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**THE ALLYNUGGER TEA COMPANY, LIMITED**  
**REPORT AND ACCOUNTS**  
**2002**



# THE ALLYNUGGER TEA COMPANY, LIMITED

Incorporated 1892

## SHARE CAPITAL

Authorised		Issued
50,000	In 6% cumulative preference shares of £1 each	50,000
<u>400,000</u>	In ordinary shares of £1 each	<u>400,000</u>
<u>£450,000</u>		<u>£450,000</u>

Directors                      P.A. LEGGATT, M.B.E. (Chairman)  
                                    A.S.M.O. SUBHAN  
                                    P.E. HILL, F.C.I.S.  
                                    A.K. MATHUR, F.C.A.  
                                    A.R. BHUIYA

Secretary                      P.E. HILL

Auditors                        MOORE STEPHENS  
                                    ST. PAUL'S HOUSE,  
                                    WARWICK LANE,  
                                    LONDON EC4P 4BN

Bankers                         DUNCAN LAWRIE LIMITED

Registered Office              WROTHAM PLACE,  
                                    WROTHAM,  
                                    SEVENOAKS,  
                                    KENT TN15 7AE

Registered Number            37431

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that the one hundred and twelfth annual general meeting of The Allynugger Tea Company, Limited will be held at Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE on Thursday, 17th April 2003 at 2.10 p.m. for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31<sup>st</sup> December 2002
2. To re-elect a director
3. To re-appoint the auditors and authorise the directors to fix their remuneration.

By Order of the Board

P.E. HILL

Secretary

Wrotham Place,  
Wrotham,  
Sevenoaks,  
Kent, TN15 7AE

17<sup>th</sup> April 2003

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him and such proxy need not be a member of the company.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## REPORT OF THE DIRECTORS

The directors submit to the members their report together with the accounts for the year ended 31<sup>st</sup> December 2002.

ACCOUNTS	2002	2001
(Loss)/profit on ordinary activities before taxation	<u>£(3,533)</u>	<u>£2,537</u>
(Loss)/profit on ordinary activities after taxation	<u>£(3,533)</u>	<u>£12,457</u>
Preference dividend	<u>£3,000</u>	<u>£3,000</u>
Retained (loss)/profit for year	<u>£(6,533)</u>	<u>£9,457</u>

## REVIEW OF ACTIVITIES

The principal activity of the company is the growing and manufacturing of tea and rubber in Bangladesh and it is the directors' intention to continue this policy. The company traded at similar levels to those in 2001 but recorded a loss due to the need to make an impairment provision against the cost of a property awaiting development.

## DIRECTORS

### Board

The present board is shown on page one.

Mr. A.R. Bhuiya retires by rotation and, being eligible, offers himself for re-election.

Mr. K. Mayes resigned on 30<sup>th</sup> June 2002.

### Shareholdings

Neither at the end of the year, nor at any time during the year, has any director held a beneficial interest in any shares of the company.

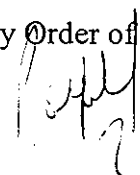
The following director is interested in the undernoted holdings of ordinary shares in Linton Park Plc:

	Beneficial Interests	
	1 <sup>st</sup> January 2002	31 <sup>st</sup> December 2002
P.E. Hill	10,000	10,000

## AUDITORS

Moore Stephens have expressed their willingness to continue as auditors of the company and a resolution proposing their re-appointment and empowering the directors to fix their remuneration will be put before the annual general meeting.

By Order of the Board

  
P.E. HILL  
Secretary

17<sup>th</sup> April 2003



# THE ALLYNUGGER TEA COMPANY, LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31st December 2002

	Notes	2002 £	2001 £
Turnover - continuing operations	2	1,703,964	1,645,172
Cost of sales		<u>1,316,342</u>	<u>1,263,595</u>
Gross profit		387,622	381,577
Net operating expenses	4	<u>250,108</u>	<u>192,501</u>
Operating profit - continuing operations	3	137,514	189,076
Investment income	5	24,802	4,013
Bank interest receivable		242	532
Interest on bank loans and overdrafts		<u>(166,091)</u>	<u>(191,084)</u>
(Loss)/profit on ordinary activities before taxation		(3,533)	2,537
Taxation on ordinary activities	7	<u>-</u>	<u>9,920</u>
(Loss)/profit on ordinary activities after taxation		(3,533)	12,457
Preference dividend	14	<u>3,000</u>	<u>3,000</u>
Retained (loss)/profit for the year	16	<u>£ (6,533)</u>	<u>£ 9,457</u>



# THE ALLYNUGGER TEA COMPANY, LIMITED

## BALANCE SHEET as at 31st December 2002

	Notes	2002	2001
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	2,662,486	2,940,907
Investments	9	370,387	416,501
		<u>3,032,873</u>	<u>3,357,408</u>
<b>CURRENT ASSETS</b>			
Stocks	10	278,111	555,195
Debtors	11	596,735	646,514
Cash at bank and in hand		194,653	86,793
		<u>1,069,499</u>	<u>1,288,502</u>
<b>LESS CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	12	<u>1,771,882</u>	<u>1,983,199</u>
<b>NET CURRENT (LIABILITIES)</b>		<u>(702,383)</u>	<u>(694,697)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,330,490	2,662,711
<b>CREDITORS:</b>			
Amounts falling due after more than one year	13	<u>199,697</u>	<u>260,463</u>
<b>NET ASSETS</b>		<u>£2,130,793</u>	<u>£2,402,248</u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	15	400,000	400,000
Revaluation reserve	16	1,429,235	1,651,571
Profit and loss account	16	251,558	300,677
		<u>2,080,793</u>	<u>2,352,248</u>
<b>NON-EQUITY CAPITAL</b>			
Called up share capital	15	<u>50,000</u>	<u>50,000</u>
		<u>£2,130,793</u>	<u>£2,402,248</u>

Approved on 17th April 2003 by the board of directors and signed on their behalf by:



P.A. LEGGATT  
Director





# THE ALLYNUGGER TEA COMPANY, LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st December 2002

	2002 £	2001 £
(Loss)/profit on ordinary activities after taxation	(3,533)	12,457
Currency translation differences on foreign currency net investments	<u>(264,922)</u>	<u>(61,305)</u>
Total recognised (losses) for the year	<u>£ (268,455)</u>	<u>£ (48,848)</u>

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS for the year ended 31st December 2002

	2002 £	2001 £
(Loss)/profit on ordinary activities after taxation	(3,533)	12,457
Dividend	<u>3,000</u>	<u>3,000</u>
(Loss)/profit for the year	(6,533)	9,457
Currency translation differences on foreign currency net investments	<u>(264,922)</u>	<u>(61,305)</u>
Net movement in shareholders' funds	(271,455)	(51,848)
Opening shareholders' funds	<u>2,402,248</u>	<u>2,454,096</u>
Closing shareholders' funds	<u>£2,130,793</u>	<u>£2,402,248</u>

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS

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### 1. ACCOUNTING POLICIES

#### a) Basis of Accounting

The accounts are prepared on the historical cost basis of accounting and are in accordance with applicable accounting standards. In accordance with FRS 18 the directors have considered whether the company will continue in operational existence for the foreseeable future. As in previous years the company's balance sheet discloses that the company has net current liabilities. Included in creditors, amounts falling due within one year, are bank overdrafts secured on the company's net assets. The directors believe the facilities will continue to be provided for the foreseeable future.

#### b) Turnover

Turnover is based on proceeds receivable and sales at invoiced values excluding value added tax.

#### c) Foreign Currencies

The operations of the Bangladesh branch are funded by local finance. Consequently the net assets and results of the branch have been translated using the closing rate method at the rate of Takas 93.21 = £1 (2001 Takas 82.89 = £1). Exchange differences arising on the translation of revalued Planted Tea have been taken to revaluation reserve. Exchange differences arising on other fixed assets and net current assets are taken to profit and loss reserve. Exchange differences arising from trading transactions are included in the results for the year.

#### d) Tangible Fixed Assets

Fixed assets are stated at cost or valuation. Fixed assets revalued prior to the implementation of FRS 15 in 2000 are stated at revalued amounts. A policy of annual revaluation has not been adopted.

The anticipated life of tea bushes is considered to exceed 50 years. Where bushes have been replaced these have been charged to the profit and loss account. Depreciation is deemed to be immaterial and has not been provided. Depreciation of other fixed assets has been provided so as to write off the cost over their expected useful lives at the following annual rates on written down values.

	<u>Annual</u>
Rubber Plantation	5%
Buildings	12% to 24%
Plant and Machinery	18%
Vehicles	20%
Fixtures and Fittings	10% to 18%

#### e) Fixed Asset Investments

Investments are stated at cost less provision for permanent diminution in value.

#### f) Stocks

##### (i) Tea and Rubber

Stocks of tea and rubber have been valued at the lower of cost or net realisable value.

##### (ii) Estate Stores

Estate stores have been valued at the lower of cost or net realisable value.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1. ACCOUNTING POLICIES continued

#### g) Deferred Taxation

Deferred taxation is recognised as an asset or liability, at appropriate rates, in respect of transactions and events recognised in the accounts of the current and previous periods which give a right to pay less, or an obligation to pay more, in future tax periods. Deferred tax assets are only recognised to the extent that it is probable that there will be suitable taxable profits from which they can be recovered.

#### h) Operating Leases

Costs in respect of operating leases are charged in the year in which they are incurred.

2. TURNOVER	2002 £	2001 £
Tea Sales		
Bangladesh	1,649,878	1,603,925
Rubber Sales		
Bangladesh	54,086	41,247
	<u>£1,703,964</u>	<u>£1,645,172</u>
3. OPERATING PROFIT		
Is stated after charging:		
Depreciation of tangible assets	£67,391	£52,448
Remuneration of the auditors	£2,780	£2,700
Land rent	£8,216	£9,239
4. NET OPERATING (INCOME) EXPENSES		
Administrative expenses	199,295	193,690
Sundry receipts	(429)	(724)
Fixed asset impairment provision	51,521	-
Other exchange gains	(279)	(465)
	<u>£ 250,108</u>	<u>£ 192,501</u>
5. INVESTMENT INCOME		
Income from listed investments	24,586	3,770
Income from unlisted investments	216	243
	<u>£ 24,802</u>	<u>£ 4,013</u>

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2002 £	2001 £
6. EMPLOYEES		
Staff costs:		
Wages and salaries	446,859	565,936
Pension costs	<u>35,195</u>	<u>36,120</u>
	<u>£482,054</u>	<u>£ 602,056</u>
 The average number of persons employed by the company was:	 <u>3,587</u>	 <u>3,587</u>

The company makes contributions on behalf of its employees into the Lungla (Sylhet) Tea Company Limited Bangladesh Superannuation Fund. This fund provides pensions to the company's employees and employees of fellow subsidiaries operating in Bangladesh on a defined benefit basis.

The charge to the profit and loss account for the year ended 31st December 2002 of £35,195 (2001 £36,120) is based upon contributions in the current year.

At 31st December 2002 the fund was valued as follows:

	£
Market value of assets	1,180,131
Present value of liabilities	<u>(1,019,203)</u>
Net Pension Scheme surplus	<u>£ 160,928</u>

Valuations were completed by Zafir Halim, Associate of the Institute of Actuaries in Bangladesh.

	2002 £	2001 £
7. TAXATION		
(a) Current year tax credit		
Group Relief	<u>£Nil</u>	<u>£ 9,920</u>



## THE ALLYNUGGER TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 7. TAXATION continued

##### (b) Factors affecting tax credit for period

The differences between tax calculated at the standard rate of taxation in the UK of 30% and that charged in the accounts are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before tax	<u>£(3,533)</u>	<u>£ 2,537</u>
(Loss)/profit on ordinary activities multiplied by 30%	1,060	(761)
Effects of:		
Expenditure not deductible for tax purposes	(15,456)	-
Depreciation in excess of capital allowances	(881)	4,778
Capital allowances claimed on assets that are not depreciated	8,929	5,903
Losses brought forward	<u>6,348</u>	<u>-</u>
Current year tax credit	<u>£ -</u>	<u>£ 9,920</u>

##### (c) Other factors affecting tax charge

The results of the company's branch in Bangladesh are subject to local taxation at rates in excess of those charged in the UK. Tax losses in Bangladesh can be carried forward and offset against future profits generated by the branch. A deferred tax asset arising from Bangladesh losses recorded in the year of £18,570 has not been recognised in the accounts due to the uncertainty of being able to utilise these losses in the foreseeable future.

The results of the company are subject to taxation in the UK. Where profits arise UK tax arising can be offset through double tax relief against tax payable in Bangladesh. Where losses arise these can be surrendered to other UK companies. It is group practice to pay for all losses surrendered at the tax rate prevailing in the year of transfer. There are no further UK tax losses to be carried forward. However there is a potential deferred tax asset arising due to the tax written down value of assets being greater than the net book value of the equivalent assets. This has not been recognised in the accounts as there is no likelihood of being able to utilise these losses in the foreseeable future.

A deferred tax liability of £428,770 has not been recognised in respect of the revaluation of planted tea as there is no intention for the assets to be sold.





# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Cost							
At 1st January 2002	2,232,581	429,721	324,254	76,977	281,667	512,642	3,857,842
Currency retranslation	(247,186)	(47,578)	(35,900)	(8,523)	(31,185)	(56,759)	(427,131)
Assets brought into use	18,791	-	-	-	-	(18,791)	-
Additions	653	5,088	89,181	-	5,465	65,715	166,102
At 31st December 2002	<u>£2,004,839</u>	<u>£ 387,231</u>	<u>£377,535</u>	<u>£68,454</u>	<u>£255,947</u>	<u>£ 502,807</u>	<u>£3,596,813</u>
Depreciation							
At 1st January 2002	35,339	314,335	274,069	71,219	221,973	-	916,935
Currency retranslation	(3,913)	(34,802)	(30,344)	(7,885)	(24,576)	-	(101,520)
Provision for the year	9,976	13,047	33,143	1,126	10,099	-	67,391
Impairment provision	-	-	-	-	-	51,521	51,521
At 31st December 2002	<u>£ 41,402</u>	<u>£ 292,580</u>	<u>£276,868</u>	<u>£64,460</u>	<u>£207,496</u>	<u>£ 51,521</u>	<u>£ 934,327</u>
Net book value							
At 31st December 2002	<u>£1,963,437</u>	<u>£ 94,651</u>	<u>£100,667</u>	<u>£ 3,994</u>	<u>£ 48,451</u>	<u>£ 451,286</u>	<u>£2,662,486</u>
Net book value							
At 31st December 2001	<u>£2,197,242</u>	<u>£ 115,386</u>	<u>£ 50,185</u>	<u>£ 5,758</u>	<u>£ 59,694</u>	<u>£ 512,642</u>	<u>£2,940,907</u>

The impairment provision is in respect of costs incurred on a proposed building development in Dhaka.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. TANGIBLE FIXED ASSETS

	Planted Tea and Rubber	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Assets in Course of Construction	Total
Fixed assets comprise the following:-							
Valuation 1970 less assets sold and written off	-	105,612	2,754	-	7,456	-	115,822
Valuation 1991	2,308,973	-	-	-	-	-	2,308,973
Cost less assets sold and written off	256,841	667,660	572,786	147,905	403,904	502,807	2,551,903
Exchange adjustments on retranslations	(560,975)	(386,041)	(198,005)	(79,451)	(155,413)	-	(1,379,885)
Total valuation or cost	2,004,839	387,231	377,535	68,454	255,947	502,807	3,596,813
Aggregate depreciation	(41,402)	(292,580)	(276,868)	(64,460)	(207,496)	(51,521)	(934,327)
Net book value at 31st December 2002	<u>£1,963,437</u>	<u>£ 94,651</u>	<u>£100,667</u>	<u>£ 3,994</u>	<u>£ 48,451</u>	<u>£ 451,286</u>	<u>£2,662,486</u>
Net book value at 31st December 2001	<u>£2,197,242</u>	<u>£ 115,386</u>	<u>£ 50,185</u>	<u>£ 5,758</u>	<u>£ 59,694</u>	<u>£ 512,642</u>	<u>£2,940,907</u>

The lease of the land is for a term of 35 years commencing 15th August 1972 with a right to negotiate renewal for a further term. The directors are of the opinion that the company will be granted a renewal by the Government of Bangladesh.

For historical cost purposes, the directors' valuation of fixed assets at 1970 is deemed to be cost, as the actual cost cannot be obtained without unreasonable expense. The planted tea was valued at £369,900 in 1970.

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2002 £	2001 £
9. INVESTMENTS		
Cost at 1st January	416,501	88,463
(Loss) on currency fluctuation	(46,114)	(2,219)
Additions during the year	-	330,257
	<u>£ 370,387</u>	<u>£ 416,501</u>
At 31st December		
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>£ 366,780</u>	<u>£412,445</u>
Market value	<u>£ 426,853</u>	<u>£369,232</u>

Investments also include an unlisted investment of 10,056 (2001 - 10,056) shares of Tk.10 each in Chittagong Warehouses Limited, a fellow subsidiary, incorporated and operating in Bangladesh, representing 5.57% (2001 - 5.57%) of the issued share capital.

## 10. STOCKS

Stock of tea	175,798	438,070
Stock of rubber	26,407	24,817
Estate stores	75,906	92,308
	<u>£ 278,111</u>	<u>£ 555,195</u>

There was no material difference between the replacement cost and value shown in stocks.

## 11. DEBTORS

Due within one year		
Trade debtors	225,516	102,086
Other debtors	100,944	175,318
Taxation recoverable	10,621	10,305
Amounts owed by group companies	214,795	257,742
Prepayments and accrued income	28,775	83,358
Interest receivable	55	65
Due in more than one year		
Other debtors	<u>16,029</u>	<u>17,640</u>
	<u>£ 596,735</u>	<u>£ 646,514</u>

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2002 £	2001 £
12. CREDITORS		
Amounts falling due within one year		
Term loans secured (see note 13)	39,652	43,909
Other creditors	87,393	107,353
Amounts owed to group companies	26,122	102,476
Interest payable	57,759	70,607
Bank loans and overdraft (secured against hypothecation of crop)	1,560,956	1,658,854
	<u>£1,771,882</u>	<u>£1,983,199</u>
13. CREDITORS		
Amounts falling due after more than one year		
Bank loans (secured against certain fixed assets)	<u>£ 199,697</u>	<u>£ 260,463</u>
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£239,349	£304,372
Amount due beyond five years	£63,243	£96,151
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand (included in		
Creditors: due within one year)	1,600,608	1,702,763
Between 1 - 2 years	38,301	43,909
Between 2 - 5 years	98,153	120,403
After 5 years	63,243	96,151
	<u>£1,800,305</u>	<u>£1,963,226</u>
Interest rates vary from 5% per annum to 12% per annum.		
14. DIVIDENDS		
Preference dividend	<u>£ 3,000</u>	<u>£ 3,000</u>

# THE ALLYNUGGER TEA COMPANY, LIMITED

## NOTES TO THE ACCOUNTS (continued)

	2002	2001
	£	£
15. SHARE CAPITAL		
Authorised		
50,000 6% cumulative preference shares of £1 each	50,000	50,000
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>£ 450,000</u>	<u>£ 450,000</u>
Allotted, called up and fully paid		
50,000 6% cumulative preference shares of £1 each	50,000	50,000
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>£ 450,000</u>	<u>£ 450,000</u>
16. RESERVES		
	Revaluation	Profit and Loss
At 1st January 2002	1,651,571	300,677
Foreign currency translation gains/(losses)		
On net current assets	-	3,929
On fixed assets	(222,336)	(148,037)
On depreciation	-	101,522
Retained profit for year	-	(6,533)
At 31st December 2002	<u>£1,429,235</u>	<u>£ 251,558</u>
The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh.		
17. CAPITAL COMMITMENTS	2002	2001
Contracted for	<u>£ 11,533</u>	<u>£ 9,289</u>
18. LEASING COMMITMENTS		
Annual commitment in respect of operating leases expiring between two and five years:		
Land rent	<u>£ 8,216</u>	<u>£ 9,239</u>
Other assets	<u>£ 16,459</u>	<u>£ 19,303</u>

## THE ALLYNUGGER TEA COMPANY, LIMITED

### NOTES TO THE ACCOUNTS (continued)

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#### 19. PARENT COMPANY

The parent company at 31<sup>st</sup> December 2002 was Camellia Plc which is registered in England and Wales. The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Wrotham Place, Wrotham, Sevenoaks, Kent TN15 7AE.

#### 20. RELATED PARTY TRANSACTIONS

The company is included within the consolidated accounts of Camellia Plc. Transactions with entities in the group headed by Camellia Plc are not disclosed on the grounds that 100% of the voting rights are controlled within that group.

#### 21. CONTROL OF CAMELLIA PLC

Camellia Holding AG held 1,420,000 ordinary shares of Camellia Plc (representing 53.81 per cent of the issued share capital). Camellia Holding AG is owned by Camellia Private Trust Company Ltd (a corporate trustee incorporated in Bermuda to hold on trust the investments of the Camellia Foundation). The Camellia Foundation is a Bermudan Trust, associated with Mr. Gordon Fox, whose income is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.

## THE ALLYNUGGER TEA COMPANY, LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year. The directors consider that in preparing the accounts, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. In addition the directors confirm that the going concern basis is appropriate and all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

## THE ALLYNUGGER TEA COMPANY, LIMITED

### Independent Auditors' Report to the shareholders of The Allynugger Tea Company, Limited

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We have audited the financial statements of The Allynugger Tea Company, Limited for the year ended 31<sup>st</sup> December 2002 set out on pages four to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages seven and eight.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practises 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 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 as at 31<sup>st</sup> December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Moore Stephens*  
MOORE STEPHENS

Chartered Accountants  
and Registered Auditors

17<sup>th</sup> April 2003