

ULTIMA PROPERTIES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2005



11

ULTIMA PROPERTIES LIMITED

COMPANY INFORMATION

DIRECTOR	M S McNeill
SECRETARY	P 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

ULTIMA PROPERTIES LIMITED

CONTENTS

	Page
Director's report	1
Auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

ULTIMA PROPERTIES LIMITED

DIRECTOR'S REPORT
For the year ended 31 March 2005

The director presents his report and the financial statements for the year ended 31 March 2005. A dividend of £140,000 has been proposed (2004:£140,000).

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.

PRINCIPAL ACTIVITY

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 year and his beneficial interest in the company's issued share capital was:

	Ordinary shares of £1 each	
	<u>31/3/05</u>	<u>1/4/04</u>
M S McNeill	2	2

AUDITORS

The auditors, Horwath Clark Whitehill, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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.

This report was approved by the board on

28/09/05

and signed on its behalf.



M S McNeill
Director

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 year ended 31 March 2005 set out on pages 4 to 10. 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 on page 6.

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 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.

ULTIMA PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ULTIMA PROPERTIES LIMITED

UNQUALIFIED 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP

Chartered Accountants
Registered Auditors

Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

Date: *29 September 2005*

ULTIMA PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

	Note	12 months ending 31 March 2005 £	15 months ending 31 March 2004 £
TURNOVER	2	516,541	618,802
Cost of sales		(177)	(11,511)
GROSS PROFIT		516,364	607,291
Administrative expenses		(80,015)	(85,015)
OPERATING PROFIT	3	436,349	522,276
Interest payable	4	(215,425)	(269,206)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		220,924	253,070
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(66,956)	(99,630)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		153,968	153,440
DIVIDENDS		(140,000)	(140,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		13,968	13,440
RETAINED PROFIT/(LOSS) BROUGHT FORWARD		6,288	(7,152)
RETAINED PROFIT CARRIED FORWARD		20,256	6,288

The notes on pages 6 to 10 form part of these financial statements.

ULTIMA PROPERTIES LIMITED

BALANCE SHEET
As at 31 March 2005

	Note	£	31 March 2005 £	£	31 March 2004 £
FIXED ASSETS					
Tangible fixed assets	6		4,545,931		4,287,716
			<u>4,545,931</u>		<u>4,287,716</u>
CURRENT ASSETS					
Debtors	7	576		1,003	
Cash at bank		4,402		5,906	
			<u>4,978</u>	<u>6,909</u>	
CREDITORS: amounts falling due within one year	8	(2,104,406)		(1,631,643)	
NET CURRENT LIABILITIES			<u>(2,099,428)</u>		<u>(1,624,734)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,446,503</u>		<u>2,662,982</u>
CREDITORS: amounts falling due after more than one year	9		(2,372,660)		(2,610,167)
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	10		(53,585)		(46,525)
NET ASSETS			<u>20,258</u>		<u>6,290</u>
CAPITAL AND RESERVES					
Called up share capital	11		2		2
Profit and loss account			20,256		6,288
SHAREHOLDERS' FUNDS			<u>20,258</u>		<u>6,290</u>

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 28 September 2005 and signed on its behalf.



M S McNeill
Director

The notes on pages 6 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

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 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 on 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.

1.4 Investment Property

In accordance with the FRSSE (effective June 2002):

- i) Investment properties are not subject to periodic charges for depreciation; and are
- ii) Included in the balance sheet at their open market value

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

2. TURNOVER

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

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

3. OPERATING PROFIT

The operating profit is stated after charging:

	12 months ending 31 March 2005	15 months ending 31 March 2004
	£	£
Auditors' remuneration	3,400	3,300

During the year, no director received any emoluments (2004 - *£nil*).

4. INTEREST PAYABLE

	12 months ending 31 March 2005	15 months ending 31 March 2004
	£	£
On bank loans and overdrafts	203,425	254,206
Payable on loans from connected concerns	12,000	15,000
	215,425	269,206

5. TAXATION

	12 months ending 31 March 2005	15 months ending 31 March 2004
	£	£
Analysis of tax (credit)/charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	60,000	64,500
Adjustments in respect of prior periods	(104)	10,757
Total current tax	59,896	75,257
Deferred tax		
Origination and reversal of timing differences	7,060	24,373
Total deferred tax (see note 10)	7,060	24,373
Tax on profit on ordinary activities	66,956	99,630

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

5. TAXATION (continued)

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

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Long Leasehold Property £	Total £
Cost			
At 1 April 2004	4,169,031	210,000	4,379,031
Additions	-	258,215	258,215
At 31 March 2005	4,169,031	468,215	4,637,246
Depreciation			
At 1 April 2004 and 31 March 2005	91,315	-	91,315
Net book value			
At 31 March 2005	4,077,716	468,215	4,545,931
At 31 March 2004	4,077,716	210,000	4,287,716

The long leasehold property was 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 2005 is representative of its open market value at that date.

The freehold property was valued by a chartered surveyor, of this property at 31 March 2002 and, in the director's opinion, the net book value at 31 March 2005 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

	2005 £	2004 £
Other debtors	576	1,003

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

8. CREDITORS:
Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	327,123	406,600
Amounts due to connected concerns	1,548,222	991,358
Corporation tax	70,813	75,277
Proposed dividend	140,000	140,000
Other creditors and accruals	18,248	18,408
	<u>2,104,406</u>	<u>1,631,643</u>

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

	2005	2004
	£	£
Bank loans and overdrafts	2,299,134	2,536,641
Other creditors	73,526	73,526
	<u>2,372,660</u>	<u>2,610,167</u>

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

	2005	2004
	£	£
Repayable by instalments	<u>1,265,327</u>	<u>910,241</u>

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

10. DEFERRED TAXATION

	2005	2004
	£	£
At 1 April 2004	46,525	22,152
Charge for the year	7,060	24,373
	<u>53,585</u>	<u>46,525</u>
At 31 March 2005		

ULTIMA PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

The deferred tax provision is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	59,360	52,825
Short term timing differences	(5,775)	(6,300)
	<u>53,585</u>	<u>46,525</u>

11. SHARE CAPITAL

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. RELATED PARTY TRANSACTIONS

Transactions with companies under the common control of M S McNeill (Director):

During the year, the company invoiced Ultima Business Solutions Limited £490,000 (2004: £612,500) for rental income and received management charges of £80,000 from them (2004: £85,000).

At the year end, the company owed Ultima Business Solutions Limited £1,548,222. 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).

13. CONTROLLING PARTY

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