

CASTLEMIST FINANCES LTDDIRECTOR'S REPORT FOR THE YEAR TO 14TH MARCH 2002.

The directors submit their report as required by Section 235 of the Companies Act 1985.

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true & fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those financial statements the directors are required to:

- a. Select suitable accounting policies and then apply them consistently;
- b. Make judgements and estimates that are reasonable and prudent;
- c. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- d. State whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping proper accounting record which disclose with reasonable accuracy at any time the financial position of the company and to enable them that the financial statements 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.

2. PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES

The principle activities throughout the year is that of property developments and investments. No significant changes were reported in the accounts for the year.

3. The directors and their shareholdings at the beginning and end of the year were:

Peter Coleman	1 Ordinary Shares of £1 each
Tamar Coleman	1 Ordinary Shares of £1 each

4. AUDITORS

A. J. Shah & Company have indicated their willingness to continue in office and in accordance with section 385 of the Companies Act a resolution concerning the re-appointment and remuneration of auditors is to be proposed at the forthcoming Annual General Meeting.

The director's report is prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.



Peter Coleman
DIRECTOR

Registered Address:

8 Pinner View
Harrow, Middlesex
HA1 4QA.

Date 28th Aug 2002



CASTLEMIST FINANCE LTD.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED
14TH MARCH 2002

We have audited the financial statements of Castlemist Finance Ltd for the year ended 14th March 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities, the company's directors are 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 Audit 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 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 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 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 at 14th March 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHARTERED ACCOUNTANTS AND
REGISTERED AUDITORS

A J SHAH & COMPANY
8 PINNER VIEW
HARROW, MIDDLESEX. HA1 4QA

28th Aug 2002

CASTLEMIST FINANCES LTD

PROFIT AND LOSS STATEMENT FOR THE YEAR TO 14TH MARCH 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Turnover	2	1,099,717	-
Cost of Sales		<u>(934,067)</u>	<u>-</u>
GROSS PROFIT/(LOSS)		165,650	-
Distribution Costs		-	-
Administrative Expenses		<u>(39,215)</u>	<u>(38,108)</u>
Operating Profit	9	126,435	(38,108)
Income from Other Fixed Assets: Rent Receivable		<u>44,447</u>	<u>46,600</u>
		170,882	8,492
Interest received		3,657	NIL
Interest payable		<u>(14,352)</u>	<u>(14,758)</u>
Profit or (Loss) on ordinary activities before taxation		160,187	(6,266)
Tax on Profit or Loss on Ordinary Activities	10	<u>(32,548)</u>	<u>221</u>
Profit or (Loss) on ordinary activities after taxation for the financial year		127,639	(6,045)
Transfer from Reserves (adverse balance)	11	(1,869)	4,176
Dividends Paid and Proposed		(44,000)	-
Profits carried to Balance Sheet (Adverse Balance)	11	<u><u>81,770</u></u>	<u><u>(1,869)</u></u>

Notes :

1. There was no recognised gains or losses for 2002 and 2001 other than those included in the Profit and Loss Account.
2. The notes on pages 4 to 6 form part of these accounts.

CASTLEMIST FINANCES LTD

BALANCE SHEET AS AT 14TH MARCH 2002

	(Notes)	<u>2002</u>	<u>2001</u>
<u>FIXED ASSETS</u>	(1b)		
Tangible Assets	(3)	<u>298,529</u>	<u>302,753</u>
<u>CURRENT ASSETS</u> (Amounts falling due within one year)			
Stock	(1c)	-	731,648
Cash at Bank		360,745	1,389
Amount Due from Tenant		800	-
Prepayment		-	4,328
		<u>361,545</u>	<u>737,365</u>
<u>Less: CREDITORS</u> (Amounts falling due within one year)	(4)	<u>(417,127)</u>	<u>(866,681)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>(55,582)</u>	<u>(129,316)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		242,947	173,437
LESS: CREDITORS (Amounts falling due after one year)	(5)	<u>(161,175)</u>	<u>(175,304)</u>
TOTAL ASSETS LESS LIABILITIES (Adverse balance)		<u>81,772</u>	<u>(1,867)</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	(6)	2	2
Profit and Loss Account- (Adverse Balance)	(11)	81,770	(1,869)
		<u>81,772</u>	<u>(1,867)</u>

STATUTORY STATEMENT BY THE DIRECTORS OF A SMALL COMPANY

The accounts are prepared in accordance with Special provisions of Part VII of the Companies Act 1985 relating to small companies (S. 246 (8)(b)).

APPROVED BY THE BOARD ON 28th Aug 2002 AND SIGNED ON ITS BEHALF BY


P. COLEMAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14TH MARCH 2002

1. ACCOUNTING POLICIES

- a. Accounting Basis and standards: The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)
- b. Depreciation on fixed assets is provided at rates estimated to write off the cost of each assets over its expected useful life as follows:-

Freehold Land	Nil
Freehold Buildings	2% straight-line p.a.
- c. Stock and Working in Progress
Stock and Work is valued by the directors at lower of cost and net realisable value.
- d. Interest payable and similar charges relating to Bank loan and overdrafts used to acquire and develop the property has been included in cost of sale.

2. TURNOVER

Turnover represents proceeds from Sale of Land and Buildings and is stated before deduction of Legal and estate agent's fees.

3. FIXED ASSETS

	<u>Tangible assets</u>
	<u>Land and</u>
	<u>Buildings</u>
Cost	
At 15th March 2001	311,201
Additions	(Nil)
Disposals	(Nil)
At 14th March 2002	<u>311,201</u>
Depreciation	
At 15th March 2001	8,448
Charges for the year	4,224
Disposals	Nil
At 14th March 2002	<u>12,672</u>
Net Book Value	
At 14th March 2002	<u>298,529</u>
At 15th March 2001	<u>302,753</u>

The gross amount of any non-depreciable assets mixed with freehold land buildings is £100,000.

CASTLEMIST FINANCES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14TH MARCH 2002

4. CREDITORS: Amounts falling within one year	<u>2002</u>	<u>2001</u>
Bank Overdraft	-	466,090
Bank loan	26,400	23,277
Tenants Deposits	4,114	3,060
Corporation Tax	32,548	Nil
Other taxation and social security	72	Nil
Directors' Loans: shared equally	347,124	244,117
Other creditors and Accruals	6,869	130,137
	<u>417,127</u>	<u>866,681</u>

The bank loan is secured.

5. CREDITORS: Amounts falling due after one year		
Bank Loans	<u>161,175</u>	<u>175,304</u>

The bank loan is secured.

5a. The amount of instalment which are payable after five years is:	<u>55,576</u>	<u>82,196</u>
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6. SHARE CAPITAL	<u>Authorised</u>	<u>Allotted, Called up and fully paid</u>
Ordinary Share of £1 each	£1,000	£2.00

7. CONTINGENT LIABILITIES

As far as directors are aware, there were no material contingent liabilities outstanding on the Balance Sheet date other than those entered into in the normal course of business.

8. DIRECTORS EMOLUMENTS - amounted to less than £60,000 including pension contributions.

	<u>2002</u>	<u>2001</u>
Emoluments for service as directors	4,999	3,870
Other emoluments (excluding NIC)	Nil	Nil
Pensions	Nil	Nil

9. OPERATING PROFIT. The operating profit is stated after charging:

	<u>2002</u>	<u>2001</u>
Auditors remuneration	1,280	-
Depreciation	<u>4,224</u>	<u>4,224</u>

10. TAXATION

Corporation Tax Charge/(Repayment Claim)	32,548	(221)
Deferred Tax	<u>-</u>	<u>-</u>

11. Reconciliation of Reverse Profit and Loss Account

Balance at 15th March 2001 (Adverse balance)	(1,869)
Transfer from Profit and Loss Account	83,639
Balance at 14th March 2002	<u>£ 81,770</u>