

CASTLEMIST FINANCES LTDDIRECTOR'S REPORT FOR THE YEAR TO 14TH MARCH 2004

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 investor.
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/Tamar Coleman
DIRECTOR

Registered Address:

8 Pinner View
Harrow, Middlesex
HA1 4QA.

Date 18th Dec 2004



ACCOUNTANTS REPORT ON UNAUDITED ACCOUNTS TO THE DIRECTORS OF

CASTLEMIST FINANCES LTD.

As described on the balance sheet, you are responsible for the preparation of accounts for the year ended 14th March 2004, set out on pages 3 to 6 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



CHARTERED ACCOUNTANTS

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

18 /10/2004

CASTLEMIST FINANCES LTD

PROFIT AND LOSS STATEMENT FOR THE YEAR TO 14TH MARCH 2004

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Turnover	2	69,090	55,766
Cost of Sales		<u>(4,000)</u>	<u>(4,000)</u>
GROSS PROFIT/(LOSS)		65,090	51,766
Distribution Costs		-	-
Administrative Expenses		<u>(34,531)</u>	<u>(37,688)</u>
Operating Profit	9	30,559	14,078
Income from Other Fixed Assets:		<u>-</u>	<u>-</u>
		30,559	14,078
Interest received		1,959	4,706
Interest payable		<u>(14,985)</u>	<u>(10,692)</u>
Profit or (Loss) on ordinary activities before taxation		17,533	8,092
Tax on Profit or Loss on Ordinary Activities	10	<u>(3,045)</u>	<u>(1,086)</u>
Profit or (Loss) on ordinary activities after taxation for the financial year		14,488	7,006
Dividends Paid and Proposed		<u>(23,500)</u>	<u>(22,000)</u>
Profit or (Loss) for the financial year		(9,012)	(14,994)
Transfer from Reserves (adverse balance)	11	<u>66,776</u>	<u>81,770</u>
Profits carried to Balance Sheet (Adverse Balance)		<u><u>57,764</u></u>	<u><u>66,776</u></u>

Notes :

1. There was no recognised gains or losses for 2004 and 2003 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 2004

	(Notes) (1b)	2004	2003
<u>FIXED ASSETS</u>			
Tangible Assets	(3)	<u>470,170</u>	<u>455,114</u>
<u>CURRENT ASSETS</u> (Amounts falling due within one year)			
Cash at Bank		87,066	155,988
Amount Due from Tenant		-	155
Joint Venture		<u>211,867</u>	<u>145,367</u>
		<u>298,933</u>	<u>301,510</u>
<u>Less: CREDITORS</u> (Amounts falling due within one year)	(4)	<u>(435,131)</u>	<u>(401,376)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>(136,198)</u>	<u>(99,866)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		333,972	355,248
LESS: CREDITORS (Amounts falling due after one year)	(5)	<u>(276,206)</u>	<u>(288,470)</u>
TOTAL ASSETS LESS LIABILITIES (Adverse balance)		<u>57,766</u>	<u>66,778</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	(6)	2	2
Profit and Loss Account- (Adverse Balance)	(11)	57,764	66,776
		<u>57,766</u>	<u>66,778</u>

STATEMENT BY THE DIRECTORS OF A SMALL COMPANY

The Directors are satisfied that the company is entitled to exemption under section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for :

- (1) ensuring that the company keeps proper accounting record which comply with Section 221 of the Companies Act 1985; and
- (11) preparing accounts 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 Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The directors have taken advantage of exemptions conferred by part 111 of Schedule 8 to the Companies Act 1985 and have done so on the ground that, in their opinion, the company is entitled to those exemptions as a small company.

APPROVED BY THE BOARD ON 18th OCTOBER 2004 AND SIGNED ON ITS BEHALF BY


P D COLEMAN

CASTLEMIST FINANCES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14TH MARCH 2004

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.

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 2003	473,886
Additions	20,175
Disposals	-
At 14th March 2004	<u>494,061</u>
Depreciation	
At 15th March 2003	18,772
Charges for the year	5,119
Disposals	Nil
At 14th March 2004	<u>23,891</u>
Net Book Value	
At 14th March 2004	<u>470,170</u>
At 15th March 2003	<u>455,114</u>

CASTLEMIST FINANCES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 14TH MARCH 2004

4. CREDITORS: Amounts falling within one year	<u>2004</u>	<u>2003</u>
Bank Overdraft	-	-
Bank loan	27,254	27,258
Tenants Deposits	2,450	2,556
Corporation Tax	3,045	1,086
Other taxation and social security	489	58
Directors' Loans: shared equally	396,299	364,744
Other creditors and Accruals	5,594	5,674
	<u>435,131</u>	<u>401,376</u>

The bank loan is secured.

5. CREDITORS: Amounts falling due after one year	<u>2004</u>	<u>2003</u>
Bank Loans	<u>276,206</u>	<u>288,470</u>

The bank loan is secured.

5a. The amount of instalment which are payable after five years is included above	<u>167,190</u>	<u>179,438</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>2004</u>	<u>2003</u>
Emoluments for service as directors	£ 4,800	£ 4,800
Other emoluments (excluding NIC)	-	-
Pensions	-	-

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

	<u>2004</u>	<u>2003</u>
Auditors remuneration	-	-
Depreciation	<u>5,119</u>	<u>6,100</u>

10. Reconciliation of Reverse Profit and Loss Account

Balance at 15th March 2003 (Adverse balance)	66,776	81,770
Transfer from Profit and Loss Account	<u>(9,012)</u>	<u>(14,994)</u>
Balance at 14th March 2004	<u>57,764</u>	<u>£66,776</u>