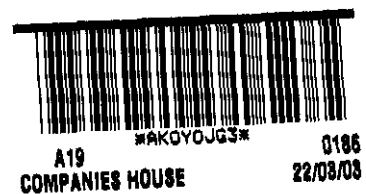


**CERTIFIED ACCOUNTANTS  
INVESTMENT COMPANY LIMITED**

**REPORT AND ACCOUNTS  
YEAR ENDED 31 DECEMBER 2002**

**(COMPANY NUMBER 2240534)**



# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002**

### **Directors**

*Jonathan Michael* BECKERLEGGE

*Heather Jean* CAMERON

*Peter David* FINCH

*Christopher Thomas* FORSTER

*Douglas John* KERR

*Dennis Eric* TAYLOR

*Peter John* WINDATT

*Samuel* WONG

*Dennis* YEATES

### **Secretary**

*Anthea Lorraine* ROSE

### **Registered Office**

29 Lincoln's Inn Fields

London, WC2A 3EE

### **Independent Auditors**

Thomson Cooper & Co

18 Viewfield Terrace

Dunfermline, KY12 7JU

# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002**

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# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and accounts for the year ended 31 December 2002.

### Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 enable them to ensure that the accounts 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.

### Results and dividends

The results for the year are set out on page 4 of the accounts.

On 31 December 2002 a dividend of £186,965 was paid to the holders of 'A' ordinary shares.

### Principal activity and review of the business

The company is an investment holding company. The directors are advised by professional fund managers who administer the portfolio of stocks and shares. The directors are satisfied with the results for the year and consider the state of the company's affairs to be satisfactory.

In the course of normal management of the portfolio, losses on market value of £43,607 (2001: £327,006), computed by reference to the market value at the start of the year, were realised. Details of the movement in the market value of investments and year end costs are set out in note 7 to the accounts.

### Donations

During the year, the company made a donation of £375,000 to the Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

### Directors

The directors of the company during the year were:

*George Albert* AUGER (resigned 9 May 2002)

*Jonathan Michael* BECKERLEGGE

*Heather Jean* CAMERON

*David Andrew* DEFTY (resigned 9 May 2002)

*Peter David* FINCH

*Christopher Thomas* FORSTER (appointed 9 May 2002)

*Douglas John* KERR

*Aulous Fernando* MADDEN (resigned 9 May 2002)

*John Malcolm* SAMUELS (resigned 9 May 2002)

*Dennis Eric* TAYLOR

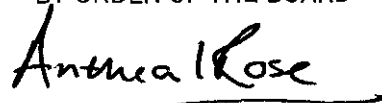
*Peter John* WINDATT (appointed 9 May 2002)

*Samuel* WONG

*Dennis* YEATES

No director has any interest in the shares of the company.

BY ORDER OF THE BOARD



A L Rose  
Secretary

13 February 2003

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Notes		
2 Turnover	704,481	427,198
Administrative expenses	(669,564)	(1,290,573)
3 Profit/(loss) on ordinary activities before taxation	34,917	(863,375)
4 Taxation	337	(11,033)
Profit/(loss) for the financial year	35,254	(874,408)
5 Dividend	(186,965)	(192,943)
Retained loss for the financial year	(151,711)	(1,067,351)

All amounts relate to continuing activities.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Profit/(loss) for the financial year	35,254	(874,408)
Unrealised surplus on revaluation of properties	13,819	—
Unrealised losses on investments	(2,180,166)	(1,203,477)
Total gains and losses recognised since last annual report	(2,131,093)	(2,077,885)

## NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Reported profit/(loss) on ordinary activities before taxation	34,917	(863,375)
Realisation of investment revaluation gains of previous years	97,414	1,225,850
Difference between a historical cost depreciation charge and the actual depreciation charge of the year based on the revalued amount	11,363	10,296
Historical cost profit on ordinary activities before taxation	143,694	372,771
Historical cost retained (loss)/profit for the financial year	(42,934)	168,795

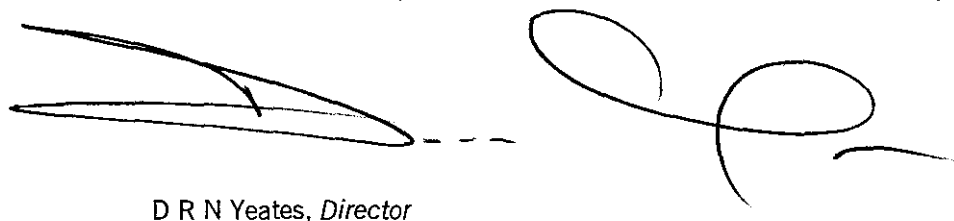
The notes on pages 6 to 11 form part of these accounts.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2002

	£	2002 £	2001 £
Notes			
<b>Fixed assets</b>			
6 Tangible assets		5,095,501	5,103,523
7 Investments		6,133,204	8,249,519
		<u>11,228,705</u>	<u>13,353,042</u>
<b>Current assets</b>			
8 Debtors	19,204		16,490
Cash at bank	7		—
	<u>19,211</u>		<u>16,490</u>
9 <b>Creditors:</b> amounts falling due within one year	(4,559,649)		(4,363,207)
<b>Net current liabilities</b>		(4,540,438)	(4,346,717)
<b>Net assets</b>		<u>6,688,267</u>	<u>9,006,325</u>
<b>Capital and reserves</b>			
10 Called up share capital		100	100
11 Revaluation reserve		2,023,827	4,287,588
13 Profit and loss account		4,664,340	4,718,637
12 Shareholders' funds – equity interests		<u>6,688,267</u>	<u>9,006,325</u>

The accounts were approved by the Board of Directors on 13 February 2003 and signed on its behalf by:



D R N Yeates, Director

The notes on pages 6 to 11 form part of these accounts.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 1 Accounting policies

#### (a) Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards. In accordance with the exemption available under Financial Reporting Standard 1, the company has not prepared a cash flow statement.

#### (b) Consolidation

Consolidated accounts are not prepared as the company is a wholly owned subsidiary of the Association of Chartered Certified Accountants, a body incorporated in the UK by Royal Charter.

#### (c) Turnover

Turnover is derived from the continuing principal activities of the company and is stated net of VAT.

#### (d) Tangible fixed assets and depreciation

Freehold properties are stated at current value as at the balance sheet date, ascertained by means of regular revaluations as appropriate. Other tangible fixed assets are stated at depreciated cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost or valuation of each asset on a straight-line basis over its expected useful life as follows:

- freehold property – over 50 to 100 years;
- furniture and office equipment – over 7 years;
- computer systems and equipment – over 4 years.

#### (e) Investments

The portfolio of quoted fixed asset investments, which is managed by professional fund managers, is held for the long-term and is stated at market value at the balance sheet date. Realised gains and losses are calculated by reference to carrying value and unrealised movements in value are taken to revaluation reserve.

#### (f) Operating leases

Rentals paid under operating leases are charged on a straight line basis over the term of the lease.

#### (g) Deferred taxation

Provision for deferred taxation is made in full on timing differences which result in an obligation to pay more tax at the balance sheet date. Deferred tax is not provided on timing differences arising from revaluations of fixed assets where there is no commitment to sell the asset.

	2002 £	2001 £
<b>2 Turnover</b>		
Income from investments	186,860	192,976
Rental income	561,228	561,228
Loss on sale of fixed asset investments	(43,607)	(327,006)
	<u>704,481</u>	<u>427,198</u>
<b>3 Profit/(loss) on ordinary activities before taxation</b>		
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	2,500	2,350
Depreciation	109,605	107,311
Exceptional item - donation to CAET (see note 15)	375,000	990,000
	<u>487,105</u>	<u>1,109,661</u>

The company has no employees other than the directors.  
None of the directors received any remuneration during the year.

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
<b>4 Taxation</b>		
Domestic current year tax		
UK Corporation tax	2,303	—
Adjustment in respect of prior years	(2,640)	11,033
	<u>(337)</u>	<u>11,033</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>34,917</u>	<u>(863,375)</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK Corporation tax of 19.2% (2001: 20%)	<u>6,704</u>	<u>(172,675)</u>
Effects of:		
Chargeable gain on sale of investments	18,319	199,754
Depreciation	21,045	21,266
Capital allowances	(7,912)	(9,970)
Adjustments in respect of prior years	(2,640)	11,033
Dividend income	(35,853)	(38,375)
	<u>(7,041)</u>	<u>183,708</u>
Current tax charge	<u>(337)</u>	<u>11,033</u>

In the course of normal management, the company sold equities during the year and substantially reinvested the proceeds in new stocks. The realised gains would have increased the charge to Corporation tax by £16,000. As a result of making a payment under *Gift Aid* (note 15), however, there is a reduced tax charge.

<b>5 Dividend</b>		
Paid on 'A' ordinary shares	<u>186,965</u>	<u>192,943</u>



# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 6 Tangible assets

	Freehold property £	Furniture and office equipment £	Computer systems and equipment £	Total £
<i>Cost or valuation</i>				
At 1 January 2002	5,000,000	166,205	132,364	5,298,569
Additions	87,764	—	—	87,764
Deficit on revaluation	(87,764)	—	—	(87,764)
At 31 December 2002	<u>5,000,000</u>	<u>166,205</u>	<u>132,364</u>	<u>5,298,569</u>
<i>Accumulated depreciation</i>				
At 1 January 2002	50,000	61,088	83,958	195,046
Charge for year	51,583	24,931	33,091	109,605
Eliminated on revaluation	(101,583)	—	—	(101,583)
At 31 December 2002	<u>—</u>	<u>86,019</u>	<u>117,049</u>	<u>203,068</u>
<i>Net book value</i>				
At 31 December 2002	<u>5,000,000</u>	<u>80,186</u>	<u>15,315</u>	<u>5,095,501</u>
At 31 December 2001	<u>4,950,000</u>	<u>105,117</u>	<u>48,406</u>	<u>5,103,523</u>

The freehold property was revalued at 31 December 2002, at open market value for existing use by Pyle Owen & Partners, an independent firm of consultant surveyors and property managers. This interim valuation is in line with the previous valuation. If the property was disposed of at its revalued amount, a tax charge of £178,000 would potentially arise. No provision has been made for deferred taxation because there is no commitment to dispose of the property at the balance sheet date.

Included in freehold property is land valued at £1,000,000, which is not depreciated.

	2002 £	2001 £
<b>Cost or valuation comprises freehold property stated at:</b>		
Cost	4,058,155	3,970,391
Valuation in 2000	—	1,029,609
Valuation in 2002	941,845	—
	<u>5,000,000</u>	<u>5,000,000</u>
<b>If stated at historical cost the comparable amounts for the total freehold property would be:</b>		
Cost	4,058,155	3,970,391
Accumulated depreciation	145,754	105,534
Net book value	<u>3,912,401</u>	<u>3,864,857</u>

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 7 Investments

	Related undertakings £	Quoted £	Total £
Cost or valuation at 1 January 2002	7	8,249,512	8,249,519
Additions	—	473,384	473,384
Disposals	—	(409,533)	(409,533)
Net unrealised investment losses	—	(2,180,166)	(2,180,166)
	<u>7</u>	<u>6,133,197</u>	<u>6,133,204</u>
Cost or valuation at 31 December 2002	<u>7</u>	<u>6,133,197</u>	<u>6,133,204</u>
Historical cost as at 31 December 2002	<u>7</u>	<u>5,218,628</u>	<u>5,218,635</u>

The quoted investments are listed on a recognised stock exchange. If the quoted investments were realised at this value a liability to Corporation tax of approximately £180,000 would potentially arise. No provision has been made for deferred taxation because there is no commitment to dispose of the quoted investments at the balance sheet date.

Details of the investment in the principal related undertaking is as follows:

	Country of registration	Beneficial holding	Nature of business
Certified Accountants Educational Projects Limited	England & Wales	Ordinary shares 50%	Provider of educational supplies and services

Its profit for the financial year ended 31 December 2002 was £14,359 and its accumulated losses at 31 December 2002 amounted to £1,940,731.

	2002 £	2001 £
<b>8 Debtors</b>		
Prepayments and other debtors	<u>19,204</u>	<u>16,490</u>
<b>9 Creditors: amounts falling due within one year</b>		
Trade creditors	—	646
Amounts due to ultimate parent	4,314,305	4,119,418
Other taxes and social security costs	216,112	219,236
Taxation	2,303	—
Accruals and deferred income	26,929	23,907
	<u>4,559,649</u>	<u>4,363,207</u>

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
<b>10 Called up share capital</b>		
<i>Authorised</i>		
500 'A' Ordinary shares of £1 each	500	500
500 'B' Ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid</i>		
50 'A' Ordinary shares of £1 each	50	50
50 'B' Ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Under the articles, the 'A' and 'B' shares carry identical rights in respect of voting and participation in a winding up. The company may, however, by ordinary resolution declare different rates of dividend for the two classes or may declare a dividend on one but not the other.

### 11 Revaluation reserve

	Property revaluation reserve £	Investment revaluation reserve £	Total revaluation reserve £
At 1 January 2002	1,095,439	3,192,149	4,287,588
Transfer of realised profits	—	(97,414)	(97,414)
Surplus on property revaluations	13,819	—	13,819
Deficit on investment revaluations	—	(2,180,166)	(2,180,166)
At 31 December 2002	<u>1,109,258</u>	<u>914,569</u>	<u>2,023,827</u>

	2002 £	2001 £
<b>12 Movements in shareholders' funds</b>		
Profit/(loss) for the financial year	35,254	(874,408)
Dividends	(186,965)	(192,943)
	<u>(151,711)</u>	<u>(1,067,351)</u>
Decrease in value of investments (note 7)	(2,180,166)	(1,203,477)
Increase in value of property	13,819	—
	<u>(2,318,058)</u>	<u>(2,270,828)</u>
Net reductions in shareholders' funds		
Opening shareholders' funds	9,006,325	11,277,153
Closing shareholders' funds	<u>6,688,267</u>	<u>9,006,325</u>

# CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 13 Reconciliation of shareholders' funds and movements on reserves

	Total Share Capital £	Profit & Loss Account £	Revaluation Reserve £	Shareholders' Funds £
At 1 January 2002	100	4,718,637	4,287,588	9,006,325
Transfer of realised profits	—	97,414	(97,414)	—
Loss for the year	—	(151,711)	—	(151,711)
Net deficit on revaluations	—	—	(2,166,347)	(2,166,347)
At 31 December 2002	<u>100</u>	<u>4,664,340</u>	<u>2,023,827</u>	<u>6,688,267</u>

2002 £	2001 £
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### 14 Commitments

Capital commitments were as follows:

Amounts contracted

—	—
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Amounts authorised but not contracted for

<u>29,000</u>	<u>40,000</u>
---------------	---------------

### 15 Related party transactions

During the year, the company made a donation of £375,000 (2001: £990,000) to the Certified Accountants Educational Trust, a charity whose corporate trustee is owned by the company's ultimate parent.

In accordance with the exemption available under Financial Reporting Standard 8, no disclosure has been made of transactions with the ultimate parent, the Association of Chartered Certified Accountants, or its subsidiary companies.

### 16 Ultimate parent undertaking

In the opinion of the directors, the company's parent undertaking and controlling party is the Association of Chartered Certified Accountants, a body incorporated in England and Wales by Royal Charter.

# **CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CERTIFIED ACCOUNTANTS INVESTMENT COMPANY LIMITED**

We have audited the accounts of Certified Accountants Investment Company Limited for the year ended 31 December 2002 which are set out on pages 4 to 11. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for preparing the accounts in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and UK Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Thomson Cooper & Co.**

*Chartered Certified Accountants and Registered Auditors, Dunfermline*

13 February 2003