

**LYMINGTON INVESTMENTS LIMITED**

**Annual report and financial statements**

**For the year ended 31 December 2003**

**Deloitte & Touche LLP**  
**Southampton**



**REPORT AND FINANCIAL STATEMENTS 2003**

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**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

V Maitland OBE  
Mrs M M Maitland  
Miss A Maitland  
S A Petterson  
B G Ford FCA

**SECRETARY**

D L Jenkin FCA

**REGISTERED OFFICE**

9 Conning Tower  
75 Haven Road  
Poole  
BH13 7LW

**BANKERS**

National Westminster Bank plc  
5 Old Christchurch Road  
Bournemouth  
BH1 1DU

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Southampton

## DIRECTORS' REPORT

The directors present their annual report on the company's affairs, together with the financial statements and independent auditors' report for the year ended 31 December 2003.

## ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company is engaged in the property letting business.

The company has been redeveloping its freehold land. Phases one to four have all been completed, with phase four being finished in the current year. Phase 5 commenced in March 2004 after full costings had been considered. On completion the company will have a total of 4 shops and 35 flats available for rent. Lettings continue at a satisfactory level and the directors are confident regarding the future.

## RESULTS AND DIVIDENDS

The profit for the year was £40,227 (2002 : £40,246). The results for the company are set out in detail on page 5. The directors do not recommend the payment of a dividend (2002 : £nil).

## EVENTS OCCURRING AFTER THE YEAR END

Following the end of the year, planning permission has been granted for phase 5 of the development. This will comprise five residential units and construction commenced in March 2004 after full costings had been considered by the Board.

## DIRECTORS

The present membership of the Board is set out on page 1. All directors served throughout the year.

The directors' interests in the ordinary shares of the company at 31 December 2003 and 1 January 2003 were:

	Beneficial holdings	
	2003 No.	2002 No.
V Maitland OBE (joint family interest)	8,086*	8,086*
Mrs M M Maitland (joint family interest)	8,086*	8,086*
Miss A Maitland (family interest, 8,086 shares joint family interest)	48,564*	48,564*
S A Petterson	-	-
B G Ford FCA	-	-

\*By virtue of position as beneficiary or partial beneficiary of certain trusts.

## AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. 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; and
- 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 are 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.

Approved by the Board of Directors  
and signed on behalf of the Board by



**B G Ford**  
Director

Date: 2) August 2004

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LYMINGTON INVESTMENTS LIMITED**

We have audited the financial statements of Lymington Investments Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 17. These financial statements have been prepared under 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 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 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 directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.


### **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 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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Southampton

Date : 1 September 2004

**LYMINGTON INVESTMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2003**

	<b>Note</b>	<b>2003 £</b>	<b>2002 £</b>
<b>TURNOVER: continuing operations</b>	1	208,161	176,687
Administrative expenses		<u>(127,409)</u>	<u>(80,861)</u>
<b>OPERATING PROFIT: continuing operations</b>		80,752	95,826
Interest receivable and similar income		2,332	317
Interest payable and similar charges	4	<u>(29,162)</u>	<u>(41,776)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	53,922	54,367
Tax on profit on ordinary activities	6	<u>(13,695)</u>	<u>(14,121)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13,14	<u><u>40,227</u></u>	<u><u>40,246</u></u>

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly a statement of total recognised gains and losses has not been prepared.

**LYMINGTON INVESTMENTS LIMITED**

**BALANCE SHEET**  
**31 December 2003**

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>2,785,219</u>	<u>2,528,526</u>
<b>CURRENT ASSETS</b>			
Debtors	8	34,360	27,156
Cash at bank and in hand		<u>32,716</u>	<u>31,615</u>
		67,076	58,771
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(1,041,286)</u>	<u>(816,515)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(974,210)</u>	<u>(757,744)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,811,009</u>	<u>1,770,782</u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	12	52,854	52,854
Share premium account	13	1,100,358	1,100,358
Investment revaluation reserve	13	366,768	366,768
Profit and loss account	13	<u>291,029</u>	<u>250,802</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	14	<u>1,811,009</u>	<u>1,770,782</u>

These financial statements were approved by the Board of Directors on 2 August 2004  
and signed on behalf of the Board of Directors by



**B G Ford**  
Director



## STATEMENT OF ACCOUNTING POLICIES

31 December 2003

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding year.

### Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable United Kingdom accounting standards.

### Tangible fixed assets

Freehold properties comprise investment properties. Investment properties are included in the balance sheet at open market valuation. In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to an investment revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit for the year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

*Properties under construction fall under the scope of FRS15 although they will become investment properties on completion.*

On other assets depreciation is provided on the cost of the assets over their estimated lives. The rates of depreciation are as follows:

Fixtures and fittings	- 15% - 25% reducing balance
-----------------------	------------------------------

### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax. Rental income is recognised in the financial statements on the date it is receivable.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**1. TURNOVER**

No turnover is attributed to geographical markets outside the United Kingdom.

**2. STAFF COSTS**

	2003 No.	2002 No.
<b>The average montly number of employees (including executive directors) was:</b>		
Administration	4	4
	<hr/>	<hr/>
<b>Their aggregate remuneration comprised:</b>	<b>£</b>	<b>£</b>
Wages and salaries	43,578	31,324
Social security costs	3,857	2,463
	<hr/>	<hr/>
	47,435	33,787
	<hr/>	<hr/>

**3. DIRECTORS' REMUNERATION, INTEREST AND TRANSACTIONS**

	2003 £	2002 £
<b>Directors' remuneration</b>		
Emoluments (excluding pension contributions )	42,416	30,000
	<hr/>	<hr/>

**Directors' interests**

Details of directors' interests in the shares of the company are provided in the directors' report on page 2.

**Directors' transactions**

The transactions that have taken place are as detailed in note 15.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003 £	2002 £
Bank loan and overdraft	536	13,885
Other loan interest	28,593	27,452
Other interest	33	439
	<hr/>	<hr/>
	29,162	41,776
	<hr/>	<hr/>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2003 £	2002 £
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration	4,250	2,850
Depreciation – owned assets	18,156	18,540
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
The tax charge comprises:		
<b>Current taxation:</b>		
UK corporation tax charge for the year	13,680	14,097
<b>Deferred tax:</b>		
Origination and reversal of timing differences	15	24
Total tax on profit on ordinary activities	<u>13,695</u>	<u>14,121</u>

The differences between the total current tax shown above and the amount calculated by applying the small company's rate of UK corporation tax to the profit before tax (2002 – small company's rate of UK corporation tax) is as follows:

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
Profit on ordinary activities before tax	53,922	54,367
Standard rate of tax	19%	19%
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	6.4%	6.9%
	<u>25.4%</u>	<u>25.9%</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**7. TANGIBLE FIXED ASSETS**

	Investment properties freehold land and buildings £	Assets under the course of construction £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2003	1,975,000	462,369	156,614	2,593,983
Additions	-	244,965	29,884	274,849
Transfers	696,192	(696,192)	-	-
At 31 December 2003	<u>2,671,192</u>	<u>11,142</u>	<u>186,498</u>	<u>2,868,832</u>
<b>Depreciation</b>				
At 1 January 2003	-	-	65,457	65,457
Charge for the year	-	-	18,156	18,156
At 31 December 2003	<u>-</u>	<u>-</u>	<u>83,613</u>	<u>83,613</u>
<b>Net book value</b>				
At 31 December 2003	<u>2,671,192</u>	<u>11,142</u>	<u>102,885</u>	<u>2,785,219</u>
At 31 December 2002	<u>1,975,000</u>	<u>462,369</u>	<u>91,157</u>	<u>2,528,526</u>
<b>Comparable amounts determined according to the historical cost convention</b>				
Cost at 1 January 2003	1,608,232	462,369	156,614	2,227,215
Additions	-	244,965	29,884	274,849
Transfers	696,192	(696,192)	-	-
Accumulated depreciation	-	-	(83,613)	(83,613)
At 31 December 2003	<u>2,304,424</u>	<u>11,142</u>	<u>102,885</u>	<u>2,418,451</u>
At 31 December 2002	<u>1,608,232</u>	<u>462,369</u>	<u>91,157</u>	<u>2,161,758</u>

Investment properties are held at valuation. All such assets were valued on an open market value basis at 22 November 2001 by Cowling & West, Chartered Surveyors. The directors are of the opinion that the present freehold property values, including any later additions and assets under construction, are not materially different from the carrying value of £2,682,334 (2002 - £2,437,369). A new valuation will be obtained when the development is completed.

Investment properties with a net book value of £2,671,192 (2002 - £1,975,000) are held under charges as security on the company's borrowings, see note 10.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**8. DEBTORS**

	2003 £	2002 £
Trade debtors	1,335	6,797
Other debtors	24,464	13,330
Deferred tax asset	44	59
Prepayments and accrued income	8,517	6,970
	<u>34,360</u>	<u>27,156</u>

All amounts are due within one year. A deferred tax asset has been recognised which relates to capital allowances in excess of depreciation. The directors are of the opinion based on recent results that the level of profits in the next financial year will exceed the available capital allowances.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Other loan (note 10)	500,000	500,000
Trade creditors	44,450	36,539
Other taxation and social security	-	12,714
Other creditors	465,395	224,759
Corporation tax	16,523	19,587
Accruals and deferred income	14,918	22,916
	<u>1,041,286</u>	<u>816,515</u>

Creditors other than loans are unsecured, interest free and repayable on demand.

**10. BORROWINGS**

	2003 £	2002 £
Other loan (note 15)	<u>500,000</u>	<u>500,000</u>
Analysis of loan repayments:		
Other loan		
Within one year or on demand	<u>500,000</u>	<u>500,000</u>

The loan bears interest at 2% above bank base rate and is secured by a charge on the freehold properties.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**11. DEFERRED TAXATION**

	Balance at 1 January 2003 £	Charged to profit and loss account £	Balance at 31 December 2003 £
Capital allowances in excess of depreciation	(55)	15	(44)

The amount of deferred taxation provided as a deferred tax asset in the accounts is:

	2003 £	2002 £
Capital allowances in excess of depreciation	(44)	(59)

The company's freehold investment property is revalued from time to time in accordance with SSAP 19. No deferred tax has been provided on the gains arising from revaluations as such tax would only become payable if a property were sold without rollover relief being obtained and no binding sale agreement had been entered into at the balance sheet date. The estimated tax which would be payable in such circumstances is £69,686 at 31 December 2003 (2002: £69,686).

**12. CALLED UP SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised:</b> 100,000 ordinary shares of £1 each	100,000	100,000
<b>Called up, allotted and fully paid:</b> 52,854 ordinary shares of £1 each	52,854	52,854

**13. RESERVES**

	Share premium account £	Investment revaluation reserve £	Profit and loss account £
Balance at 1 January 2003	1,100,358	366,768	250,802
Profit retained for the year	-	-	40,227
Balance at 31 December 2003	1,100,358	366,768	291,029

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Profit for the financial year	40,227	40,246
Opening shareholders' funds	<u>1,770,782</u>	<u>1,730,536</u>
Closing shareholders' funds	<u><u>1,811,009</u></u>	<u><u>1,770,782</u></u>

**15. RELATED PARTY TRANSACTIONS**

The company is controlled by the Vernon Maitland 21 November 1997 Trust, of which the trustees are Rathbone Trustees Jersey Limited (formerly Lex Trust Company Limited), which owns 69% of the issued share capital.

Other creditors comprise an amount due to Maitland Investments Limited, a company in which the Vernon Maitland 21 November 1997 Trust owns shares.

Included within legal and professional fees are amounts paid to B G Ford, director of the company, for business consultancy advice, £3,018 (2002 : £2,139), and amounts paid to D L Jenkin, company secretary of the company, for bookkeeping and accountancy service, £12,353 (2002 : £nil).

The other loan represents funding received from B S Maitland Settlement on an arm's length normal commercial basis. V Maitland OBE, Mrs M M Maitland and Miss A Maitland, who are all directors, are the potential beneficiaries of the Trust. During the year the company incurred interest charges of £28,593 (2002 : £27,542) on the loan. The balance of the loan at 31 December 2003 was £500,000 (2002 : £500,000).

**16. EVENTS OCCURRING AFTER THE YEAR END**

Following the end of the year, planning permission has been granted for phase 5 of the development. This will comprise of five residential units and construction commenced in March 2004 after full costings had been considered by the Board.

**17. CAPITAL COMMITMENTS**

	2003 £	2002 £
Contracted for but not provided	<u><u>-</u></u>	<u><u>221,993</u></u>