

---

**BROOKE RESEARCH LIMITED**

---

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**28 FEBRUARY 2003**



## **BROOKE RESEARCH LIMITED**

---

### **COMPANY INFORMATION**

---

<b>DIRECTOR</b>	R Z Brooke
<b>SECRETARY</b>	Mrs H C Kimball-Brooke
<b>COMPANY NUMBER</b>	2765319
<b>REGISTERED OFFICE</b>	35 Castlebar Road London W5 2DJ
<b>AUDITORS</b>	Jones Fisher Downes Accountants and Registered Auditors Corner House 21 Coombe Road London W4 2HR

**CONTENTS**

---

	Page
<b>Director's report</b>	1
<b>Auditors' report</b>	2
<b>Profit and loss account</b>	3
<b>Balance sheet</b>	4
<b>Cash flow statement</b>	5
<b>Notes to the financial statements</b>	6 – 11

**DIRECTOR'S REPORT**

For the year ended 28 February 2003

---

The director presents his report and the financial statements for the year ended 28 February 2003.

**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;
- 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 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 ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company continues to be that of financial market research and the provision of investment advice and translation.

The results for the year are set out on page 3 and the director considers these to be very satisfactory.

The profit for the year, after taxation, amounted to £117,294 (2002 - £118,365) .

The director does not recommend the payment of a dividend.

**DIRECTOR**

The director who served during the year and his beneficial interest in the company's issued share capital was:

	Ordinary shares of £1 each	
	<u>2003</u>	<u>2002</u>
R Z Brooke	15,000	15,000

Of the above, Mrs H Kimball-Brooke, the director's wife owns 7,500 shares.

**AUDITORS**

The auditors, Jones Fisher Downes, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 22 May 2003 and signed on its behalf.



**R Z Brooke**  
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BROOKE RESEARCH LIMITED**

---

We have audited the financial statements of Brooke Research Limited for the year ended 28 February 2003 set out on pages 3 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 auditor's 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 Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you if, in our opinion, the Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 director 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 28 February 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Jones Fisher Downes**

27/5/03

Accountants and Registered Auditors

Corner House  
21 Coombe Road  
London  
W4 2HR

**BROOKE RESEARCH LIMITED**

---

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 28 February 2003**

---

	Note	2003 £	2002 £
<b>TURNOVER</b>	1, 2	<b>160,156</b>	<b>150,284</b>
Administrative expenses		<u>(39,133)</u>	<u>(23,143)</u>
<b>OPERATING PROFIT</b>	3	<b>121,023</b>	<b>127,141</b>
Income from fixed asset investments		-	-
Income from current asset investments		<b>16,853</b>	<b>12,482</b>
Profit on disposal of investments		<b>2,118</b>	<b>1,029</b>
Interest receivable		<u><b>2,836</b></u>	<u><b>5,038</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>142,830</b>	<b>145,690</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<u><b>(25,536)</b></u>	<u><b>(27,325)</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>117,294</b>	<b>118,365</b>
<b>DIVIDENDS</b> - On equity shares		<u><b>(135,250)</b></u>	<u><b>(146,400)</b></u>
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<b>(17,956)</b>	<b>(28,035)</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<u><b>117,772</b></u>	<u><b>145,807</b></u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>£ 99,816</b></u>	<u><b>£ 117,772</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

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

**BROOKE RESEARCH LIMITED**

**BALANCE SHEET**  
As at 28 February 2003

	Note	£	2003	£	£	2002	£
<b>FIXED ASSETS</b>							
Tangible fixed assets	7			4,610		6,146	
Investments	8			1		1	
				<u>4,611</u>		<u>6,147</u>	
<b>CURRENT ASSETS</b>							
Debtors	9	7,140			3,164		
Investments	10	105,630			100,640		
Cash at bank		32,085			60,669		
		<u>144,855</u>			<u>164,473</u>		
<b>CREDITORS:</b> amounts falling due within one year	11	(34,650)			(37,848)		
<b>NET CURRENT ASSETS</b>				<u>110,205</u>		<u>126,625</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>£ 114,816</u>		<u>£ 132,772</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	12			15,000		15,000	
Profit and loss account				99,816		117,772	
<b>SHAREHOLDERS' FUNDS - All Equity</b>	13			<u>£ 114,816</u>		<u>£ 132,772</u>	

The financial statements were approved by the board on 22 May 2003 and signed on its behalf.



**R Z Brooke**  
Director

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

**BROOKE RESEARCH LIMITED**

---

**CASH FLOW STATEMENT**  
**For the year ended 28 February 2003**

---

	Note	2003 £	2002 £
Net cash flow from operating activities	14	129,687	128,680
Returns on investments and servicing of finance	15	19,689	17,520
Taxation		(27,347)	(43,407)
Capital expenditure and financial investment	15	-	(395)
Equity dividends paid		(135,250)	(146,400)
		<hr/>	<hr/>
<b>CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES</b>		<b>(13,221)</b>	<b>(44,002)</b>
Management of liquid resources	15	(2,736)	(99,611)
		<hr/>	<hr/>
<b>DECREASE IN CASH IN THE YEAR</b>		<b><u>£ (15,957)</u></b>	<b><u>£ (143,613)</u></b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 16)**  
**For the year ended 28 February 2003**

---

	2003 £	2002 £
Decrease in cash in the year	(15,957)	(143,613)
Cash outflow from decrease in liquid resources	2,736	99,611
		<hr/>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(13,221)</b>	<b>(44,002)</b>
Net funds at 1 March 2002	142,889	186,891
		<hr/>
<b>NET FUNDS AT 28 FEBRUARY 2003</b>	<b><u>£ 129,668</u></b>	<b><u>£ 142,889</u></b>

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 28 February 2003**

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment	-	25% reducing balance
------------------	---	----------------------

**1.4 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.6 Deferred Taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. TURNOVER**

The whole of the turnover is attributable to the company's principal activity.

A geographical analysis of turnover is as follows:

	2003	2002
	£	£
United Kingdom	45,800	50,000
Rest of Europe	78,696	86,784
Rest of the World	35,660	13,500
	<hr/>	<hr/>
	<b>£ 160,156</b>	<b>£ 150,284</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 28 February 2003**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	1,536	2,048
Auditors' remuneration	2,450	1,950
Auditors' remuneration - non-audit	1,050	1,000
Difference on foreign exchange	(432)	1,249
Bad debts	212	(13,500)
	<u>212</u>	<u>(13,500)</u>

**4. STAFF COSTS**

Staff costs, including director's remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	5,400	5,400
Other pension costs	7,794	5,406
	<u>£ 13,194</u>	<u>£ 10,806</u>

The average monthly number of employees, including the director, during the year was as follows:

	2003	2002
Management and administration	<u>2</u>	<u>2</u>

**5. DIRECTOR'S REMUNERATION**

	2003 £	2002 £
Emoluments	<u>£ 2,700</u>	<u>£ 2,700</u>
Company pension contributions to money purchase pension schemes	<u>£ 3,600</u>	<u>£ 2,802</u>

**6. TAXATION**

	2003 £	2002 £
<b>Analysis of tax charge in year</b>		
UK corporation tax on profits of the year	25,536	27,347
Adjustments in respect of prior periods	-	(22)
	<u>25,536</u>	<u>27,325</u>
<b>Tax on profit on ordinary activities</b>	<u>£ 25,536</u>	<u>£ 27,325</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 28 February 2003

**Factors affecting tax charge for year**

The tax assessed for the year is lower than the relevant standard rate of corporation tax in the UK (19.08%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>142,830</u>	<u>145,690</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19.08% (2002 - 20%)	27,259	29,138
<b>Effects of:</b>		
Expenses not deductible for tax purposes	232	887
Capital allowances for period less than depreciation	93	(226)
Adjustments to tax charge in respect of prior periods	-	22
Investment income received net of tax	(3,216)	(2,496)
Over provision in current accounts	1,168	-
	<u>25,536</u>	<u>27,325</u>
<b>Current tax charge for year</b> (see note above)	<u>£ 25,536</u>	<u>£ 27,325</u>

There were no factors that may affect future tax charges.

**7. TANGIBLE FIXED ASSETS**

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 March 2002 and 28 February 2003	<u>28,775</u>
<b>Depreciation</b>	
At 1 March 2002	22,629
Charge for the year	1,536
	<u>24,165</u>
At 28 February 2003	<u>24,165</u>
<b>Net book value</b>	
At 28 February 2003	<u>£ 4,610</u>
At 28 February 2002	<u>£ 6,146</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 28 February 2003**

**8. FIXED ASSET INVESTMENTS**

	Unlisted invest- ments £	Total  £
<b>Cost</b>		
At 1 March 2002 and 28 February 2003	£ <u>1</u>	£ <u>1</u>

**9. DEBTORS**

	2003 £	2002 £
<b>Due within one year</b>		
Trade debtors	£ <u>7,140</u>	£ <u>3,164</u>

**10. CURRENT ASSET INVESTMENTS**

	2003 £	2002 £
Listed investments	97,583	82,220
Unlisted investments	8,047	18,420
	£ <u>105,630</u>	£ <u>100,640</u>

**Listed investments**

The market value of the listed investments at 28 February 2003 was £113,297 (2002 - £85,589) .

**11. CREDITORS:**  
**Amounts falling due within one year**

	2003 £	2002 £
Corporation tax	25,536	27,347
VAT	2,658	5,951
Other creditors - Director's loan account	4,494	2,600
Accruals	1,962	1,950
	£ <u>34,650</u>	£ <u>37,848</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 28 February 2003**

**12. SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>
<b>Allotted, called up and fully paid</b>		
15,000 Ordinary shares of £1 each	<u>£ 15,000</u>	<u>£ 15,000</u>

**13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Profit for the year	117,294	118,365
Dividends	(135,250)	(146,400)
	<u>(17,956)</u>	<u>(28,035)</u>
Opening shareholders' funds	<u>132,772</u>	<u>160,807</u>
Closing shareholders' funds	<u>£ 114,816</u>	<u>£ 132,772</u>

**14. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2003 £	2002 £
Operating profit	121,023	127,141
Depreciation of tangible fixed assets	1,536	2,048
Loss on disposal of tangible fixed assets	-	122
(Increase)/decrease in debtors	(3,976)	12,463
(Decrease)/increase in creditors	(1,387)	4,297
Profit / (loss) on disposal of investments	2,118	1,029
(Increase) / decrease in unlisted investments	10,373	(18,420)
<b>NET CASH INFLOW FROM OPERATIONS</b>	<u>£ 129,687</u>	<u>£ 128,680</u>

**15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2003 £	2002 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	2,836	5,038
Dividends received	16,853	12,482
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<u>£ 19,689</u>	<u>£ 17,520</u>

**BROOKE RESEARCH LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 28 February 2003**

	2003 £	2002 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	-	(1,904)
Sale of tangible fixed assets	-	1,509
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>	<b>£ 0</b>	<b>£ (395)</b>

**MANAGEMENT OF LIQUID RESOURCES**

Purchase of short-term listed investments	(15,363)	(82,220)
Purchase of short-term unlisted investments	-	(23,538)
Disposal of short-term unlisted investments	12,627	6,147
	<b>£ (2,736)</b>	<b>£ (99,611)</b>

**16. ANALYSIS OF CHANGES IN NET DEBT**

	1 March 2002 £	Cash flow £	Other non-cash changes £	28 February 2003 £
Cash at bank and in hand:	60,669	(28,584)	-	32,085
Current asset investments	82,220	15,363	-	97,583
<b>NET FUNDS</b>	<b>£ 142,889</b>	<b>£ (13,221)</b>	<b>£ -</b>	<b>£ 129,668</b>

**17. CONTROLLING PARTY**

The controlling parties are Mr and Mrs R Z Brooke, by virtue of their ownership of 100% of the issued ordinary share capital of the company.