

NOTES ON THE ACCOUNTS (Continued)

2. GROSS RENTALS

Rents receivable and the operating profit/(loss) are attributable to the Company's sole activity and arose in the United Kingdom.

3. OPERATING PROFIT/(LOSS)

Stated after accounting for:

Depreciation of tangible fixed assets

Auditors' remuneration

Property repairs

1997

£

9,505

2,000

2,968

1996

£

159

1,750

55,245

4. TAX

No corporation tax is payable due to unrelieved losses brought forward.

5. TANGIBLE FIXED ASSETS

	Freehold property £	Freehold investment properties £	Office equipment £	Total £
Cost				
At 1st April, 1996	113,844	848,562	847	963,253
Additions	83,040	522,845	20,032	625,887
At 31st March, 1997	196,854	1,371,407	20,879	1,589,140
Depreciation				
At 1st April, 1996	-	-	371	371
Charge for year	3,938	-	5,127	9,065
At 31st March, 1997	3,938	-	5,498	9,436
Written down values				
31st March, 1997	£192,916	£1,371,407	£15,381	£1,579,704
31st March, 1996	£113,844	£848,562	£476	£962,882

Capital commitments at 31st March, 1997 amounted to £5,500 (1996 - £375,000).

HOUSE OWNERS INVESTMENTS (LONDON) LIMITED

NOTES ON THE ACCOUNTS (Continued)

6.	DEBTORS	<u>1997</u>	<u>1996</u>
		£	£
	Trade	3,672	-
	Other taxes	4,872	98,824
		<u>£8,544</u>	<u>£98,824</u>
7.	CREDITORS DUE WITHIN ONE YEAR		
	Trade creditors	66,233	95,606
	Accruals and rent received in advance	30,053	5,390
	Bank overdraft	-	3,576
		<u>£96,286</u>	<u>£104,572</u>
8.	CREDITORS DUE AFTER MORE THAN ONE YEAR		
	Amount due to parent undertaking	<u>£1,575,503</u>	<u>£1,037,780</u>
9.	CALLED UP SHARE CAPITAL		
	Authorised:		
	1000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
	Allotted, issued and fully paid		
	2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
10.	MOVEMENTS ON SHAREHOLDERS' FUNDS		
		£	£
	Opening balance at 1st April, 1996	(80,646)	(24,291)
	Profit/(loss) for the year	23,860	(56,355)
	Closing balance at 31st March, 1997	<u>£(56,786)</u>	<u>£(80,646)</u>
11.	PARENT UNDERTAKING		
	The Company's ultimate parent undertaking is House Owners Investments Limited, a company registered in England and Wales.		