**Pursol Limited**

Report and Financial Statements

Year Ended

31 March 2000

A handwritten signature, possibly "P. Stoy", written in black ink.



Pursol Limited

Annual report and financial statements for the year ended 31 March 2000

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Directors

R.B. Clapham
M.A. Clapham

Secretaries and registered office

Secretar Securities Limited, 249 West George Street, Glasgow G2 4RB

Company number

85347

Auditors

BDO Stoy Hayward, Ballantine House, 168 West George Street, Glasgow G2 2PT

Pursol Limited

Report of the directors for the year ended 31 March 2000

The directors present their report together with the audited financial statements for the year ended 31 March 2000.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The company's principal activities are the purchase, development, sale and lease of property.

The company intends to pursue its existing activities and has no plans for developing other business areas.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	£1 Ordinary shares	
	2000	1999
R.B. Clapham	99	99
M.A. Clapham	1	1

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 of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 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.

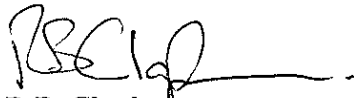
Pursol Limited

Report of the directors for the year ended 31 March 2000 (*Continued*)

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The financial statements were approved by the Board on 14 May 2001.

A handwritten signature in black ink, appearing to read 'R.B. Clapham', with a long horizontal stroke extending to the right.

R.B. Clapham
Director

Pursol Limited**Report of the auditors**

To the shareholders of Pursol Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except the scope of our work was limited as explained below. 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 judgments 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. However, the evidence available to us was limited because the financial statements of the company's 50% owned joint venture for the year ended 31 March 2000 were not available, and we were unable to carry out any procedures to obtain assurance in relation to the amounts in respect of this joint venture included in the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

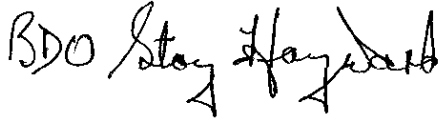
Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitation in the evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended. The notes to the financial statements do not disclose the additional information on the company's share of the joint venture's net assets as at 31 March 2000 and its share of the joint venture's results for the year then ended as required by Financial Reporting Standard No. 9 "Associates and Joint Ventures".

In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

Pursol Limited**Report of the auditors (*Continued*)**

In respect alone of the limitation on our work relating to the joint venture, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



*Chartered Accountants
and Registered Auditors*

14 May 2001

Pursol Limited**Profit and loss account for the year ended 31 March 2000**

	Note	2000 £	1999 £
Turnover	2	14,043	14,152
Cost of sales		-	16,626
Gross profit/(loss)		14,043	(2,474)
Administrative expenses		3,935	62,251
Operating profit/(loss)	5	10,108	(64,725)
Income from fixed asset investments	8	150,000	150,000
Interest payable and similar charges	6	(2,341)	(759)
Profit on ordinary activities before taxation		157,767	84,516
Taxation on profit on ordinary activities	7	47,887	26,961
Retained Profit for the year		109,880	57,555

All amounts relate to continuing activities.

There are no movements on shareholders' funds apart from the profit for the year.

The notes on pages 8 to 15 form part of these financial statements.

Pursol Limited

Statement of total recognised gains and losses for the year ended 31 March 2000

	2000	1999
	£	£
Profit for the financial year	109,880	57,555
Unrealised gain on revaluation of investments	-	(58,752)
Total recognised gains and losses for the year	109,880	(1,197)

The notes on pages 8 to 15 form part of these financial statements.

Pursol Limited

Balance sheet at 31 March 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	9	73,432	73,432
Investments	10	2,220,635	2,220,635
		<u>2,294,067</u>	<u>2,294,067</u>
Current assets			
Stocks	11	30,067	30,067
Debtors	12	366,661	237,084
Cash at bank and in hand		22,192	1,918
		<u>418,920</u>	<u>269,069</u>
Creditors: amounts falling due within one year	13	<u>121,133</u>	<u>81,162</u>
Net current assets		<u>297,787</u>	<u>187,907</u>
Net assets		<u>2,591,854</u>	<u>2,481,974</u>
Capital and reserves			
Called up share capital	14	100	100
Revaluation reserve	15	1,220,635	1,220,635
Profit and loss account	15	1,371,119	1,261,239
Equity shareholders' funds		<u>2,591,854</u>	<u>2,481,974</u>

The financial statements were approved by the Board on 14 May 2001.



R.B. Clapham
Director

The notes on pages 8 to 15 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain fixed asset investments, and are in accordance with applicable accounting standards, except that the additional disclosures required by Financial Reporting Standard No. 9 "Associates and Joint Ventures" have not been made because the Joint Venture financial statements for the year ended 31 March 2000 were not yet available.

The following principal accounting policies have been applied:

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the purchase price of property plus direct costs of development work, plus attributable overheads.

Investment property

In accordance with Statement of Standard Accounting Practice No. 19, freehold properties, which are held by the company and the joint venture as investment properties, are revalued annually.

No depreciation is provided in respect of investment properties. These properties are maintained in a state of good repair and accordingly the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of valuation, are so high that any depreciation charge to the profit and loss account would be insignificant.

Properties under development are included at cost until completed.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Joint venture

The company's interest in its joint venture is stated at valuation. Distributions received from the joint venture are included in the profit and loss account when received.

Pursol Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Class of business

	2000 £	1999 £
Rental income	14,043	14,152
	<u>14,043</u>	<u>14,152</u>

3 Employees

The company incurred no staff costs during the year.

The company had no employees, other than the directors.

4 Directors

No director received any emoluments during this or the prior year.

5 Operating profit/(loss)

This is arrived at after charging:

	2000 £	1999 £
Auditors' remuneration	1,292	1,216
	<u>1,292</u>	<u>1,216</u>

6 Interest payable and similar charges

	2000 £	1999 £
On loans and overdrafts	2,297	-
Other interest	44	759
	<u>2,341</u>	<u>759</u>

Pursol Limited

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

7 Taxation

	2000 £	1999 £
<i>Current Year</i>		
UK corporation tax	47,000	26,961
<i>Prior years</i>		
UK corporation tax	887	-
	<u>47,887</u>	<u>26,961</u>

8 Income from fixed asset investments

	2000 £	1999 £
Distribution from joint venture	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

9 Tangible assets

	Investment properties £
<i>Cost</i>	
At 1 April 1999 and 31 March 2000	73,432
<i>Depreciation</i>	
At 1 April 1999 and 31 March 2000	-
<i>Net Book Value</i>	
At 31 March 2000	
At cost less depreciation	-
At 2000 valuation	73,432
At 31 March 2000	73,432
At 31 March 1999	73,432

The investment properties of Pursol Limited were valued at 31 March 2000 by Mr. R.B. Clapham, a director of the company, on an open market basis for existing use.

On the historical cost basis, investment properties would have been included as follows:

	Investment properties £
Historical cost equivalent	
At 31 March 2000	73,432
At 31 March 1999	73,432

10 Fixed asset investments

	Investment in joint venture £	Investments in related company £	Total £
<i>Cost or valuation and net book value</i>			
At 31 March 1999 and 31 March 2000	1,220,635	1,000,000	2,220,635
	<u> </u>	<u> </u>	<u> </u>

Details of investments:

- (a) The company owns 14.5% of the issued share capital of Credential Holdings Limited, a company registered in Scotland. Its principal activity is to act as the parent company of a property investment and development group.
- (b) The company has a 50% interest in a joint venture undertaking with a third party, Dolma Finance S.A. Its principal activity is that of property investment. This investment was valued by R.B. Clapham, a director of the company, on 31 March 1999 at £1,220,635, being an estimate of its market value based on the net assets of that joint venture. The historical cost equivalent is £nil (1999 - £nil). Potential taxation if the investment was sold at valuation is £240,000 (1999 - £240,000).

11 Stocks

	2000 £	1999 £
Work in progress	30,067	30,067
	<u> </u>	<u> </u>

12 Debtors

	2000 £	1999 £
ACT recoverable	2,500	2,500
Other debtors	359,996	234,584
Prepayments and accrued income	4,165	-
	<u> </u>	<u> </u>
	366,661	237,084
	<u> </u>	<u> </u>

All amounts shown under debtors fall due for payment within one year.

Other debtors include a loan to R.B. Clapham, a director of the company, totalling £10,000 (1999 - £10,000). This was the highest balance outstanding during the year.

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,698	1,126
Corporation tax	73,961	26,961
ACT payable	2,500	2,500
Other creditors	29,759	36,959
Accruals and deferred income	13,215	13,616
	<u>121,133</u>	<u>81,162</u>

14 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2000 £	1999 £	2000 £	1999 £
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15 Reserves

	£
<i>Profit and loss account</i>	
At 1 April 1999	1,261,239
Retained profit for the year	109,880
	<u>1,371,119</u>
At 31 March 2000	<u>1,371,119</u>
<i>Revaluation reserve</i>	
At 1 April 1999 and 31 March 2000	1,220,635
	<u>1,220,635</u>

16 Contingent liabilities

The company is jointly and severally liable for the liabilities of its joint venture.

17 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is a 'small entity' as defined under Section 247 of the Companies Act 1985.

18 Related party transactions

The company was under the control of Mr. R.B. Clapham, a director, throughout the year.

During the year, the company paid management fees amounting to £nil (1999 - £56,871) (inclusive of value added tax, to Credential Holdings Limited, a company in which Mr. R.B. Clapham and Mrs. M.A. Clapham are directors and controlling shareholders).

At 31 March 2000, the company had the undernoted balances outstanding with companies which are owned and controlled by Mr. R.B. Clapham and Mrs. M.A. Clapham:

	2000 £	1999 £
Balance owed to the company	<u>349,996</u>	<u>224,584</u>
Balance owed by the company	<u>(22,800)</u>	<u>-</u>

19 Additional disclosures for the joint venture

The additional information required in respect of the company's share of the joint venture with Dolma Finance S.A. as at 31 March 2000 is not yet available. Details of the comparative figures as at 31 March 1999 are set out below:

	1999
	£
Share of turnover	276,378
Share of profit before tax	153,689
Share of assets	
Share of fixed assets	2,558,670
Share of current assets	77,142
	2,635,812
Share of liabilities	
Liabilities due within one year	78,261
Liabilities due after more than one year	1,336,916
	1,415,177
Share of net assets	1,220,635