

The Deep in Hull Limited

**Directors' report and financial
statements**

Registered number 4120421

31 January 2002



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Officers and professional advisors

Directors

RP Cameron	(appointed 13 February 2002)
JE Hooper	(appointed 13 February 2002)
DJ Richards	(appointed 13 February 2002)
Councillor DW Gemmell	(resigned 13 February 2002)
JA Parkes CBE	(resigned 13 February 2002)
Professor P Ekkehard Kopp	(resigned 13 February 2002)
Professor G Chesters	(resigned 13 February 2002)
JF Brignall	(resigned 13 February 2002)
MR Killoran	(resigned 13 February 2002)
AJ Hunt	(resigned 13 February 2002)
A Pearson	(appointed 27 September 2001/resigned 13 February 2002)

Secretary

Dr GA Davidson	(resigned 27 July 2001)
P Butterworth	(appointed 27 July 2001 / resigned 13 February 2002)
K Leung	(appointed 13 February 2002)

Registered office

88 Wood Street
London
EC2V 7QQ

Company registration number

4120421

Auditors

KPMG Audit Plc
Chartered Accountants
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Directors' report

The directors of The Deep in Hull Limited ("the company") submit their report and audited financial statements for the year ended 31 January 2002.

Principal activities and review of the business

The company is a wholly owned subsidiary of EMIH Limited, a charity involved in the development of The Deep Millennium Project. During the year the company acquired Plant and Machinery of £12 million relating to The Deep Millennium project. Subsequent to the year end the company entered into a finance lease with EMIH Limited over these assets.

Dividends and transfers to reserves

The directors have not paid an interim dividend for the year under review (2001: £Nil). The profit for the year of £148 (2000: £Nil) has been transferred to reserves. The directors do not propose to recommend the payment of a final dividend for the year.

Directors

The names of the current directors and those who served during the year are set out on page 1.

In terms of the Articles of Association of the company, no directors are required to retire by rotation.

None of the directors had any disclosable interest in the shares of the company or any other UK group company.

Post balance sheet events

On 13 February 2002 the company was sold by its parent undertaking, EMIH Limited (registered no 3513218), to National Europe Holdings Limited, a subsidiary of National Australia Bank Limited ('NAB'). On the same day the company entered into a Finance Lease with EMIH Limited over £12 million of Plant and Machinery acquired during the year ended 31 January 2002.

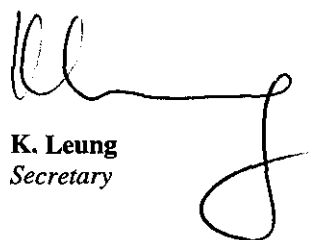
Political and charitable donations

The company made no political donations during the year (2001: £nil). Donations to UK charities amounted to £8,857 (2001: £Nil).

Auditors

In accordance with the provisions of the Companies Act 1985, as amended, the company has elected to dispense with the laying of accounts before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually. KPMG Audit Plc will therefore continue in office.

By order of the board



K. Leung
Secretary

88 Wood Street
London
EC2V 7QQ

28 November 2002

Statement of 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 for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695

8 Salisbury Square

London

EC4Y 8BB

Independent auditor's report to the member of The Deep in Hull Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 as at 31 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28th November 2002

Profit and loss account
for the year ended 31 January 2002

	<i>Note</i>	2002 £	6 December 2000 to 31 January 2001 £
Turnover	2	9,068	-
Gross profit		9,068	-
Administrative expenses		(8,857)	-
Profit on ordinary activities before taxation	3	211	-
Tax charge on profit on ordinary activities	4	(63)	-
Retained profit for the financial year		148	-

All items dealt with in arriving at the profit on ordinary activities before taxation for the year ending 31 January 2002 relate to continuing operations.

A statement of movements on reserves is given in note 10.

Balance sheet
at 31 January 2002

	<i>Note</i>	2002	£	2001	£
Fixed assets					
Plant and Machinery	5	12,000,800	-		
Current assets					
Cash at bank and in hand		344	1		
Debtors	6	11,003,951			
Creditors: amounts falling due within one year	7	(23,004,946)	-		
Net current (liabilities) / assets		(12,000,651)		1	
Total assets less current liabilities		149		1	
Net assets		149		1	
Capital and reserves					
Called up share capital	8	1		1	
Profit and loss account	9	148		-	
Shareholders' funds: equity	10	149		1	

These financial statements were approved by the board of directors on 28 November 2002 and were signed on its behalf by:



D Richards
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Taxation

The company provides for taxation using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all timing differences which occur where items are tax-effected in a year different from that in which they are recognised in the Financial Statements. Deferred tax assets are only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the timing differences and tax losses can be deducted.

2 Turnover

Turnover represents sundry rental income earned.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging directors' remuneration of £nil. Auditors' remuneration is borne by the parent undertaking. The company did not have any employees during the year.

Notes (continued)

4 Corporation tax charge on profit on ordinary activities

a) Analysis of the charge for the year

	2002 £	2001 £
Corporation tax payable at 30% (2001: 30%)	63	-
	<u>63</u>	<u>-</u>

b) Factors affecting the tax charge for the current year

The current tax charge for the year is equivalent to the standard rate of corporation tax in the UK of 30%, (2001 : 30%). The amounts are compared below :

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	211	-
Current tax at 30% (2001 : 30%)	63	-

c) Factors that may affect future tax charges

There are no items which would materially affect the future tax charge.

5 Fixed assets

The cost of the assets purchased during the year for the purpose of leasing was £12,000,800 (2001: £Nil). These assets are still under construction and therefore no depreciation has been charged during the year. Subsequent to the year end the assets were leased to EMIH Limited under a finance lease.

6 Debtors

Amounts falling due within one year:

	2002 £	2001 £
Amounts due from parent undertaking	11,003,951	-
	<u>11,003,951</u>	<u>-</u>

Notes (continued)

7 Creditors

Amounts falling due within one year:

	2002	2001
	£	£
Corporation tax	63	-
Amounts due to parent undertaking	23,003,951	-
Deferred income	932	-
	23,004,946	-

8 Share capital

	£
<i>Authorised:</i>	
1,000 ordinary shares of £1 each	1,000
<i>Allotted, called up and fully paid:</i>	
1 ordinary share of £1 each	1

9 Profit and loss account

	2002	2001
	£	£
At 1 February 2001	Nil	Nil
Retained profit for the year	148	-
Profit carried forward at end of year	148	-

10 Reconciliation of movement in shareholders' funds

	2002	2001
	£	£
Opening shareholders' funds	1	1
Retained profit for the financial year	148	-
Closing shareholders' funds: equity	149	1

Notes (continued)

11 Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

12 Related party transactions

As the company is a wholly owned subsidiary of EMIH Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of EMIH Limited, within which this company is included, can be obtained from the address shown in note 13.

13 Ultimate parent company

EMIH Limited was the Company's ultimate parent company (Registered No. 3513218) at 31 January 2002. Copies of that Company's accounts can be obtained from EMIH Limited, The Deep, Kingston upon Hull, HU1 4DP.

14 Post balance sheet events

On 13 February 2002 the company was sold by its parent undertaking, EMIH Limited (registered no 3513218), to National Europe Holdings Limited, a subsidiary of National Australia Bank Limited ('NAB'), the current ultimate parent undertaking. On the same day the company entered into a Finance Lease with EMIH Limited over £12 million of Plant and Machinery acquired during the year ended 31 January 2002.