

DELAMITE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002



DELAMITE LIMITED

COMPANY INFORMATION

Directors	D L Kingsland W Grady
Secretary	Bondlaw Secretaries Limited
Company number	2927607
Registered office	Oceana House 39-49 Commercial Road Southampton SO15 1GA
Auditors	Blueprint Audit Limited Clifton House Bunnian Place Basingstoke Hampshire RG21 7JE
Bankers	Barclays Bank Plc PO Box 29 102 St James Square Newport Isle of Wight PO30 1XU

DELAMITE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

DELAMITE LIMITED

DIRECTORS' REPORT *FOR THE YEAR ENDED 31 JULY 2002*

The directors' present their report and financial statements for the year ended 31 July 2002.

Principal activities

The principal activity of the company continued to be that of the construction, installation and maintenance of a multiskills complex at The Isle of Wight College.

Directors

The following directors have held office since 1 August 2001:

D L Kingsland	
J D Parnham	(resigned 16 May 2002)
W Grady	(appointed 16 May 2002)

Directors' interests

	Ordinary shares of £1 each	
	31 July 2002	1 August 2001
D L Kingsland	-	-
J D Parnham	-	-
W Grady	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Blueprint Audit Limited will be reappointed as auditors will be put to the Annual General Meeting.

DELAMITE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

Directors' responsibilities

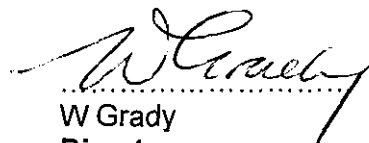
Company law requires the directors' to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors' are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


W Grady
Director

13 December 2002

DELAMITE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DELAMITE LIMITED

We have audited the financial statements of Delamite Limited on pages 5 to 11 for the year ended 31 July 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 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 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.

DELAMITE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DELAMITE LIMITED (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditor

Date: *30 December 2002*
Clifton House
Bunnian Place
Basingstoke
Hampshire
RG21 7JE

DELAMITE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2002

	Notes	2002 £	2001 £
Turnover		60,000	60,000
Administrative expenses		(116,588)	(115,053)
Other operating income		7,449	7,449
Loss on ordinary activities before taxation	2	(49,139)	(47,604)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	10	(49,139)	(47,604)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

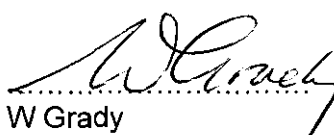
DELAMITE LIMITED

BALANCE SHEET AS AT 31 JULY 2002

		2002	2001
		£	£
Fixed assets	Notes		
Tangible assets	4	921,949	863,018
Current assets			
Debtors	5	11,200	-
Cash at bank and in hand		154	88
		<u>11,356</u>	<u>88</u>
Creditors: amounts falling due within one year	6	(93,017)	(2,475)
		<u></u>	<u></u>
Net current liabilities		(81,661)	(2,387)
		<u></u>	<u></u>
Total assets less current liabilities		840,288	860,631
Creditors: amounts falling due after more than one year	7	(704,906)	(668,661)
Accruals and deferred income	8	(320,322)	(327,771)
		<u>(184,940)</u>	<u>(135,801)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(184,941)	(135,802)
		<u></u>	<u></u>
Shareholders' funds – equity interests		<u>(184,940)</u>	<u>(135,801)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 13 December 2002


W Grady
Director

DELAMITE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The directors consider it appropriate to prepare the financial statements on a going concern basis due to having the full financial support of the parent company The Isle of Wight College.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold Land and buildings	Over 50 years
Plant and machinery	10 - 50% Straight line

Capital work in progress is not depreciated until the work is complete.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

1.6 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 – Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset would have been recognised as the conditions for recognition would not have been satisfied.

1.7 Capital Grants

Grants in respect of capital expenditure are credited to the profit and loss account over a period of fifty years, the estimated useful life of the relevant fixed assets. The grants shown in the balance sheet as deferred credits represent the total grants receivable to date less the amounts so far credited to income.

DELAMITE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 JULY 2002**2 Operating Loss**

	2002	2001
	£	£
Operating (loss) is stated after charging:		
Depreciation of tangible assets	19,466	19,466
Operating lease rentals	70,500	70,500
Auditors remuneration	900	300
	<u> </u>	<u> </u>
And after crediting:		
Capital grants	<u>7,449</u>	<u>7,449</u>

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

4 Tangible fixed assets

	Freehold Land and buildings	Plant and machinery	Capital W.I.P.	Total
	£	£	£	£
Cost				
At 1 August 2001	973,318	12,376	-	985,694
Additions	-	-	78,397	78,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2002	973,318	12,376	78,397	1,064,091
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 August 2001	110,300	12,376	-	122,676
Charge for the year	19,466	-	-	19,466
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2002	129,766	12,376	-	142,142
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 July 2002	843,552	-	78,397	921,949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2001	<u>863,018</u>	<u>-</u>	<u>-</u>	<u>863,018</u>

DELAMITE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

5 Debtors

	2002 £	2001 £
Other debtors	11,200	-
	<u>11,200</u>	<u>-</u>

6 Creditors

	2002 £	2001 £
Trade creditors	92,117	-
Other creditors	900	2,475
	<u>93,017</u>	<u>2,475</u>

7 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Other creditors	704,906	668,661
	<u>704,906</u>	<u>668,661</u>

Analysis of loans

Not wholly repayable within five years other than by instalments	704,906	668,661
	<u>704,906</u>	<u>668,661</u>

Loan maturity analysis

In more than five years	<u>704,906</u>	<u>668,661</u>
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Other creditors represent a loan from The Isle of Wight College, which was interest free until 17 November 1995. At this date interest accrued at the rate of 8% per annum. The Isle of Wight College have again agreed to waive the interest charge for this year.

DELAMITE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

8 Accruals and deferred income

	Capital grants
	£
Balance at 1 August 2001	327,771
Amortisation in the year	(7,449)
Balance at 31 July 2002	<u>320,322</u>

9 Share capital

	2002 £	2001 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

DELAMITE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2002

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 August 2001	(135,802)
Loss for the year	(49,139)
Balance at 31 July 2002	(184,941)

11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the financial year	(49,139)	(47,604)
Opening shareholders' funds	(135,801)	(88,197)
Closing shareholders' funds	(184,940)	(135,801)

12 Financial commitments

At 31 July 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date: In over five years	70,500	70,500

13 Control

The ultimate controlling party is The Isle of Wight College (a Further Education Corporation).

14 Related party transactions

During the year Delamite Limited received an additional loan from The Isle of Wight College. At the balance sheet date an amount of £704,906 was outstanding owed to The Isle of Wight College (2001: £668,661).

Also during the year Delamite Limited received rent from Multiskills (Isle of Wight) Limited, another subsidiary of The Isle of Wight College, amounting to £60,000 (2001: £60,000) and paid management fees of £20,000 (2001: £20,000) and rent of £70,500 (2001: £70,500) to the Isle of Wight College.