

Company Registration No. SC126621 (Scotland)

DELNABO ESTATE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2001



Saffery Champness
CHARTERED ACCOUNTANTS

DELNABO ESTATE LIMITED

COMPANY INFORMATION

Directors	B A Yeowart V I Yeowart
Secretary	V I Yeowart
Company number	SC126621
Registered office	15 Atholl Crescent Edinburgh EH3 8HA
Auditors	Saffery Champness Kintail House Beechwood Park Inverness IV2 3BW
Business address	Estate Office Tomintoul Ballindalloch Banffshire AB37 9HT
Bankers	Bank of Scotland Teviot House 41 South Gyle Crescent Edinburgh EH12 9XD
Solicitors	Brodies WS 15 Atholl Crescent Edinburgh EH3 8HA

DELNABO ESTATE LIMITED

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DELNABO ESTATE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

The directors present their report and financial statements for the year ended 31 January 2001.

Principal activities

The principal activity of the company continued to be that of the management of Delnabo Estate.

Directors

The following directors have held office since 1 February 2000:

B A Yeowart

V I Yeowart

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 January 2001	1 February 2000
B A Yeowart	150,001	1
V I Yeowart	150,001	1

	Redeemable preference shares of £ 1 each	
	31 January 2001	1 February 2000
B A Yeowart	-	-
V I Yeowart	-	-

	Deferred shares of £ 1 each	
	31 January 2001	1 February 2000
B A Yeowart	150,000	-
V I Yeowart	100,000	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

DELNABO ESTATE LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2001**

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 judgements 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



V I Yeowart

Director

...28/6/01...

DELNABO ESTATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DELNABO ESTATE LIMITED

We have audited the financial statements of Delnabo Estate Limited on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 Auditing 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 or material inconsistencies with the financial statements.

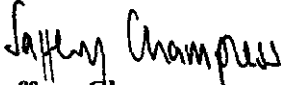
Basis of audit opinion

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 as at 31 January 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness

Chartered Accountants
Registered Auditors

9 July 2001
Kintail House
Beechwood Park
Inverness
IV2 3BW

DELNABO ESTATE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2001**

		2001	2000
	Notes	£	£
Turnover		65,543	61,426
Cost of sales		(27,862)	(21,564)
Gross profit		<u>37,681</u>	<u>39,862</u>
Administrative expenses		(77,508)	(58,909)
Operating loss	2	<u>(39,827)</u>	<u>(19,047)</u>
Other interest receivable and similar income		9,943	153
Loss on ordinary activities before taxation		<u>(29,884)</u>	<u>(18,894)</u>
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	9	<u><u>(29,884)</u></u>	<u><u>(18,894)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

DELNABO ESTATE LIMITED

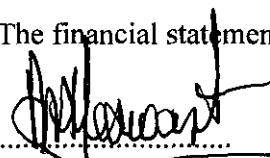
**BALANCE SHEET
AS AT 31 JANUARY 2001**

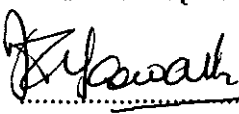
	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	4		1,875,640		1,880,752
Current assets					
Stocks		10,135		12,184	
Debtors	5	304,355		4,471	
Cash at bank and in hand		2,366		10,025	
		<u>316,856</u>		<u>26,680</u>	
Creditors: amounts falling due within one year	6	<u>(5,441)</u>		<u>(9,654)</u>	
Net current assets			311,415		17,026
Total assets less current liabilities			<u>2,187,055</u>		<u>1,897,778</u>
Creditors: amounts falling due after more than one year	7		<u>(30,000)</u>		<u>(260,839)</u>
			<u>2,157,055</u>		<u>1,636,939</u>
Capital and reserves					
Called up share capital	8	2,500,000		1,950,000	
Profit and loss account	9	(342,945)		(313,061)	
Shareholders' funds	10	<u>2,157,055</u>		<u>1,636,939</u>	
Equity interests		1,257,055		986,939	
Non-equity interests		900,000		650,000	
		<u>2,157,055</u>		<u>1,636,939</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The notes on pages 6 to 10 form part of these financial statements.

The financial statements were approved by the Board on 28/6/01.


B A Yeowart
Director


V I Yeowart
Director

DELNABO ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	0% - 2% pa on the straight line basis
Plant and machinery	25% pa on the reducing balance basis
Fixtures, fittings & equipment	15% pa on the reducing balance basis
Motor vehicles	25% pa on the reducing balance basis

No depreciation is provided in respect of land and buildings as the directors are of the opinion that the assets are maintained in such condition that their residual value is in excess of the net book value.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating loss	2001	2000
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	7,914	8,604
Auditors' remuneration	500	500
	<u> </u>	<u> </u>

3 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

DELNABO ESTATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 2001**

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 February 2000	1,845,987	130,299	1,976,286
Additions	2,802	-	2,802
At 31 January 2001	1,848,789	130,299	1,979,088
Depreciation			
At 1 February 2000	-	95,534	95,534
Charge for the year	1,046	6,868	7,914
At 31 January 2001	1,046	102,402	103,448
Net book value			
At 31 January 2001	1,847,743	27,897	1,875,640
At 31 January 2000	1,845,987	34,765	1,880,752

5 Debtors

	2001 £	2000 £
Trade debtors	-	200
Other debtors	304,355	4,271
	304,355	4,471

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	2,156	8,133
Taxation and social security	387	303
Other creditors	2,898	1,218
	5,441	9,654

DELNABO ESTATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 2001**

7	Creditors: amounts falling due after more than one year	2001	2000
		£	£
	Other creditors	30,000	260,839
		<u> </u>	<u> </u>
	Analysis of loans		
	Wholly repayable within five years	30,000	260,839
		<u> </u>	<u> </u>
	Loan maturity analysis		
	In more than two years but not more than five years	30,000	260,839
		<u> </u>	<u> </u>

The loans are unsecured, interest free and have no fixed terms of repayment.

DELNABO ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JANUARY 2001

8 Share capital	2001 £	2000 £
Authorised		
1,750,000 Ordinary shares of £ 1 each	1,750,000	1,350,000
400,000 Redeemable preference shares of £ 1 each	400,000	400,000
1,250,000 Deferred shares of £ 1 each	1,250,000	250,000
	<u>3,400,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
1,600,000 Ordinary shares of £ 1 each	1,600,000	1,300,000
400,000 Redeemable preference shares of £ 1 each	400,000	400,000
500,000 Deferred shares of £ 1 each	500,000	250,000
	<u>2,500,000</u>	<u>1,950,000</u>

Redemption of the redeemable preference shares requires that the holders be given 6 months written notice of the intention to redeem all or part of the shares which have been issued. The shares are to be redeemed at par plus a premium of £0.07 per share. In the event of a redemption all declared but unpaid dividends are required to be paid.

The deferred shares rank after the redeemable preference shares and ordinary shares on a winding up or other return of capital. The deferred shares carry no voting or dividend entitlements. On 31 January 2007 each deferred share will automatically be redesignated as one ordinary share.

During the year, a further 300,000 ordinary shares (nominal value £300,000) and 250,000 deferred shares (nominal value £250,000) were issued. The ordinary shares were satisfied by the recognition in the balance sheet of a debtor due from BA Yeowart Holdings Limited, a company in which Mr BA Yeowart is a director and shareholder. In consideration for the deferred shares, the directors released the company from its obligation to repay their loan accounts (amounting to £240,839).

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2000	(313,061)
Retained loss for the year	(29,884)
Balance at 31 January 2001	<u>(342,945)</u>

DELNABO ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2001**

10 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Loss for the financial year	(29,884)	(18,894)
Proceeds from issue of shares	550,000	-
Net addition to/(depletion in) shareholders' funds	520,116	(18,894)
Opening shareholders' funds	1,636,939	1,655,833
Closing shareholders' funds	2,157,055	1,636,939

11 Control

The company is controlled by Breams Trustees Ltd.

12 Related party transactions

Included within other debtors is a loan of £300,000 made by the company to B A Yeowart Holdings Limited, a company in which Mr B A Yeowart and Mrs V I Yeowart are directors and shareholders.