Monserat Properties Limited

Directors' report and financial statements

Registered number 4130995

For the year ended 30 May 2004

Contents

Directors' report

The directors present their annual report and the financial statements for the year ended 30 May 2004.

Principal activity

The principal activity of the company is that of land development and will continue to be so in the future.

Business review

The results for the year are set out in the profit and loss account on page 3.

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period and their beneficial interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	30 May 2004	30 May 2003
R ul-Haq	**67**	67
J Burton	**33**	33
	100	100

Approved by the board of directors on 24 March 2005 and signed on its behalf by:

R ul-Haq
Director

2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

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 state of affairs of the company and of the profit or loss for that year. 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Profit and loss account

for the year ended 30 May 2004

	Note	2004 £	2003 £
Cost of sales		(4,000)	(4,000)
Gross loss		(4,000)	(4,000)
Administrative expenses		(17,477)	(35,900)
Operating loss		(21,477)	(39,900)
Interest payable and similar charges	4	(4,627)	(1,952)
Loss on ordinary activities before taxation	2	(26,104)	(41,852)
Tax on loss on ordinary activities	5	-	-
Result for the financial year	12	(26,104)	(41,852)

All results relate to continuing operations.

The company has no recognised gains or losses in the current year or prior period other than the results shown in the profit and loss account.

Balance sheet
at 30 May 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	6		44		476
Current assets					
Debtors	7	70,012		29,949	
Creditors: Amounts falling due within one year	8	(63,569)		(44,434)	
Net current assets/(liabilities)			6,443		(14,485)
Total assets less current liabilities			6,487		(14,009)
Creditors: Amounts falling due after more than one year	9		(15,300)		(8,700)
Net liabilities			(8,813)		(22,709)
Capital and reserves					
Called up share capital	10		100		100
Share premium account	11		107,001		107,001
Profit and loss account	11		(155,914)		(129,810)
Shares to be issued			40,000		-
Equity shareholders' funds	12		(8,813)		(22,709)

For the year ended 30 May 2004, the company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its financial statements audited.

No notice has been deposited under subsection (2) of section 249B(2) of that Act requiring an audit in relation to the company's financial statements for that financial period.

The directors acknowledge their responsibilities for:

(i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and

(ii) preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of the Companies Act 1985 and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable, to the company.

These financial statements were approved by the board of directors on 24. March 2005 and were signed on its behalf by:

R ul-Haq
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards, under the historical cost accounting rules and on a going concern basis which assumes the company will continue to trade. The directors have indicated their intention to continue to provide sufficient financial support to assist the company's continued development. Were this not the case, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Tangible fixed assets and depreciation

Depreciation is calculated at rates to write off the cost less the estimated residual value of tangible fixed assets over their useful lives as follows:

Office equipment - 3 years

Land option costs

Land option costs are written off as incurred.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

2 Loss on ordinary activities before taxation

	2004	2003
	£	£
Loss on ordinary activities before taxation is stated		
after charging		
Depreciation on owned assets	**432**	432

3 Staff numbers and costs

The only employees of the company are the directors who received no remuneration during the year.

Notes *(continued)*

4 Interest payable and similar charges

	2004	2003
	£	£
Bank interest	**1,138**	384
Loan interest	**3,489**	1,568
	4,627	1,952

5 Tax on loss on ordinary activities

(i) Analysis of charge for the year

	2004	2003
	£	£
UK corporation tax		
Current tax on income for the year	-	-

(ii) Factors affecting the tax charge for the current year

The current tax charge is lower *(2003: lower)* than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004	2003
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(26,104)**	(41,852)
Current tax at 30% *(2003: 30%)*	**(7,831)**	(12,556)
Effects of:		
Losses for the period not relieved	**4,898**	7,716
Expenses not qualifying for tax purposes	**1,415**	4,142
Increase in general provisions	**1,388**	585
Depreciation in excess of capital allowances	**130**	113
Total current tax charge	-	-

(iii) Factors that may affect future tax charges

The company has unrelieved corporation tax trading losses of approximately £60,324 *(2003: £43,997)* available for offset against future trading profits. No deferred tax asset has been recognised in respect of these losses.

Notes *(continued)*

6 Tangible fixed assets

	Office equipment
	£
Cost	
At beginning and end of year	1,297
Depreciation	
At beginning of year	821
Charge for year	432
At end of year	1,253
Net book value	
At 30 May 2004	**44**
At 30 May 2003	476

7 Debtors

	2004	2003
	£	£
Other debtors	**69,824**	29,599
Prepayments	**188**	350
	70,012	29,949

8 Creditors: Amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	**14,841**	8,539
Director's loan accounts (see note 13)	**28,797**	17,514
Other creditors (see note 13)	**11,000**	11,000
Accruals	**8,931**	7,381
	63,569	44,434

Notes *(continued)*

9 Creditors: amounts falling due after one year

	2004 £	2003 £
Directors' loan account (see note 13)	**5,300**	8,700
Other creditors (see note 13)	**10,000**	-
	15,300	8,700

10 Called up share capital

	2004 £	2003 £
Authorised:		
Ordinary shares of £1 each	**100**	100
Allotted and called up:		
Ordinary shares of £1 each	**100**	100

11 Share premium and reserves

	Share premium £	Profit and loss account £
At beginning of year	107,001	(129,810)
Retained loss for the year	-	(26,104)
At end of year	**107,001**	**(155,914)**

12 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Loss for the year	**(26,104)**	(41,852)
Shares to be issued	**40,000**	-
Net addition to/(reduction in) shareholders' funds	**13,896**	(41,852)
Opening shareholders' funds	**(22,709)**	19,143
Closing shareholders' funds	**(8,813)**	(22,709)

Notes *(continued)*

13 Related party transactions

On 6 June 2002 Mrs LS Haq provided the company with a loan of £11,000. The loan is repayable within seven years and interest is charged at 9.9% per annum.

During the year, Mrs LS Haq provided the company with additional loans of £10,000. The loans are repayable in five years and no interest is being charged.

Mr J Burton, director, provided a loan to the company which is repayable over five years at £450 per month. The total balance outstanding at the year end was £8,700 *(2003: £14,100).*

Dr R ul-Haq, director, has provided the company with funds which are repayable within five years and no interest is being charged. The total balance outstanding at the year end was £25,397 *(2003: £14,114).*

14 Ultimate controlling party

The ultimate controlling party is Dr R ul-Haq, director.