

Company Registration No. SC126621 (Scotland)

DELNABO ESTATE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2004



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 2004

The directors present their report and financial statements for the year ended 31 January 2004.

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 2003:

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 2004	1 February 2003
B A Yeowart	150,001	150,001
V I Yeowart	150,001	150,001

	Redeemable preference shares of £ 1 each	
	31 January 2004	1 February 2003
B A Yeowart	-	-
V I Yeowart	-	-

	Deferred shares of £ 1 each	
	31 January 2004	1 February 2003
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 2004

Directors' responsibilities

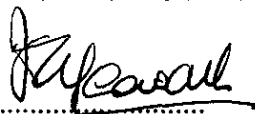
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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

.....15/07/04.....

DELNABO ESTATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELNABO ESTATE LIMITED

We have audited the financial statements of Delnabo Estate Limited on pages 5 to 10 for the year ended 31 January 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

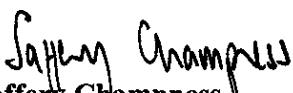
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

DELNABO ESTATE LIMITED

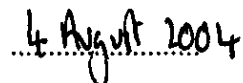
**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF DELNABO ESTATE LIMITED**

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 2004 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



Kintail House
Beechwood Park
Inverness
IV2 3BW

DELNABO ESTATE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2004**

		2004	2003
	Notes	£	£
Turnover		90,348	77,433
Cost of sales		(20,038)	(18,634)
Gross profit		70,310	58,799
Administrative expenses		(91,711)	(80,534)
Operating loss	2	(21,401)	(21,735)
Other interest receivable and similar income		15,020	16,590
Loss on ordinary activities before taxation		(6,381)	(5,145)
Tax on loss on ordinary activities	3	16	(381)
Loss on ordinary activities after taxation	10	(6,365)	(5,526)

The notes on pages 7 to 10 form part of these financial statements.

DELNABO ESTATE LIMITED

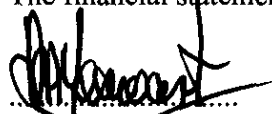
BALANCE SHEET AS AT 31 JANUARY 2004

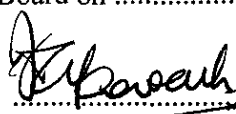
		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4	1,883,519		1,878,698	
Current assets					
Stocks		14,651		13,488	
Debtors	5	285,448		308,428	
Cash at bank and in hand		23,551		3,963	
		<u>323,650</u>		<u>325,879</u>	
Creditors: amounts falling due within one year	6	<u>(3,486)</u>		<u>(2,509)</u>	
Net current assets		<u>320,164</u>		<u>323,370</u>	
Total assets less current liabilities		<u>2,203,683</u>		<u>2,202,068</u>	
Creditors: amounts falling due after more than one year	7	(45,000)		(45,000)	
Accruals and deferred income	8	<u>(7,980)</u>		<u>-</u>	
		<u>2,150,703</u>		<u>2,157,068</u>	
Capital and reserves					
Called up share capital	9	2,500,000		2,500,000	
Profit and loss account	10	<u>(349,297)</u>		<u>(342,932)</u>	
Shareholders' funds		<u>2,150,703</u>		<u>2,157,068</u>	
Equity interests		1,250,703		1,257,068	
Non-equity interests		<u>900,000</u>		<u>900,000</u>	
		<u>2,150,703</u>		<u>2,157,068</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 7 to 10 form part of these financial statements.

The financial statements were approved by the Board on 15 July 2004


B A Yeowart
Director


V I Yeowart
Director

DELNABO ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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

2 Operating loss	2004	2003
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	8,124	8,662
Auditors' remuneration	600	400
	<u> </u>	<u> </u>
 3 Taxation	 2004	 2003
	£	£
Domestic current year tax		
Adjustment for prior years	(16)	381
	<u> </u>	<u> </u>
Current tax charge	<u> </u> (16)	<u> </u> 381

DELNABO ESTATE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 2004**

4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 February 2003	1,853,721	134,960	1,988,681
Additions	2,708	10,854	13,562
Disposals	-	(7,600)	(7,600)
	<u>1,856,429</u>	<u>138,214</u>	<u>1,994,643</u>
At 31 January 2004			
Depreciation			
At 1 February 2003	3,146	106,837	109,983
On disposals	-	(6,983)	(6,983)
Charge for the year	1,061	7,063	8,124
	<u>4,207</u>	<u>106,917</u>	<u>111,124</u>
At 31 January 2004			
Net book value			
At 31 January 2004	<u>1,852,222</u>	<u>31,297</u>	<u>1,883,519</u>
At 31 January 2003	<u>1,850,575</u>	<u>28,123</u>	<u>1,878,698</u>

5 Debtors

	2004	2003
	£	£
Trade debtors	2,256	4,904
Other debtors	283,192	303,524
	<u>285,448</u>	<u>308,428</u>

6 Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	408	-
Taxation and social security	1,357	597
Other creditors	1,721	1,912
	<u>3,486</u>	<u>2,509</u>

DELNABO ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 2004**

7	Creditors: amounts falling due after more than one year	2004 £	2003 £
	Other creditors	<u>45,000</u>	<u>45,000</u>
	Analysis of loans		
	Wholly repayable within five years	<u>45,000</u>	<u>45,000</u>

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

8 Accruals and deferred income

	Government grants £
Grants received during the year	<u>7,980</u>
Balance at 31 January 2004	<u>7,980</u>

9	Share capital	2004 £	2003 £
	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	1,250,000	1,250,000
		<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	500,000	500,000
		<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 2004**

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2003	(342,932)
Retained loss for the year	(6,365)
Balance at 31 January 2004	(349,297)

11 Control

The company is controlled by Mercator Trust Company Limited.

12 Related party transactions

Included within other debtors is a loan of £280,000 (2003 - £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 £14,987 (2003 - £16,500).