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12 December 2002

Reference: Xmas 2002.doc

Annual Report 2002

We hope that this report to Christmas correspondents finds our readers fit and healthy and looking forward to the digestive exertions of the coming few days. 2002 has been another eventful year here in the 23 Springwell organisation and the outlook for 2003 is that this trend will continue.

Revenue and Earnings

2002 saw a markedly different pattern in revenues to that of previous years. After many years of dedicated and sustained effort in the utility sectors our joint Chairman, after discussions with the 23 Springwell board and his previous employers, decided to accept a new position in the 23 Springwell organisation, that of Chief Househusband with effect from the beginning of the year. In recognition of his sustained contributions, the previous employers injected a substantial amount of cash into the 23 Springwell organisation for the purchase of goodwill and this resulted in a significant increase in revenues over previous years. Trading conditions, however, have worsened in recent times and it may be difficult to sustain this position in 2003.

Operations

There have been no operations during the year. All members of the 23 Springwell organisation remain fit and healthy, though some concerns did arise mid-year during the exam season, when the Director of Fashion and Going Out succumbed to glandular fever. This was a difficult period for the organisation and required prolonged negotiations with our medical services and educational qualifications suppliers. It is pleasing to report a satisfactory outcome was obtained. The educational qualification supplier gave special consideration to the director's efforts in several areas with the result that the director's performance was rated either A or A*, in all areas with the majority at the superior A* level.

Business Operations

The organisation has successfully continued to pursue the trend-setting strategy laid down three years ago by the Chief Executive and joint Chairwoman. Pursuit of this strategy, which successfully anticipated the growth in the area exemplified by Miss Beeny and Channel Four, saw the acquisition of a third property in the local rental market in September and, at the time of writing, negotiations are well advanced on a fourth. This growth has been achieved in the face of increased competition and some awkward sellers. In a recent review, the board amended its strategy and, anticipating a change in prices in 2003, confirmed that it was unwilling to buy market share at any price. As a result of the review the board is also pleased to announce a new joint venture with the Gibson organisation. Based on B&Q ProLine/Screwfix technology, the new venture will involve the rapid acquisition, refurbishment and resale of housing units.

Achievements

The Deputy Director of Fashion and Going Out achieved success in several sporting arenas and was selected to play for the North East Counties in the first ever National Championships for Water Polo at 13 years and under level, held at Manchester Aquatics Centre in November. One of only a handful of female competitors, the Deputy Director acquitted herself well, turning in some excellent performances and earning high praise from the team manager. Other achievements include the Chief Executive's self control in continuing to get up and go to work each day, the joint Chairman's cutting of the beech hedges not once, but twice, over the summer season and the Director of F and GO's academic achievements.

Our Staff

Our people are our greatest assets but, regrettably, it was necessary to downsize our organisation during 2002. The cleaner (aged 66) took a belated early retirement and the childminding business processes were re-

engineered out of existence as a result of chronological advances by the Director and Deputy Directors of Fashion and Going Out. Some re-adjustment of activities and standards has been necessary, particularly in the area of household cleanliness, and a number of ongoing issues continue to be addressed by the board's Remuneration Committee in respect of the junior Directors' Executive Incentive and Share Options Schemes.

Outlook for 2003

Despite the anticipated reduction in earnings in 2003, the board remains confident of the organisation's prospects for 2003. Early indications of success will be identified through the efforts of the junior Directors in the Year 9 SATs and the first modules of AS Level. In addition to the new venture with the Gibson organisation, the Joint Chairman is looking to develop activities in the independent consulting sector, where data rationalisation and analysis for a leading sports science organisation has provided a recent initial introduction. The Chief Executive will continue to monitor trends in the educational sector, where there has proved to be a high negative correlation between announcements of government initiatives and the CE's projected early retirement date.

Conclusion

2002 has proved to be a year of significant change, but the 23 Springwell organisation has weathered this well and is good shape to meet the challenges of the future. On behalf of my fellow directors, I hope that you and your organisation are in equally good spirit and I extend the compliments of the season to you and offer my sincere best wishes for 2003.

David Mear



Joint Chairman

The 23 Springwell Organisation