

MALISNA LTD
DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS
For the year ended 1 July 2002



MALISNA LTD DIRECTOR'S REPORT

The director presents his nineteenth annual report together with the financial statements of the company for the year ended 1 July 2002.

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 continues to be property investment but the company also purchases property for development and resale.

Director

James McErlean was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	at 1.7.02	at 2.7.01
Ordinary £1 shares	100	100

Small Company Rules

This report 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 30th April 2003 and signed on its behalf.



James McErlean
Director

Registered Office:
9 Hill Street
Edinburgh
EH2 3JT

**MALISNA LTD
ACCOUNTING POLICIES****Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investment properties and in accordance with the *Financial Reporting Standard for Smaller Entities (effective June 2002)*.

Depreciation

The company is a property investment company and therefore no depreciation is charged on investment properties. Other fixed tangible assets are depreciated at rates calculated to write off their cost over their expected useful lives.

Investment Properties

Investment properties are included in the accounts at their open market valuation. An external professional valuation is obtained when this is considered appropriate and the director's own valuation is included in intervening years.

Revaluation Surpluses and Losses

Unrealised surpluses and losses on the revaluation of investment properties are credited or charged respectively to revaluation reserve.

Fixed Asset Investments

Fixed Asset Investments are included in the accounts at their market value, any unrealised surplus being credited to revaluation reserve and unrealised losses charged to profit and loss account. Realised surpluses are credited to profit and loss account as realised.

Current Asset Investments

Current Asset Investments are valued at the lower of cost and net realisable value and unrealised losses are charged to profit and loss account.

Development Properties

Development Properties are valued at the lower of cost and net realisable value.

Rental Income

Rental Income included in turnover is the rents receivable for the year and includes any additional charges made to tenants in respect of late payments of rent.

Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Provision for future taxation on the unrealised surpluses arising on the revaluation of investment properties is only made when the sales of such properties are being considered. No provision is made if the sale of a property is not considered likely in the foreseeable future.

MALISNA LTD
PROFIT AND LOSS ACCOUNT
For the year ended 1 July 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Turnover	1	331,730	102,535
Cost of Sales		(172,850)	-
Gross Profit		158,880	102,535
Administrative Expenses		(40,752)	(43,670)
Operating Profit	2	118,128	58,865
Other Income	3	2,416	4,813
Loss on Investments in Shares		(17,925)	(32,616)
Profit on Ordinary Activities before Taxation		102,619	31,062
Taxation on Profit on Ordinary Activities	4	(24,862)	(12,771)
Profit on Ordinary Activities after Taxation		77,757	18,291
Dividends		(10,000)	(8,000)
Retained Profit for the year		67,757	10,291
Revenue Reserve brought forward		356,602	346,311
Revenue Reserve carried forward		<u>424,359</u>	<u>356,602</u>

STATEMENT OF TOTAL RECOGNISED GAINS
For the year ended 1 July 2002

Profit for the year	77,757	18,291
Unrealised Surplus on Revaluation of Investment Properties	-	418,513
Total Gains Recognised for the year	<u>77,757</u>	<u>436,804</u>

The notes on pages 5 to 7 form part of these financial statements.

MALISNA LTD
BALANCE SHEET
As at 1 July 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
FIXED ASSETS			
Investment Properties	5	1,282,893	1,270,000
Other Tangible Assets	6	16,144	-
		<u>1,299,037</u>	<u>1,270,000</u>
CURRENT ASSETS			
Development Properties		-	54,473
Debtors	7	998	-
Investments	8	14,665	-
Cash at Bank		206,738	121,190
		<u>222,401</u>	<u>175,663</u>
CREDITORS: Amounts falling due within one year	9	<u>(86,486)</u>	<u>(78,468)</u>
NET CURRENT ASSETS		<u>135,915</u>	<u>97,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,434,952</u>	<u>1,367,195</u>
CREDITORS: Amounts falling due after more than one year		<u>-</u>	<u>-</u>
NET ASSETS		<u><u>1,434,952</u></u>	<u><u>1,367,195</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Revaluation reserve	11	1,010,493	1,010,493
Revenue reserve		424,359	356,602
SHAREHOLDERS' FUNDS		<u><u>1,434,952</u></u>	<u><u>1,367,195</u></u>

The director considers that the company is entitled to exemption from the requirement to have an audit under the provisions of s.249A(1) of the Companies Act 1985. Members have not required the company, under s.249B(2) of the Companies Act 1985, to obtain an audit for the year ended 1 July 2002.

The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with s.221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 1 July 2002 and of its profit for the year then ended in accordance with the requirements of s.226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), were approved by the Board on 30th April 2003 and signed on its behalf.



J McErlean, Director

The notes on pages 5 to 7 form part of these financial statements.

MALISNA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 1 July 2002

1. TURNOVER

None of the company's turnover was derived from markets outwith the UK (2001: nil).

2. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2002</u> £	<u>2001</u> £
Director's Emoluments	25,000	26,500
Depreciation of fixed tangible assets - owned by the company	<u>5,381</u>	<u>-</u>

3. OTHER INCOME

	<u>2002</u> £	<u>2001</u> £
Interest Receivable	2,416	4,572
Dividends Received	-	241
	<u>2,416</u>	<u>4,813</u>

4. TAXATION

	<u>2002</u> £	<u>2001</u> £
UK Corporation Tax	<u>24,862</u>	<u>12,771</u>

No provision for deferred taxation is necessary (2001: nil). The potential tax liability should the investment properties be sold at their market valuation is shown at Note 5. There is no other potential tax liability not provided for.

Current Asset Investments have been included in the accounts at their market valuation (see Note 8), resulting in a charge to profit and loss account of £17,925. The tax charge for the year would have been reduced by £1,823 had immediate relief been available for this loss.

MALISNA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 1 July 2002

5. INVESTMENT PROPERTIES

	<u>Freehold Land and Buildings</u> £
Open market value at beginning of year	1,270,000
Additions at cost	12,893
Disposals	-
Revaluation	-
Open market value at end of year	1,282,893
Historical Cost	272,400
Potential Tax Liability if sold at revalued amount	260,756

Investment Properties are included in the accounts at their open market valuation and no depreciation is charged. The director believes that this policy, which is a departure from the Companies Act 1985, is necessary to show a true and fair view.

Apart from the addition during the year, which is included at cost as it had not been let at the year-end, the Investment Properties have been valued by the director as at 1 July 2002 at their open market value, current use basis.

6. OTHER TANGIBLE ASSETS

	£
Cost	
At 2 July 2001	-
Additions	21,525
Disposals	-
At 1 July 2002	21,525
Depreciation	
At 2 July 2001	-
Disposals	-
Charge for year	5,381
At 1 July 2002	5,381
Net Book Value	
At 1 July 2002	16,144
At 1 July 2001	-

7. DEBTORS

	<u>2002</u> £	<u>2001</u> £
Due within one year:		
Prepaid charges	998	-

MALISNA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 1 July 2002

8. CURRENT ASSET INVESTMENTS

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Shares in UK Listed Companies	14,665	-

The historic cost of the above shares is £32,590 but these have been included at market value which the director considers a fair reflection of their net realisable value.

9. CREDITORS

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Due within one year:		
Corporation Tax	24,762	12,457
Dividends Payable	18,000	15,500
Other Creditors	43,724	50,511
	<u>86,486</u>	<u>78,468</u>

10. CALLED UP SHARE CAPITAL

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

11. REVALUATION RESERVE

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
At beginning of year	1,010,493	591,980
Surplus on revaluation of Investment Properties	-	418,513
At end of year	<u>1,010,493</u>	<u>1,010,493</u>

12. CAPITAL COMMITMENTS

The company had no capital commitments contracted for but not provided for in these financial statements (2001: nil).