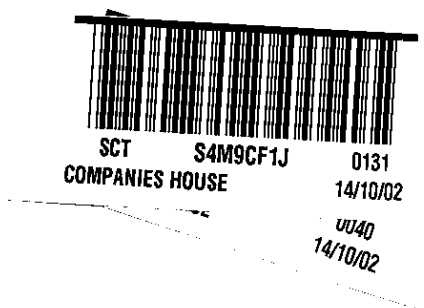


Company Registration No. SC126621 (Scotland)

DELNABO ESTATE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2002



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 2002

The directors present their report and financial statements for the year ended 31 January 2002.

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 2001:

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 2002	1 February 2001
B A Yeowart	150,001	150,001
V I Yeowart	150,001	150,001

	Redeemable preference shares of £ 1 each	
	31 January 2002	1 February 2001
B A Yeowart	-	-
V I Yeowart	-	-

	Deferred shares of £ 1 each	
	31 January 2002	1 February 2001
B A Yeowart	150,000	150,000
V I Yeowart	100,000	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 2002

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
.....

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 9. 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Saffery Champness

Chartered Accountants
Registered Auditors


10 October 2002

Kintail House
Beechwood Park
Inverness
IV2 3BW

DELNABO ESTATE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2002**

	Notes	2002 £	2001 £
Turnover		74,253	65,543
Cost of sales		(20,236)	(27,862)
Gross profit		54,017	37,681
Administrative expenses		(70,438)	(77,508)
Operating loss	2	(16,421)	(39,827)
Other interest receivable and similar income		21,960	9,943
Profit/(loss) on ordinary activities before taxation		5,539	(29,884)
Tax on profit/(loss) on ordinary activities	3	-	-
Profit/(loss) on ordinary activities after taxation	10	5,539	(29,884)

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 9 form part of these financial statements.

DELNABO ESTATE LIMITED

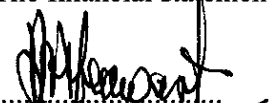
BALANCE SHEET AS AT 31 JANUARY 2002

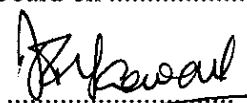
	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4	1,880,904		1,875,640	
Current assets					
Stocks		10,623		10,135	
Debtors	5	302,712		304,355	
Cash at bank and in hand		16,876		2,366	
		<u>330,211</u>		<u>316,856</u>	
Creditors: amounts falling due within one year	6	<u>(3,521)</u>		<u>(5,441)</u>	
Net current assets		<u>326,690</u>		<u>311,415</u>	
Total assets less current liabilities		<u>2,207,594</u>		<u>2,187,055</u>	
Creditors: amounts falling due after more than one year	7	<u>(45,000)</u>		<u>(30,000)</u>	
		<u>2,162,594</u>		<u>2,157,055</u>	
Capital and reserves					
Called up share capital	9	2,500,000		2,500,000	
Profit and loss account	10	<u>(337,406)</u>		<u>(342,945)</u>	
Shareholders' funds	11	<u>2,162,594</u>		<u>2,157,055</u>	
Equity interests		1,262,594		1,257,055	
Non-equity interests		900,000		900,000	
		<u>2,162,594</u>		<u>2,157,055</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 9 form part of these financial statements.

The financial statements were approved by the Board on 2 October 2002


.....
B A Yeoward
Director


.....
V I Yeoward
Director

DELNABO ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Operating loss	2002 £	2001 £
Operating loss is stated after charging:		
Depreciation of tangible assets	9,506	7,914
Auditors' remuneration	500	500

DELNABO ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 2002****3 Taxation**

No provision has been made for corporation tax as tax losses are available.

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 February 2001	1,848,789	130,299	1,979,088
Additions	2,874	13,190	16,064
Disposals	-	(12,927)	(12,927)
	<u>1,851,663</u>	<u>130,562</u>	<u>1,982,225</u>
At 31 January 2002			
Depreciation			
At 1 February 2001	1,046	102,402	103,448
On disposals	-	(11,633)	(11,633)
Charge for the year	1,050	8,456	9,506
	<u>2,096</u>	<u>99,225</u>	<u>101,321</u>
At 31 January 2002			
Net book value			
At 31 January 2002	<u>1,849,567</u>	<u>31,337</u>	<u>1,880,904</u>
At 31 January 2001	<u>1,847,743</u>	<u>27,897</u>	<u>1,875,640</u>

5 Debtors

	2002	2001
	£	£
Other debtors	<u>302,712</u>	<u>304,355</u>

6 Creditors: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	408	2,156
Taxation and social security	1,211	387
Other creditors	1,902	2,898
	<u>3,521</u>	<u>5,441</u>

DELNABO ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2002**

7	Creditors: amounts falling due after more than one year	2002	2001
		£	£
	Other creditors	<u>45,000</u>	<u>30,000</u>
	Analysis of loans		
	Wholly repayable within five years	<u>45,000</u>	<u>30,000</u>
	Loan maturity analysis		
	In more than two years but not more than five years	<u>45,000</u>	<u>30,000</u>

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

8 Provisions for liabilities and charges

Deferred taxation calculated per FRS 19 on accelerated capital allowances amounts to £2,501 (2001 - £2,403). However, as tax losses available exceed this, no provision for deferred taxation has been made in these financial statements.

9	Share capital	2002	2001
		£	£
	Authorised		
	1,750,000 Ordinary shares of £ 1 each	1,750,000	1,750,000
	400,000 Redeemable preference shares of £ 1 each	400,000	400,000
	1,250,000 Deferred shares of £ 1 each	<u>1,250,000</u>	<u>1,250,000</u>
		<u>3,400,000</u>	<u>3,400,000</u>
	Allotted, called up and fully paid		
	1,600,000 Ordinary shares of £ 1 each	1,600,000	1,600,000
	400,000 Redeemable preference shares of £ 1 each	400,000	400,000
	500,000 Deferred shares of £ 1 each	<u>500,000</u>	<u>500,000</u>
		<u>2,500,000</u>	<u>2,500,000</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.

DELNABO ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JANUARY 2002

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2001	(342,945)
Retained profit for the year	5,539
Balance at 31 January 2002	<u>(337,406)</u>

11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit/(loss) for the financial year	5,539	(29,884)
Proceeds from issue of shares	-	550,000
Net addition to shareholders' funds	<u>5,539</u>	<u>520,116</u>
Opening shareholders' funds	2,157,055	1,636,939
Closing shareholders' funds	<u>2,162,594</u>	<u>2,157,055</u>

12 Control

The company is controlled by Breams Trustees Ltd.

13 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. Loan interest received on this loan during the year was £21,732.