

Registered number: 3778607

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ULTIMA PROPERTIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

**FOR THE 15 MONTH PERIOD ENDED
31 MARCH 2004**



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COMPANY INFORMATION

DIRECTOR	Max S McNeill
SECRETARY	Paula McNeill
COMPANY NUMBER	3778607
REGISTERED OFFICE	Tanglin 12 West Drive Sonning, Reading BERKSHIRE RG4 6GD
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors Kennet House 80 Kings Road Reading Berkshire RG1 3BL

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ULTIMA PROPERTIES LIMITED

DIRECTOR'S REPORT
For the 15 month period ended 31 March 2004

The director presents his report and the financial statements for the 15 month period ended 31 March 2004. A dividend of £140,000 has been proposed (2002: £64,438).

PRINCIPAL ACTIVITIES

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

DIRECTOR

The director who served during the period and his beneficial interest in the company's issued share capital was:

	Ordinary shares of £1 each	
	31/3/04	1/1/03
Max S McNeill	2	2

EXEMPTION

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

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 state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 presume 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 and 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.

DIRECTOR'S REPORT
For the 15 month period ended 31 March 2004

AUDITORS

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

This report was approved by the board on 20 September 2004 and signed on its behalf.

Paula McNeill
Secretary



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

ULTIMA PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULTIMA PROPERTIES LIMITED

We have audited the financial statements of Ultima Properties Limited for the 15 month period ended 31 March 2004 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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 Director's Responsibilities the company's director is 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 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

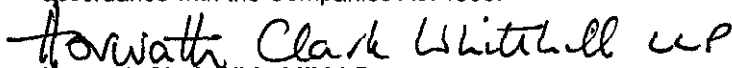
BASIS OF AUDIT OPINION

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 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.


Horwath Clark Whitehill LLP
Chartered Accountants
Registered Auditors

Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

Date: 20 SEPTEMBER 2004

ULTIMA PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
For the 15 month period ended 31 March 2004

		Current 15 month period 31 March 2004 £	Previous 12 month period 31 December 2002 £
	Note		
TURNOVER	2	618,802	522,677
Cost of sales		(11,511)	-
GROSS PROFIT		607,291	522,677
Administrative expenses		(85,015)	(229,707)
OPERATING PROFIT	3	522,276	292,970
Interest payable	4	(269,206)	(259,562)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		253,070	33,408
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(99,630)	(28,152)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		153,440	5,256
DIVIDENDS		(140,000)	(64,438)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		13,440	(59,182)
(LOSS)/RETAINED PROFIT BROUGHT FORWARD		(7,152)	52,030
RETAINED PROFIT/(LOSS) CARRIED FORWARD		6,288	(7,152)

The notes on pages 6 to 11 form part of these financial statements.

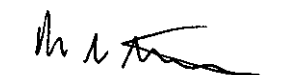
ULTIMA PROPERTIES LIMITED

BALANCE SHEET
As at 31 March 2004

	Note	£	31 March 2004 £	£	31 December 2002 £	£
FIXED ASSETS						
Tangible fixed assets	6			4,287,716		4,218,878
CURRENT ASSETS						
Debtors	7		1,003		6,088	
Cash at bank and in hand			5,906		1,109	
			6,909		7,197	
CREDITORS: amounts falling due within one year	8	(1,705,169)			(1,143,444)	
NET CURRENT LIABILITIES			(1,698,260)		(1,136,247)	
TOTAL ASSETS LESS CURRENT LIABILITIES			2,589,456		3,082,631	
CREDITORS: amounts falling due after more than one year	9		(2,536,641)		(3,067,629)	
PROVISIONS FOR LIABILITIES AND CHARGES						
Deferred taxation	10		(46,525)		(22,152)	
NET ASSETS/(LIABILITIES)			6,290		(7,150)	
CAPITAL AND RESERVES						
Called up share capital	11		2		2	
Profit and loss account			6,288		(7,152)	
SHAREHOLDERS' FUNDS			6,290		(7,150)	

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 20 September 2004 and signed on its behalf.



Max S McNeill
Director

The notes on pages 6 to 11 form part of these financial statements.

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

1. ACCOUNTING POLICIES**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002); and the special provisions of part VII of the Companies Act 1985.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Tangible fixed assets and 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:

Freehold property	-	50 years straight line
Long term Leasehold Property	-	No depreciation
Land	-	No depreciation

1.4 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.

1.5 Investment Property

In accordance with SSAP 19:

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 SSAP 19 depreciating the assets would not give a true and fair view because they are held for investment and not consumption.

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

2. TURNOVER

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

3. OPERATING PROFIT

The operating profit is stated after charging:

	Current 15 month period 31 March 2004 £	<i>Previous 12 month period 31 December 2002 £</i>
Depreciation of tangible fixed assets:		
- owned by the company	-	40,701
Auditors' remuneration	3,300	3,300
	<u> </u>	<u> </u>

During the 15 month period, no director received any emoluments (2002 - £nil).

4. INTEREST PAYABLE

	Current 15 month period 31 March 2004 £	<i>Previous 12 month period 31 December 2002 £</i>
On bank loans and overdrafts	254,206	247,562
Payable on loans from related parties	15,000	12,000
	<u>269,206</u>	<u>259,562</u>

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

5. TAXATION

	Current 15 month period 31 March 2004 £	Previous 12 month period 31 December 2002 £
Analysis of tax charge in period		
Current tax (see note below)		
UK corporation tax charge on profits of the period	64,500	6,000
Adjustments in respect of prior periods	10,757	-
Total current tax	<u>75,257</u>	<u>6,000</u>
Deferred tax		
Origination and reversal of timing differences	24,373	22,152
Total deferred tax (see note 10)	<u>24,373</u>	<u>22,152</u>
Tax on profit on ordinary activities	<u>99,630</u>	<u>28,152</u>

There were no factors that affected the tax charge for the period which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Long Leasehold Property £	Total £
Cost			
At 1 January 2003	4,100,193	210,000	4,310,193
Additions	68,838	-	68,838
At 31 March 2004	<u>4,169,031</u>	<u>210,000</u>	<u>4,379,031</u>
Depreciation			
At 1 January 2003 and 31 March 2004	<u>91,315</u>	<u>-</u>	<u>91,315</u>
Net book value			
At 31 March 2004	<u>4,077,716</u>	<u>210,000</u>	<u>4,287,716</u>
At 31 December 2002	<u>4,008,878</u>	<u>210,000</u>	<u>4,218,878</u>

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

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 March 2004 is representative of its open market value at that date.

Prior to 31 December 2002, 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 was reclassified as an investment property. The director obtained a professional valuation, by chartered surveyors, of this property at 31 March 2002 and, in his opinion, the net book value at 31 March 2004 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 SSAP 19, at the balance sheet date.

7. DEBTORS

	31 March 2004 £	31 December 2002 £
Due within one year		
Other debtors	<u>1,003</u>	<u>6,088</u>

**8. CREDITORS:
Amounts falling due within one year**

	31 March 2004 £	31 December 2002 £
Bank loans and overdrafts	406,600	287,128
Other creditors	991,358	700,993
Corporation tax	75,277	6,000
Accruals	231,934	149,323
	<u>1,705,169</u>	<u>1,143,444</u>

'Accruals' in the table above, includes proposed dividends of £140,000 (2002: £64,438).

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

9. CREDITORS:

Amounts falling due after more than one year

	31 March 2004	<i>31 December 2002</i>
	£	£
Bank loans and overdrafts	2,536,641	<i>3,067,629</i>

Creditors include amounts not wholly repayable within 5 years as follows:

	31 March 2004	<i>31 December 2002</i>
	£	£
Repayable by instalments	910,241	<i>2,185,318</i>

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.

10. DEFERRED TAXATION

	31 March 2004	<i>31 December 2002</i>
	£	£
At 1 January 2003 and 31 March 2004	46,525	<i>22,152</i>

The deferred tax provision is made up as follows:

	31 March 2004	<i>31 December 2002</i>
	£	£
Accelerated capital allowances	52,825	<i>26,475</i>
Short term timing differences	(6,300)	<i>(4,323)</i>
	46,525	<i>22,152</i>

11. SHARE CAPITAL

	31 March 2004	<i>31 December 2002</i>
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	<i>100,000</i>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	<i>2</i>

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the 15 month period ended 31 March 2004

12. CAPITAL COMMITMENTS

At 31 March 2004 the company had capital commitments as follows:

	31 March 2004 £	31 December 2002 £
Contracted for but not provided in these financial statements	-	-

13. RELATED PARTY TRANSACTIONS

During the 15 month period ended 31 March 2004, the company received £612,500 in rental income from Ultima Business Solutions Limited, a company under the common control of M S McNeill, and was charged a management fee of £85,000.

At 31 March 2004, the company owed Ultima Business Solutions Limited £991,358. Of this amount, £319,798 relates to a loan between the companies, upon which £15,000 has been charged as interest payable during the year (note 4).

14. CONTROLLING PARTY

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