REGISTERED COPY

COMPANY REGISTRATION NUMBER SC 166156

BLACKWATCH MANAGEMENT LIMITED

ABBREVIATED ACCOUNTS

31 DECEMBER 2002



RITSONS
Chartered Accountants & Registered Auditors
27 Huntly Street
Inverness
IV3 5PR

BLACKWATCH MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 3, together with the financial statements of the company for the year ended 31 December 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 3 are properly prepared in accordance with those provisions.

Ritsons

RITSONS
Chartered Accountants
& Registered Auditors

27 Huntly Street
Inverness
IV3 5PR

29th October, 2003

BLACKWATCH MANAGEMENT LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	£	2001 £
CURRENT ASSETS				
Debtors		**77,790**		153,862
Cash at bank and in hand		**90,963**		16,905
		168,753		170,767
CREDITORS: Amounts falling due within one year		**160,663**		172,973
NET CURRENT ASSETS/(LIABILITIES)			**8,090**	(2,206)
TOTAL ASSETS LESS CURRENT LIABILITIES			**8,090**	(2,206)
CAPITAL AND RESERVES				
Called-up equity share capital	**2**		**100**	100
Profit and loss account			**7,990**	(2,306)
SHAREHOLDERS' FUNDS/(DEFICIENCY)			**8,090**	(2,206)

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

These abbreviated accounts were approved by the directors on 30th Oct 2003 and are signed on their behalf by:

.....
S L METCALFE

The notes on page 3 form part of these abbreviated accounts.

BLACKWATCH MANAGEMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities .

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
100 Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid:

	2002		2001	
	No	**£**	No	£
Ordinary shares of £1 each	**100**	**100**	100	100

3. ULTIMATE PARENT COMPANY

The company is a 100% subsidiary of Blackwatch Petroleum Services Limited, a company registered in the U.K.