

Company Number: 3778607

REGISTRARS COPY

**ULTIMA PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**



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ULTIMA PROPERTIES LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

REGISTRARS COMPANY

The director has pleasure in presenting his report and financial statements for the year ended 31 December 2002. A dividend of £64,438 was declared on 31 December 2002 (2001: £Nil).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year under review continued to be the letting of commercial property.

The company was sold by its parent company, Ultima Business Solutions Limited, to M S McNeill, the director of the company, for £75,000 on 31 December 2002.

DIRECTOR'S INTERESTS

The director who held office during the year and his interests in the share capital of the company at the beginning and end of the year was as follows:

	£1 Ordinary Shares	
	31 December 2002	1 January 2002
M S McNeill	2	-

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the re-appointment of Horwath Clark Whitehill as auditors of the company will be put to the Annual General Meeting.

EXEMPTION

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

BY ORDER OF THE BOARD 18 August 2003



M MCNEILL
DIRECTOR

ULTIMA PROPERTIES LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year, which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing these financial statements the director is 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 assume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The director is responsible for ensuring that the director's report and other information included in the annual report is prepared in accordance with Company Law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ULTIMA PROPERTIES LIMITED

We have audited the financial statements of Ultima Properties Limited for the year ended 31 December 2002 which comprise Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of 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 Director's 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 the information specified by law regarding director's remuneration and transactions with the company are not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatement 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 director 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.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDER OF ULTIMA PROPERTIES 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 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill

Kennet House
80 Kings Road
Reading

HORWATH CLARK WHITEHILL
Chartered Accountants and
Registered Auditors

19 August 2003

ULTIMA PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

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	Notes	2002 £	2001 £
TURNOVER	2	522,677	319,907
Cost of sales		<u>-</u>	<u>(3,396)</u>
GROSS PROFIT		522,677	316,511
Administrative expenses		<u>(229,707)</u>	<u>(108,370)</u>
OPERATING PROFIT	3	292,970	208,141
Interest payable	4	<u>(259,562)</u>	<u>(179,355)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,408	28,786
TAXATION	5	<u>(28,152)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,256	28,786
Dividends payable		<u>(64,438)</u>	<u>-</u>
TRANSFERRED TO RESERVES	13	£ (59,182)	£ 28,786

There were no recognised gains or losses other than those included in the profit and loss account and the profit for the year was the only movement in shareholder's funds.

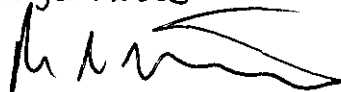
ULTIMA PROPERTIES LIMITED
BALANCE SHEET
31 DECEMBER 2002

REGISTRARS COPY

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	6	4,218,878	<u>4,241,933</u>
CURRENT ASSETS			
Debtors	7	6,088	6,088
Cash at bank and in hand		<u>1,109</u>	<u>12,430</u>
		7,197	18,518
CREDITORS: Amounts falling due within one year	8	<u>(1,143,444)</u>	<u>(917,815)</u>
NET CURRENT LIABILITIES		<u>(1,136,247)</u>	<u>(899,297)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,082,631	3,342,636
CREDITORS: Amounts falling due after more than one year	9	(3,067,629)	(3,290,604)
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	<u>(22,152)</u>	<u>-</u>
NET (LIABILITIES)/ASSETS		<u>£ (7,150)</u>	<u>£ 52,032</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	13	<u>(7,152)</u>	<u>52,030</u>
SHAREHOLDER'S (DEFICIT)/FUNDS	13	<u>£ (7,150)</u>	<u>£ 52,032</u>

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

Approved by the board on 18 August 2003
and signed on its behalf by:



M S MCNEILL
DIRECTOR

The notes on pages 7 to 11 form part of these financial statements

ULTIMA PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with:

- (i) The Financial Reporting Standards for Small Entities (effective June 2002); and
- (ii) The special provisions of part VII of the Companies Act 1985

b) Investment Property

In accordance with SSAP19:

- (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- (ii) *no depreciation or amortisation is provided in respect of investment properties.*

There is a departure from the requirements of the Companies Act 1985 which requires assets which have a finite useful life to be depreciated where their cost (or valuation) is greater than their residual value (as assessed at the date of acquisition or valuation). The directors consider that, following the reasoning in SSAP19, depreciating the assets would not give a true and fair view because they are held for investment and not consumption.

c) Depreciation

Tangible fixed assets are depreciated to write off the cost, or, if applicable, the valuation of each asset over its useful economic life as follows:

Land	No depreciation
Freehold buildings	50 years straight line
Investment properties	No depreciation

d) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:-

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

This is a change in accounting policy resulting from the adoption of FRS 19 'Deferred Taxation' in these financial statements. A prior year adjustment has not been made on the grounds of immateriality.

ULTIMA PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

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2. TURNOVER

Turnover comprises rental income received under operating leases on a receivables basis, exclusive of VAT and sales of fixed assets. All turnover is derived in the UK.

3. OPERATING PROFIT

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation	40,701	21,696
Auditors' remuneration	<u>3,300</u>	<u>3,150</u>

4. INTEREST PAYABLE

	2002 £	2001 £
On bank loans and overdrafts	247,562	143,705
Payable on loan from related party	<u>12,000</u>	<u>35,650</u>
	<u>£ 259,562</u>	<u>£ 179,355</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
UK corporation tax at standard rate	6,000	-
Deferred taxation	<u>22,152</u>	<u>-</u>
	<u>£ 28,152</u>	<u>£ -</u>

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Long Leasehold Property £	Total £
COST OR VALUATION			
At 1 January 2002	4,082,547	210,000	4,292,547
Additions	<u>17,646</u>	<u>-</u>	<u>17,646</u>
31 December 2002	<u>4,100,193</u>	<u>210,000</u>	<u>4,310,193</u>
DEPRECIATION			
At 1 January 2002	50,614	-	50,614
Charge for the year	<u>40,701</u>	<u>-</u>	<u>40,701</u>
At 31 December 2002	<u>91,315</u>	<u>-</u>	<u>91,315</u>
NET BOOK VALUE			
At 31 December 2002	<u>£ 4,008,878</u>	<u>£ 210,000</u>	<u>£ 4,218,878</u>
At 31 December 2001	<u>£ 4,031,933</u>	<u>£ 210,000</u>	<u>£ 4,241,933</u>

All property is held for the purpose of leasing.

ULTIMA PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

6. TANGIBLE FIXED ASSETS (continued)

The long leasehold property has been revalued by the director at 31 December 2000 at open market value. The director obtained a professional valuation of this property as at 31 March 2002 and, in his opinion, the book value at 31 December 2002 is representative of its open market value at that date.

For the majority of the year, the company was a subsidiary of Ultima Business Solutions Limited, to whom the company's freehold property is let. During this period, the freehold property was not classed as an investment property and was therefore depreciated. Upon the sale of the company, the freehold property has been reclassified as an investment property. The director obtained a professional valuation of this property at 31 March 2002 and, in his opinion, the net book value at 31 December 2002 is representative of its open market value at that date.

Both the long leasehold property and the freehold property were considered to be investment properties as defined by SSAP19, at the balance sheet date.

7. DEBTORS

	2002 £	2001 £
Other debtors	<u>£ 6,088</u>	<u>£ 6,088</u>

8. CREDITORS: Amounts falling due within one year

	£	£
Bank loans and overdrafts	287,128	342,792
Corporation tax	6,000	-
Proposed dividends	64,438	-
Other creditors	700,993	490,723
Accruals	<u>84,885</u>	<u>84,300</u>
	<u>£ 1,143,444</u>	<u>£ 917,815</u>

9. CREDITORS: Amounts falling due after more than one year

	£	£
Bank loans and overdrafts	<u>£ 3,067,629</u>	<u>£ 3,290,604</u>

The above are repayable by instalments as follows:

	£	£
Bank loans and overdrafts		
In less than one year	287,128	342,792
Between one and five years inclusive	882,311	1,147,319
In more than five years	<u>2,185,318</u>	<u>2,143,285</u>
	<u>£ 3,354,757</u>	<u>£ 3,633,396</u>

The bank loans are arranged on standard commercial terms and are secured by a fixed charge over the land and buildings owned by the company.

ULTIMA PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

10. SHARE CAPITAL

	Ordinary shares of £1 each	
	2002	2001
	£	£
Authorised	<u>£ 100,000</u>	<u>£ 100,000</u>
Allotted, called up and fully paid	<u>£ 2</u>	<u>£ 2</u>

11. DEFERRED TAXATION

	2002		2001	
	Amount provided	Full potential liability/(asset)	Amount provided	Full potential liability/(asset)
	£	£	£	£
Accelerated capital allowances	26,475	26,475	-	20,827
Short term timing differences	<u>(4,323)</u>	<u>(4,323)</u>	<u>-</u>	<u>(4,900)</u>
	<u>£ 22,152</u>	<u>£ 22,152</u>	<u>£ -</u>	<u>£ 15,927</u>
				£

Movement on the provision

Provision as at 1 January 2002

Transferred to the profit and loss account for the year

Provision as at 31 December 2002

-

22,152

£ 22,152

12. CAPITAL COMMITMENTS

At 31 December 2002, the company had capital commitments contracted for, amounting to £nil (2001: £Nil).

13. SHAREHOLDER'S (DEFICIT)/FUNDS

	Share Capital	Profit and Loss Account	Total
	£	£	£
At 31 December 2001	2	52,030	52,032
Result for the year	<u>-</u>	<u>(59,182)</u>	<u>(59,182)</u>
At 31 December 2002	<u>£ 2</u>	<u>£ (7,152)</u>	<u>£ (7,150)</u>

REGISTERED COPY

ULTIMA PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

14. RELATED PARTY TRANSACTIONS

On 31 December 2002 the company was sold by its parent, Ultima Business Solutions Limited, to the company's ultimate controlling party, M S McNeill, for £75,000.

During the year the company received £397,150 in rental income from Ultima Business Solutions Limited, and was charged a management fee of £188,492.

At 31 December 2002, the company owed Ultima Business Solutions Limited £765,431, of which £64,438 was dividends payable. The remaining £700,993 of the balance due included within other creditors (Note 7). Of this amount, £319,798 relates to a loan between the companies, upon which £12,000 has been charged as interest payable during the year (Note 4).

15. CONTROLLING PARTY

The director considers the company's ultimate controlling party to be M S McNeill.