

MAITLAND INVESTMENTS LIMITED

Report and Financial Statements

31 December 2002

Deloitte & Touche LLP
Southampton



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

V Maitland OBE
Mrs M M Maitland
Miss A Maitland
S A Petterson
B G Ford FCA

SECRETARY

D L Jenkin FCA

REGISTERED OFFICE

9 Conning Tower
75 Haven Road
Poole
Dorset
BH13 7LW

BANKERS

Barclays Bank plc
PO Box 1
Bournemouth
BH1 1ER

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Southampton

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES

The principal activities of the company are property investment, property development and the provision of furnished lettings.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider the trading result for the year to be satisfactory and are currently reviewing the future level of activity and opportunities in light of current market conditions.

During the year the company sold a further investment property which has led to severe downsizing of its principal activity of furnished holiday lettings.

RESULTS AND DIVIDENDS

The profit for the year was £203,391 (2001 : £34,960). The results of the company are set out in detail on page 5. The directors do not recommend the payment of a dividend (2001: £nil).

DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the year.

The directors' interests in the ordinary shares of the company at 31 December 2002 and 1 January 2002 were:

	Beneficial holdings	
	2002 No.	2001 No.
V Maitland OBE	-	-
V Maitland OBE and Mrs M M Maitland (family interest)	-	7,472
Miss A Maitland	-	-
S A Petterson	-	-
B G Ford FCA	-	-

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 judgements and estimates that are reasonable and prudent; and
- 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 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 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.*

Approved by the Board of Directors
and signed on behalf of the Board by



B G Ford
Director

Date: 24 October 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAITLAND INVESTMENTS LIMITED

We have audited the financial statements of Maitland Investments Limited for the year ended 31 December 2002 which comprise the profit and loss account, note of historical cost profit and losses, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
Southampton

Date : 30 October 2003

MAITLAND INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £	2001 £
TURNOVER			
Continuing operations	2, 3	106,762	94,289
Discontinued operations	2, 3	57,406	98,697
Total turnover		<u>164,168</u>	<u>192,986</u>
Staff costs	4	52,294	46,837
Depreciation and other amounts written off tangible fixed assets		2,305	7,238
Other operating charges		114,449	109,287
		<u>169,048</u>	<u>163,362</u>
OPERATING (LOSS)/PROFIT:			
Continuing operations	3, 5	(37,963)	(42,876)
Discontinued operations	3, 5	33,083	72,500
		<u>(4,880)</u>	<u>29,624</u>
Exceptional item – profit on disposal of fixed assets		284,086	21,085
Interest receivable and similar income		6,155	339
Interest payable and similar charges	6	(3,297)	(9,316)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>282,064</u>	<u>41,732</u>
Tax on profit on ordinary activities	7	(78,673)	(6,772)
PROFIT FOR THE FINANCIAL YEAR	13	<u>203,391</u>	<u>34,960</u>

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly a statement of total recognised gains and losses has not been prepared.

MAITLAND INVESTMENTS LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES****Year ended 31 December 2002**

	2002 £	2001 £
Profit on ordinary activities before taxation	282,064	41,732
Realisation of property valuation gains of prior years	686,363	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	968,427	41,732
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation	889,754	34,960
	<hr/>	<hr/>

MAITLAND INVESTMENTS LIMITED

BALANCE SHEET 31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	768,511	1,721,716
CURRENT ASSETS			
Debtors	9	432,814	86,474
Cash at bank and in hand		546,274	349
		979,080	86,823
CREDITORS: amounts falling due within one year	10	(96,933)	(360,182)
NET CURRENT ASSETS/(LIABILITIES)		882,155	(273,359)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,650,666	1,448,357
PROVISIONS FOR LIABILITIES AND CHARGES	11	-	(1,082)
		1,650,666	1,447,275
CAPITAL AND RESERVES			
Called up share capital	12	24,244	24,244
Investment revaluation reserve	13	326,105	1,012,468
Profit and loss account	13	1,300,317	410,563
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	1,650,666	1,447,275

These financial statements were approved by the Board of Directors on 24 October 2003 and signed on behalf of the Board of Directors by



B G Ford
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Tangible fixed assets

All freehold properties comprise of investment properties. Investment properties are included in the balance sheet at open market valuation.

In accordance with SSAP 19 no depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

On other assets it is provided on the cost of the assets over their estimated lives. The rates of depreciation are as follows:

Motor vehicles	-	25% reducing balance
Fixtures, fittings and equipment	-	25% reducing balance

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax. No turnover is attributable to geographical markets outside the United Kingdom.

MAITLAND INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

3. ANALYSES OF CONTINUING AND DISCONTINUED OPERATIONS

	2002 <i>Continuing</i> £	2002 <i>Discontinued</i> £	2002 <i>Total</i> £	2001 <i>Continued</i> £	2001 <i>Discontinued</i> £	2001 <i>Total</i> £
Turnover	106,762	57,406	164,168	94,289	98,697	192,986
Staff costs	(52,294)	-	(52,294)	(46,837)	-	(46,837)
Depreciation and other amounts written off tangible fixed assets	(2,305)	-	(2,305)	(2,419)	(4,819)	(7,238)
Other operating charges	(90,126)	(24,323)	(114,449)	(87,909)	(21,378)	(109,287)
Operating (loss)/profit	<u>(37,963)</u>	<u>33,083</u>	<u>(4,880)</u>	<u>(42,876)</u>	<u>72,500</u>	<u>29,624</u>

During the year the company sold an investment property which has led to severe downsizing of its activities. Future holiday letting income receivable will be incidental to the overall rental income received from the remaining investment property. Due to the material impact disclosures relating to the discontinued operations have been made.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' remuneration		
Emoluments (excluding pension contributions)	<u>40,655</u>	<u>36,976</u>
	2002 No.	2001 No.
Average number of persons employed		
Administration	<u>5</u>	<u>5</u>
Staff costs during the year (including directors)	£	£
Wages and salaries	48,501	43,386
Social security costs	3,793	3,451
	<u>52,294</u>	<u>46,837</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. OPERATING PROFIT

	2002 £	2001 £
Operating profit is stated after charging/(crediting):		
Depreciation – owned assets	2,305	7,238
Auditors' remuneration	3,100	1,750
Management charges receivable	(11,068)	(9,631)
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Bank overdraft	3,288	9,254
Interest on overdue tax	9	62
	<u> </u>	<u> </u>
	<u>3,297</u>	<u>9,316</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
Analysis of tax charge for the year:		
Current taxation:		
UK corporation tax charge for the year	81,165	6,285
Adjustment in respect of previous period	(115)	-
Total current tax charge	81,050	6,285
Deferred tax – origination and reversal of timing differences		
Current year	(2,377)	189
Adjustment in respect of prior years	-	298
Tax charge for the year	78,673	6,772

The standard rate of current tax for the year based on UK standard rate of corporation tax (2001 - UK small company's rate of corporation tax at 20%). The current tax charge for the year is less than 30% (2001 - 20%) for the reasons set out in the following reconciliation:

	2002 £	2001 £
Profit on ordinary activities before tax	282,064	41,732
Standard rate of tax	30.0%	20.0%
Factors affecting charge:		
Expenses not deductible for tax purposes	0.1%	1.0%
Non taxable items	8.7%	(4.6)%
Marginal starting rate relief	(10.8)%	(1.0)%
Capital allowances in excess of depreciation	0.8%	(0.3)%
	28.8%	15.1%

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 January 2002	1,700,000	7,250	51,399	1,758,649
Additions	-	-	6,951	6,951
Disposals	(940,000)	-	(36,401)	(976,401)
At 31 December 2002	760,000	7,250	21,949	789,199
Accumulated depreciation				
At 1 January 2002	-	5,491	31,442	36,933
Charge for the year	-	440	1,865	2,305
Disposals	-	-	(18,550)	(18,550)
At 31 December 2002	-	5,931	14,757	20,688
Net book value				
At 31 December 2002	760,000	1,319	7,192	768,511
At 31 December 2001	1,700,000	1,759	19,957	1,721,716
Comparable amounts determined according to the historical cost convention				
Cost	687,532	7,250	58,350	753,132
Disposals	(253,637)	-	(17,851)	(271,488)
Accumulated depreciation	-	(5,931)	(33,307)	(39,238)
Net book value				
At 31 December 2002	433,895	1,319	7,192	442,406
At 31 December 2001	687,532	1,759	19,958	709,248

Freehold land and buildings are held at valuation.

The remaining freehold properties were valued at current open market value on 31 December 2000 by Cowling & West, Chartered Surveyors. The directors are of the opinion that the present freehold property values are not materially different from the carrying value of £760,000 (2001 : £1,700,000).

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

9. DEBTORS

	2002 £	2001 £
Trade debtors	1,486	17,774
Other debtors	416,957	50,560
Deferred tax asset	1,295	-
Prepayments	13,076	18,140
	<u>432,814</u>	<u>86,474</u>

All amounts are due within one year.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdraft	-	73,756
Corporation tax	81,165	6,285
Other taxes and social security	403	816
Other creditors	5,151	267,321
Accruals and deferred income	10,214	12,004
	<u>96,933</u>	<u>360,182</u>

The company's bankers charge over the net book value of freehold land and buildings of £1,140,000 has been released (2001 : charge held £1,140,000).

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 2002 £	Credited to profit and loss account £	Balance at 31 December 2002 £
Deferred taxation	<u>1,082</u>	<u>(2,377)</u>	<u>(1,295)</u>

£1,295 has been included as a deferred tax asset under note 9. The amounts of deferred taxation provided in the accounts are:

	2002 £	2001 £
Capital allowances in excess of depreciation	<u>(1,295)</u>	<u>1,082</u>

The company's freehold investment property is revalued from time to time in accordance with SSAP 19. No deferred tax has been provided on the gains arising from revaluations as such tax would only become payable if a property were sold without rollover relief being obtained and no binding sale agreement had been entered into at the balance sheet date. The estimated tax which would be payable in such circumstances is £82,178 at 31 December 2002 (2001: £175,392).

MAITLAND INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

12. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised:		
30,000 ordinary shares of £1 each	30,000	30,000
Called up, allotted and fully paid:		
24,244 ordinary shares of £1 each	24,244	24,244

13. RESERVES

	Investment revaluation reserve £	Profit and loss account £
Balance at 1 January 2002	1,012,468	410,563
Profit retained for the year	-	203,391
Transfer of realised revaluation reserve	(686,363)	686,363
Balance at 31 December 2002	326,105	1,300,317

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	203,391	34,960
Opening shareholders' funds	1,447,275	1,412,315
Closing shareholders' funds	1,650,666	1,447,275

15. RELATED PARTY TRANSACTIONS

The company is controlled by Maitland Holdings Limited, a private company incorporated in Jersey, which owns 50% of the issued share capital. The ownership of this company is not known.

Included within legal and professional fees are amounts paid to B G Ford, director of the company, for business consultancy advice of £2,894 (2001 : £2,233) and amounts paid to D L Jenkin, company secretary of the company, for bookkeeping and accountancy services of £26,097 (2001 : £20,468).