

**HAMPTONS INTERNATIONAL MORTGAGES  
LIMITED**

**Report and Financial Statements**

**30 June 2003**



**REPORT AND FINANCIAL STATEMENTS 2003****CONTENTS**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

K Duffy  
R J C Paterson  
J Rodea  
S Smith  
C P Ralph ACA

**SECRETARY**

D J Errington ACA

**REGISTERED OFFICE**

7 Lower Sloane Street  
Chelsea  
London  
SW1W 8AH

**BANKERS**

The Royal Bank of Scotland  
2 Waterhouse Square  
138-142 Holborn  
London  
EC1N 2TH

**SOLICITORS**

Travers Smith Braithwaite  
10 Snow Hill  
London  
EC1A 2AL

**AUDITORS**

Deloitte & Touche LLP  
London

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

**ACTIVITIES**

The principal activity of the company is the arranging of mortgages and associated services.

**REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The directors believe that significant strides have been taken over the past 12 months. The business is now on a profitable footing and scheduled to place over £500million worth of mortgages over the next 12 months. Winning the Money Marketing "Mortgage Broker of the year" award has helped to secure loan products at the leading edge of the market.

**RESULTS AND DIVIDENDS**

The results of the company are shown in the profit and loss account on page 5. The directors have not paid or proposed a dividend during the year.

**DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out on page 1.

During the year R Paterson was appointed as a director on 8 January 2003, J May resigned on 30 September 2003 and J Priestley resigned on 11 December 2003.

During the year the share capital of the company was restructured, as detailed in Note 9 of the account.

The directors' interest in the shares of the company at 30 June 2003:

|                                 | <b>K Duffy</b> | <b>J May</b> | <b>J Rodea</b> | <b>S Smith</b> |
|---------------------------------|----------------|--------------|----------------|----------------|
| 'B' Ordinary shares of 25p each | 3,000          | 2,000        | -              | -              |
| 'C' Ordinary shares of 25p each | 2,800          | -            | 1,600          | 1,600          |
| 'D' Ordinary shares of 25p each | -              | 1,000        | -              | -              |

None of the directors held any further interests in the share capital of the company or any other group company than Hamptons Group Limited as at 30 June 2002. The directors' interests in the share capital of the ultimate parent company, Hamptons Group Limited, are disclosed in the financial statements of that company.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

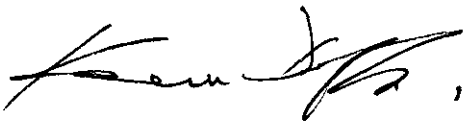
The company made charitable contributions of £2,295 (2002: nil) during the year.

The company made no political contributions during the year (2002: nil).

**DIRECTORS' REPORT (continued)****AUDITORS**

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed.

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

A handwritten signature in black ink, appearing to read 'K Duffy', with a stylized flourish at the end.

**K Duffy**  
Director

**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;
- *state whether applicable accounting standards have been followed; 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMPTONS INTERNATIONAL MORTGAGES LIMITED

We have audited the financial statements of Hamptons International Mortgages Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and related notes 1 to 15. 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 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 as at 30 June 2003 and of its loss 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  
London

28/4/4

**PROFIT AND LOSS ACCOUNT**  
**Year ended 30 June 2003**

|  | Note | 1 July 2002<br>to 30 June<br>2003<br>£'000 | 26 October 2001<br>to 30 June<br>2002<br>£'000 |
|--|------|--|--|
| <b>TURNOVER - continuing operations</b>                |      | 1,392                                      | 284  |
| Administrative expenses                                |      | (1,719)                                    | (651)  |
| <b>OPERATING LOSS - continuing operations</b>          | 2    | (327)                                      | (367)  |
| Interest receivable and similar income                 |      | 2  | -  |
| Interest payable and similar charges                   | 4    | (44)                                       | (12)   |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b> |      | (369)                                      | (379)  |
| Tax on loss on ordinary activities                     | 5    | 56   | 97   |
| <b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>            | 10   | (313)                                      | (282)  |

There are no recognised gains and losses for the current financial year or preceding financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

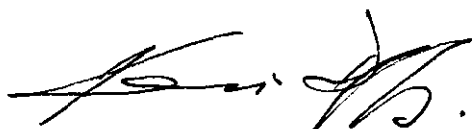


### BALANCE SHEET At 30 June 2003

|   | Note | 2003<br>£'000  | 2002<br>£'000 |
|---|------|----------------|---------------|
| <b>FIXED ASSETS</b>                                       |      |                |               |
| Tangible assets   | 6    | 121            | 74            |
| <b>CURRENT ASSETS</b>                                     |      |                |               |
| Debtors   | 7    | 342            | 183           |
| Cash at bank and in hand                                  |      | 146            | 23            |
|   |      | <u>488</u>     | <u>206</u>    |
| <b>CREDITORS: AMOUNTS FALLING DUE<br/>WITHIN ONE YEAR</b> | 8    | <u>(1,197)</u> | <u>(562)</u>  |
| <b>NET CURRENT LIABILITIES</b>                            |      | <u>(709)</u>   | <u>(356)</u>  |
| <b>TOTAL NET LIABILITIES</b>                              |      | <u>(588)</u>   | <u>(282)</u>  |
| <b>CAPITAL AND RESERVES</b>                               |      |                |               |
| Called up share capital                                   | 9    | 7              | -             |
| Profit and loss account                                   | 10   | <u>(595)</u>   | <u>(282)</u>  |
| <b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>                 | 10   | <u>(588)</u>   | <u>(282)</u>  |

These financial statements were approved by the Board of Directors on 19 April 2004

Signed on behalf of the Board of Directors



**K Duffy**  
Director



**C P Ralph**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Turnover

Turnover arises wholly in the UK from the company's principal activity and comprises fee income and commissions receivable.

#### Tangible fixed assets

Depreciation is provided on a straight-line basis to write-off each asset, less any estimated residual value, in full over its estimated useful economic life. The rates of depreciation are as follows:

|                                  |            |
|----------------------------------|------------|
| Fixtures, fittings and equipment | 10% to 33% |
| Computer equipment               | 33% to 50% |
| Refurbishment                    | 40%        |

#### Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on the current tax rates and law. Timing differences arise from the inclusion of items in the income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Pension costs

The pension cost represents the contributions payable to the individuals' personal pension schemes in respect of the accounting period.

### 2. OPERATING LOSS

|   | 1 July 2002<br>to 30 June<br>2003<br>£'000 | 26 October 2001<br>to 30 June<br>2002<br>£'000 |
|---|--|--|
| Operating loss is stated after charging:                |  |  |
| Depreciation  | 50   | 13   |
| Auditors' remuneration - audit fee                      | 6  | 6  |
| Rentals under operating leases - other operating leases | 88   | -  |
|   | <hr/>                                      | <hr/>  |

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

| 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES | 1 July 2002<br>to 30 June<br>2003<br>£'000 | 26 October 2001<br>to 30 June<br>2002<br>£'000 |
|--|--|--|
| Directors' emoluments                            |  |  |
| Salary and taxable benefits                      | 245  | 168  |
| Consultancy fees                                 | 50   | 58   |
|  | <u>295</u>                                 | <u>226</u>                                     |

Messrs R J C Paterson and C P Ralph are remunerated by Hamptons Group Limited. It is not practicable to allocate this remuneration between their services as executives of this company and other group companies.

|                        |           |           |
|------------------------|-----------|-----------|
| Highest paid director: | £'000     | £'000     |
| Emoluments             | <u>90</u> | <u>72</u> |

Retirement benefits accrued to no directors under the group's defined contribution pension scheme (2002: nil directors).

|  |              |            |
|--|--------------|------------|
| Employees  | No.          | No.        |
| Average number of persons employed by the company in the period                                  | <u>19</u>    | <u>8</u>   |
| Staff costs (including directors) incurred during the period in respect of these employees were: | £'000        | £'000      |
| Wages and salaries   | 904          | 305        |
| Social security costs  | 92           | 31         |
| Pension costs  | 48           | 14         |
|  | <u>1,044</u> | <u>350</u> |

| 4. INTEREST PAYABLE AND SIMILAR CHARGES         | 1 July 2002<br>to 30 June<br>2003<br>£'000 | 26 October 2001<br>to 30 June<br>2002<br>£'000 |
|---|--|--|
| Bank interest                                   | -  | 1  |
| Interest on loans from other group undertakings | 44   | 11   |
|   | <u>44</u>                                  | <u>12</u>                                      |

### NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2003

#### 5. TAX ON LOSS ON ORDINARY ACTIVITIES

|   | 1 July 2002<br>to 30 June<br>2003<br>£'000 | 26 October 2001<br>to 30 June<br>2002<br>£'000 |
|---|--|--|
| UK corporation tax credit for the period  | (13)                                       | (97)   |
| Deferred taxation                         | (43)                                       | -  |
| <b>Tax on loss on ordinary activities</b> | <b>(56)</b>                                | <b>(97)</b>                                    |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax credit is lower due to non-deductible items, short-term timing differences and the utilisation of tax losses.

|  | £'000        | £'000        |
|--|--------------|--------------|
| Loss on ordinary activities before tax                                   | (369)        | (379)        |
| <b>Loss on ordinary activities at standard rate of tax</b>               | <b>(111)</b> | <b>(114)</b> |
| Non-deductible expenditure and movement in short-term timing differences | 26           | 17           |
| Utilisation of tax losses  | 68           | -            |
| Depreciation in excess of capital allowances                             | 4            | -            |
| <b>Corporation tax credit for the year</b>                               | <b>(13)</b>  | <b>(97)</b>  |

#### 6. TANGIBLE FIXED ASSETS

|                                 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Property<br>refurbishments<br>£'000 | Computer<br>equipment<br>£'000 | Total<br>£'000 |
|---------------------------------|---|-------------------------------------|--------------------------------|----------------|
| <b>Cost</b>                     |   |                                     |                                |                |
| At 1 July 2002                  | 12  | -                                   | 75                             | 87             |
| Additions                       | 33  | 24                                  | 40                             | 97             |
| <b>At 30 June 2003</b>          | <b>45</b>                                       | <b>24</b>                           | <b>115</b>                     | <b>184</b>     |
| <b>Accumulated depreciation</b> |   |                                     |                                |                |
| At 1 July 2002                  | 2   | -                                   | 11                             | 13             |
| Charge for the year             | 11  | 7                                   | 32                             | 50             |
| <b>At 30 June 2003</b>          | <b>13</b>                                       | <b>7</b>                            | <b>43</b>                      | <b>63</b>      |
| <b>Net book value</b>           |   |                                     |                                |                |
| <b>At 30 June 2003</b>          | <b>32</b>                                       | <b>17</b>                           | <b>72</b>                      | <b>121</b>     |
| <b>At 30 June 2002</b>          | <b>10</b>                                       | <b>-</b>                            | <b>64</b>                      | <b>74</b>      |

### NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2003

| 7. | DEBTORS   | 2003<br>£'000 | 2002<br>£'000 |
|----|---|---------------|---------------|
|    | Trade debtors   | 259           | 65            |
|    | Prepayments   | 40            | 5             |
|    | Corporation tax debtor  | 43            | -             |
|    | Other debtors   | -             | 31            |
|    | Accrued income  | -             | 82            |
|    |   | <u>342</u>    | <u>183</u>    |
| 8. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR                            | 2003<br>£'000 | 2002<br>£'000 |
|    | Trade creditors   | 16            | -             |
|    | Amounts owed to group undertakings  | 890           | 439           |
|    | Other tax and social security   | 32            | 18            |
|    | Other creditors   | 6             | -             |
|    | Accruals  | 253           | 105           |
|    |   | <u>1,197</u>  | <u>562</u>    |
| 9. | CALLED UP SHARE CAPITAL   | 2003<br>£     | 2002<br>£     |
|    | <b>Authorised</b>   |               |               |
|    | 338,968 'A' Ordinary shares of £0.01 (2002: 100 ordinary shares of £1.00) | 3,390         | 100           |
|    | 5,000 'B' Ordinary shares of £0.25 (2002: nil shares)                     | 1,250         | -             |
|    | 9,000 'C' Ordinary shares of £0.25 (2002: nil shares)                     | 2,250         | -             |
|    | 1,000 'D' Ordinary shares of £0.25 (2002: nil shares)                     | 250           | -             |
|    | 5,000 'E' Ordinary shares of £0.01 (2002: nil shares)                     | 50            | -             |
|    |   | <u>7,190</u>  | <u>100</u>    |
|    |   | £             | £             |
|    | <b>Called up, allotted and fully paid</b>                                 |               |               |
|    | 338,968 'A' Ordinary shares of £0.01 (2002: 1 share of £1.00)             | 3,390         | 1             |
|    | 5,000 'B' Ordinary shares of £0.25 (2002: nil shares)                     | 1,250         | -             |
|    | 9,000 'C' Ordinary shares of £0.25 (2002: nil shares)                     | 2,250         | -             |
|    | 1,000 'D' Ordinary shares of £0.25 (2002: nil shares)                     | 250           | -             |
|    |   | <u>7,140</u>  | <u>1</u>      |

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2003

#### 9. CALLED UP SHARE CAPITAL (continued)

On 3 September 2002 the share capital of the company was restructured. The original 100 ordinary shares of £1.00 each were sub-divided to constitute 10,000 A ordinary shares of 1p each.

The authorised share capital of the company was increased from £100 to £7,189.68 by the creation of 328,968 A ordinary shares, 5,000 B ordinary shares of 25p each, 9,000 C ordinary shares of 25p each, 1,000 D ordinary shares of 25p each and 5,000 E ordinary shares of 1p each.

The shares of the company held the following rights.

##### Dividend Rights

Of the amount to be distributed to ordinary shareholders, B ordinary shares shall receive in aggregate 5% and D ordinary shares in aggregate 1%. The balance shall be divided amongst the A, C and E ordinary shareholders *pari passu*, according to the number of such shares held by such holder.

##### Return of Capital Rights

On a return of capital on liquidation or otherwise, the surplus assets of the company remaining after the payment of its liabilities shall be distributed amongst the ordinary shareholders as per the dividend rights.

##### Voting Rights

On a show of hands, every shareholder who is present in person or by proxy shall have one vote.

On a poll, every shareholder who is present in person or by proxy shall have one vote for each ordinary share of which he is the holder.

#### 10. COMBINED STATEMENTS OF MOVEMENTS ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

|                               | Share<br>capital<br>£'000 | Profit<br>and loss<br>account<br>£'000 | 2003<br>Total<br>£'000 | 2002<br>Total<br>£'000 |
|-------------------------------|---------------------------|--|------------------------|------------------------|
| Balance at beginning of year  | -                         | (282)                                  | (282)                  | -                      |
| New shares issued             | 7                         | -                                      | 7                      | -                      |
| Retained loss for the year    | -                         | (313)                                  | (313)                  | (282)                  |
| <b>Balance at end of year</b> | <b>7</b>                  | <b>(595)</b>                           | <b>(588)</b>           | <b>(282)</b>           |

#### 11. CASH FLOW STATEMENT

The ultimate parent company, Hamptons Group Limited, has prepared a consolidated cash flow statement in accordance with Financial Reporting Standard No. 1, thus exempting the company from the requirement to prepare a cash flow statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 June 2003****12. OPERATING LEASE COMMITMENTS**

At 30 June 2003 the group was committed to making the following payments during the next year in respect of operating leases:

|                            | <b>Land and<br/>buildings<br/>£'000</b> | <b>Other<br/>£'000</b> |
|----------------------------|---|------------------------|
| Leases which expire:       |   |                        |
| - within one year          | -                                       | -                      |
| - within two to five years | 88                                      | -                      |
| - after five years         | -                                       | -                      |
|                            | <hr/>                                   | <hr/>                  |
|                            | 88                                      | -                      |
|                            | <hr/>                                   | <hr/>                  |

**13. PENSION COSTS**

The pension cost charge for the year represents contributions payable by the company to private schemes of £48,000. The amount due to private schemes of £48,000 (2002: £14,000) for the year all remains outstanding at the period end.

**14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 from the requirement to disclose related party transactions within the group.

**15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The immediate and ultimate parent company and controlling party is Hamptons Group Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the audited financial statements of Hamptons Group Limited, which include the results of this company, can be obtained from their registered office at 7 Lower Sloane Street, London, SW1W 8AH.