

**THE ALMANZORA GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 MARCH 2001**



**THE ALMANZORA GROUP LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 MARCH 2001**

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The directors present their report and financial statements for the year ended 31 March 2001.

**REVIEW OF ACTIVITIES**

The principal activity of the company is the marketing and sales as commission agents of property. In particular, the company markets property on three major, and a number of minor, residential and touristic developments in Spain. The major projects, comprising more than 6,000 dwellings plus ancillary premises over 15 or more years, were initiated in 1989 but were delayed by planning and market difficulties, resulting in a lack of supply of the properties that the company had anticipated marketing and selling and giving rise to losses to the company.

Whilst there has been an increase in sales commission during the year, the company has made an increased loss. The current years results are dependent on the level of activity on the developments in Spain, but the directors are confident of the longer-term prospects for the company.

**RESULTS**

The financial statements for the year ended 31 March 2001 show a loss after taxation of £41,335 (2000 loss: £17,700) which has been taken from reserves. The directors do not recommend the payment of a dividend.

**DIRECTORS**

The following have served as directors during the year:

S R Hitchins  
J R Hitchins  
A Underhill  
P J Goodhall

None of the directors had any interest in the share capital of the company or any other company in the group.

**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 company's state of affairs at the end of the year and of its profit or loss for the 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;
- 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 assume 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 or other irregularities.

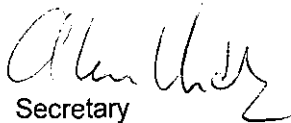
**THE ALMANZORA GROUP LIMITED**  
**DIRECTORS' REPORT (Continued)**  
**YEAR ENDED 31 MARCH 2001**

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**AUDITORS**

The auditors, Horwath Clark Whitehill, have intimated their willingness to continue in office and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By Order of the Board

  
Secretary

## **REPORT OF THE AUDITORS TO THE MEMBERS OF THE ALMANZORA GROUP LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

### **Respective Responsibilities of Directors and Auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### **Basis of 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 the information in the financial statements.

### **Unqualified Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*28 January 2002*

*Hamath Clark Whitehill*

Chartered Accountants  
and Registered Auditors

**THE ALMANZORA GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2001**

	Notes	2001 £	2000 £
<b>TURNOVER</b>	1(b)	<b>24,230</b>	149
Cost of Sales		<u>87,109</u>	<u>36,930</u>
<b>GROSS LOSS</b>		<b>62,879</b>	36,781
Administrative expenses		<u>88,242</u>	<u>70,268</u>
<b>OPERATING LOSS</b>		<b>151,121</b>	107,049
Interest receivable		<u>91,764</u>	<u>80,679</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>59,357</b>	26,370
Tax credit on loss on ordinary activities	4	<u>18,022</u>	<u>8,670</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>41,335</b>	17,700
<b>DEFICIT BROUGHT FORWARD</b>		<u>226,051</u>	<u>208,351</u>
<b>DEFICIT CARRIED FORWARD</b>		<u>267,386</u>	<u>226,051</u>

The profit and loss account contains all the gains and losses recognised in the current and preceding year and the loss after taxation in these years is the only movement on shareholders' funds.

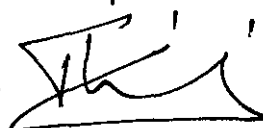
The notes on pages 6 to 8 form  
an integral part of these financial statements.

**THE ALMANZORA GROUP LIMITED**  
**BALANCE SHEET**  
**31 MARCH 2001**

	Notes	£	2001 £	2000 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	5		3,728	3,131
<b>CURRENT ASSETS</b>				
Other debtors		718,214		618,728
Amount owed by group undertaking		647,866		594,853
Cash at bank and in hand		100		33,669
		<u>1,366,180</u>		<u>1,247,250</u>
<b>CREDITORS: amounts falling due within one year</b>				
Bank overdraft		68,160		-
Trade creditors		7,021		4,699
Amount owed to group undertakings		1,271,444		1,181,931
Other creditors and accruals		3,630		3,661
Taxation and social security		4,867		3,969
		<u>1,355,122</u>		<u>1,194,260</u>
<b>NET CURRENT ASSETS</b>			<u>11,058</u>	<u>52,990</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,786</u>	<u>56,121</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	6		<u>(32,172)</u>	<u>(32,172)</u>
<b>NET (LIABILITIES)/ASSETS</b>			<u>(17,386)</u>	<u>23,949</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	7		250,000	250,000
Profit and loss account - Deficit			<u>(267,386)</u>	<u>(226,051)</u>
<b>SHAREHOLDERS' (DEFICIENCY)/FUNDS</b>			<u>(17,386)</u>	<u>23,949</u>

Approved by the Board on  
and signed on its behalf by:

- Director

28 January 2002  


The notes on pages 6 to 8 form  
an integral part of these financial statements.

**THE ALMANZORA GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 2001**

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**1. ACCOUNTING POLICIES**

**a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has a deficiency of net assets and the Robert Hitchins Group Limited has confirmed its intention of providing sufficient financial support to enable the company to meet its obligations to third parties.

**b) Turnover**

Turnover represents the income earned during the year net of VAT.

**c) Tangible Fixed Assets**

Tangible fixed assets are depreciated over their anticipated useful lives on a straight line basis at the following rates:

Fixtures, fittings and office equipment	- 15% to 25% per annum
Motor vehicles	- 25% per annum

**(d) Deferred Taxation**

Provision is made for corporation tax deferred by timing differences which could be payable within the foreseeable future.

**(e) Pension Costs**

Pension costs are charged to the profit and loss account to spread the costs over the average remaining service lives of employees.

<b>2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>This is arrived at after charging:</b>		
Auditors' remuneration	<b>2,500</b>	<b>2,300</b>
Directors' remuneration		
- Emoluments	<b>30,024</b>	<b>31,962</b>
- Pensions costs	<b>942</b>	<b>707</b>
Depreciation	<b>1,618</b>	<b>1,064</b>
	<hr/>	<hr/>
<b>and after crediting:</b>		
Interest receivable from group undertaking	<b>91,764</b>	<b>80,679</b>
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**THE ALMANZORA GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**31 MARCH 2001**

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**3. EMPLOYEE INFORMATION**

**a) Staff Costs and Numbers**

The average number of persons (including directors) employed by the company during the year was 4 (2000 - 4), employed in sales, marketing and administration.

	2001 £	2000 £
Aggregate gross salaries	123,715	111,604
Social security costs	12,733	11,501
Pension costs	10,848	9,013
	<u>147,296</u>	<u>132,118</u>

**b) Directors**

The number of directors accruing benefits under pension schemes are as follows:

	No.	No.
Defined contribution pension schemes	<u>2</u>	<u>2</u>

**c)** Employees are members of The Robert Hitchins Group Pension Scheme, a defined benefit scheme for employees of The Almanzora Group Limited. Contributions to the scheme are determined by qualified actuaries on the basis of financial valuations. The last actuarial valuation was at 1 June 2000 further details of which are set out in the financial statements of The Robert Hitchins Group Limited.

**d)** Some of the directors are members of The Robert Hitchins Group Executive Pension Scheme, a defined benefit scheme.

**4. TAXATION**

	£	£
Compensation for group losses	<u>18,022</u>	<u>8,670</u>

**THE ALMANZORA GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**31 MARCH 2001**

**5. TANGIBLE FIXED ASSETS**

	Total £	Fixtures, fittings and office equipment £	Motor Vehicle £
Cost			
At 1 April 2000	29,301	7,596	21,705
Additions	2,215	2,215	-
Disposals	-	-	-
<b>At 31 March 2001</b>	<b>31,516</b>	<b>9,811</b>	<b>21,705</b>
Depreciation			
At 1 April 2000	26,170	7,466	18,704
Charge for the year	1,618	618	1,000
Disposals	-	-	-
<b>At 31 March 2001</b>	<b>27,788</b>	<b>8,084</b>	<b>19,704</b>
<b>Net Book values</b>			
<b>31 March 2001</b>	<b>3,728</b>	<b>1,727</b>	<b>2,001</b>
<i>31 March 2000</i>	<i>3,131</i>	<i>130</i>	<i>3,001</i>

**6. PROVISION FOR LIABILITIES AND CHARGES**

	2001 £	2000 £
Deferred taxation on short term timing differences at 30% (2000 30%)	<b>32,172</b>	<b>32,172</b>

**7. CALLED UP SHARE CAPITAL**

Authorised, allotted and fully paid 250,000 Ordinary shares of £1 each	<b>250,000</b>	<b>250,000</b>
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**8. ULTIMATE HOLDING COMPANY**

The ultimate Holding Company is Bay Holdings Limited, incorporated in Bermuda.

**9. RELATED PARTY TRANSACTIONS**

The company transacts business with its immediate parent company The Robert Hitchens Group Limited and its other subsidiary companies. These transactions are not disclosed as they are eliminated in the consolidated financial statements of that company.

The company acts as an agent for Bay Demerger SL, a fellow subsidiary company. During the year the company received £24,230 commission (2000: £Nil) from that company, and accrued interest of £91,764 (2000: £80,679) on the amount outstanding. At 31 March 2001 the amount outstanding amounted to £647,848 (2000: £594,853) and interest receivable was £709,445 (2000: £617,681).