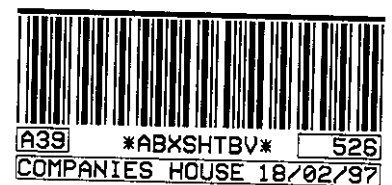


First of three signed originals

**Moreton Place
Residents Company Limited
Directors' report and financial statements**

31 December 1996

Registered number 3048068



Moreton Place
Residents Company Limited
Directors' report and financial statements
31 December 1996
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Moreton Place Residents Company Limited

Directors' report and financial statements

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Moreton Place Residents Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The purpose of the company is to manage the mutual interests of the lessees of plots 1-42 Muggeridge Close, South Croydon, Surrey.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

P A Flatman	(appointed 8 July 1996)
P E Healey	
T Pathmanathan	(appointed 8 July 1996)
C H Payne	
I M Randall	
P T Taylor	(appointed 8 July 1996)
J Begbie	(resigned 26 September 1996)

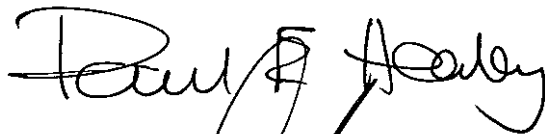

The directors who held office during the year had no beneficial interests in the shares of the company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

P E Healey
Director

C H Payne
Director

Moreton Place Residents Company Limited

Statement of directors' responsibilities

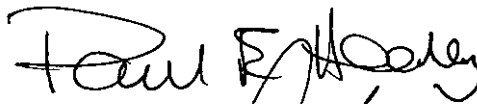
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . prepare the financial statements 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 financial 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 the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The statement of directors' responsibilities was approved by the board of directors on 6 January 1997

PE Healey
Director



CH Payne
Director





Norfolk House
Silbury Boulevard
Central Milton Keynes
MK9 2HA

Auditors' report to the members of Moreton Place Residents Company Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

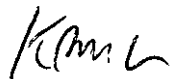
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors
13 February 1997

Milton Keynes

Moreton Place Residents Company Limited

Profit and loss account

for the year ended 31 December 1996

	Note	Year ended 31 December 1996 £	36 weeks ended 31 December 1995 £
Turnover			
Service charges invoiced		9,827	461
Tenants service charges (prepaid)/accrued		(1,739)	107
Borne by landlords re voids		3,258	1,249
		<hr/>	<hr/>
		11,346	1,817
Administrative expenses			
Insurance		1,148	155
Electricity		1,084	80
Repairs		923	50
Door entry rental		802	232
Cleaning and gardening		2,548	241
Water rates		131	-
Audit fee		800	300
Administration fee		1,985	530
Annual return		18	-
Transfer to maintenance provision		1,907	229
		<hr/>	<hr/>
		(11,346)	(1,817)
Result for the financial year	3	<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

All results derive from continuing operations.

The company had no recognised gains or losses, other than the retained result for the financial year stated above.

The notes on pages 7 to 8 form part of these financial statements.

Moreton Place Residents Company Limited

Balance sheet

at 31 December 1996

	Note	£	1996	£	£	1995	£
Current assets							
Unpaid service charges		550		-		-	
Due from Laing Homes Limited		5,125		-		-	
Prepayments		1,617		1,719		1,719	
Tenants service charges accrued		-		107		107	
				<hr/>		<hr/>	
			7,292			1,826	
Creditors: amounts falling due within one year							
Service charges received in advance		449		-		-	
Due to Laing Homes		-		341		341	
Accruals		1,815		836		836	
Tenants service charges prepaid		1,632		-		-	
				<hr/>		<hr/>	
			(3,896)			(1,177)	
Provisions for liabilities and charges							
Maintenance provision		2,136		229		229	
				<hr/>		<hr/>	
			(2,136)			(229)	
Net assets							
				<hr/>		<hr/>	
			1,260			420	
Capital and reserves							
Called up share capital	5		210			70	
Share premium	5		1,050			350	
				<hr/>		<hr/>	
			1,260			420	
			<hr/>			<hr/>	

The notes on pages 7 to 8 form part of these financial statements.

These financial statements were approved by the board of directors on 6 January 1997 and were signed on its behalf by:

P E Healey
Director

CH Payne
Director

Moreton Place Residents Company Limited

Reconciliation of shareholders' funds

for the year ended 31 December 1996

	Year ended 31 December 1996 £	36 weeks ended 31 December 1995 £
As at 1 January 1996	420	-
Issue of shares		
Ordinary	140	70
Share premium	700	350
	<hr/>	<hr/>
As at 31 December 1996	1,260	420
	<hr/>	<hr/>

Moreton Place Residents Company Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt from the requirement of Financial Reporting Standard No.1 to prepare a cashflow statement as it is entitled to the filing exemptions of a small company under sections 246 to 249 of the the Companies Act 1985 when filing accounts with the Registrar of Companies.

Service charges

The residents' company is currently administered by Laing Homes Limited, the developers. Service charges are charged to the tenants each year based on the budgeted expenditure. Any deficit or surplus arising where the actual expenditure does not equal the budgeted expenditure is reflected in the accounts as a debtor or creditor and is recovered from, or refunded to tenants in the course of the following year. Any service charges relating to a property which is built but not sold is borne by Laing Homes Limited.

Maintenance provision

The company is liable to ensure that certain areas, external to the flats, are kept in good repair and decorative order. This includes major redecorative work every few years. It has been decided that a separate provision should be maintained to cover the expected costs and appropriations are made from the income and expenditure account for this purpose.

Taxation

The company is a mutually trading enterprise and surpluses or deficits arising as a result of differences between service charges levied (based on estimated costs) and actual costs incurred do not fall within the scope of corporation tax. Tax is payable on investment income only.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

Moreton Place Residents Company Limited

Notes (continued)

2 Analysis of turnover and result on ordinary activities before taxation

The turnover and result are wholly attributable to the company's main activity.

The turnover arises entirely in the UK.

3 Retained result for the financial year

	Year ended 31 December 1996 £	36 week period ended 31 December 1995 £
<i>The retained result for the financial year is stated</i>		
<i>after charging</i>		
Auditors' remuneration	800	300
	<hr/>	<hr/>

4 Directors and staff

No emoluments were paid to the directors during either period and the company had no employees.

5 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
100 Ordinary shares of £5 each	500	500
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
42 Ordinary shares of £5 each	210	70
	<hr/>	<hr/>

During the year 28 ordinary shares of £5 each were issued at a premium of £25 each (yielding additional share premium of £700) in order to provided working capital.