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DIRECTORS REPORT FOR YEAR TO 31ST JULY 2000

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The directors submit their report and accounts for the year.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 2. The directors do not propose the payment of a dividend.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Two of the company's properties in Edinburgh have, again, been let relatively well but the third has had a poor year. As a result, it has been decided to group the company's properties with those of a sister company, Ralian Limited, which has bought three similar properties. It is hoped that, with six properties, Ralian will be able to average out voids and the incidence of repairs more easily. The assets were transferred at the full purchase price plus initial costs, reflecting market conditions for property in the vicinity. Realling will now look for opportunities in property investment, using bank funding to a greater extent.

DIRECTORS

The directors at 31st July and their beneficial interest in the share capital of the company were as follows :-

Mrs A.C.Weir	1	£1 Ordinary Share
Mr I.S.Weir	1	£1 Ordinary Share

CLOSE COMPANY

The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company.

By order of the Board


Director

Dated : 20/5/01



REALLING LTD

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PROFIT & LOSS ACCOUNT, YEAR TO 31ST JULY 2000

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		2000	1999
		-----	-----
INCOME FROM INVESTMENTS		8,140	10,757
OTHER INCOME AND INTERESTS		0	0
		-----	-----
GROSS REVENUE		8,140	10,757
DEPRECIATION	Note 2.	(77)	77
ADMINISTRATIVE EXPENSES		8,228	10,875
		-----	-----
OPERATING LOSS	Note 8.	(10)	(195)
INTEREST PAYABLE	Note 9.	0	0
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(10)	(195)
TAXATION	Note 10.	0	0
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(10)	(195)
DIVIDEND ON ORDINARY SHARES	Note 11.	0	0
		-----	-----
RETAINED PROFIT FOR THE YEAR		(10)	(195)
		=====	=====

There were no recognised gains or losses for the year other than those included in the Revenue account.

BALANCE SHEET AS AT 31ST JULY 2000

=====		2000	1999
FIXED ASSETS			
TANGIBLE ASSETS	Note 2.	0	87,655
		-----	-----
		0	87,655
		-----	-----
DEBTORS	Note 3.	0	0
CASH	Note 4.	0	0
		-----	-----
		0	0
		-----	-----
CREDITORS	Note 5.	203	87,848
		-----	-----
		203	87,848
		-----	-----
NET CURRENT ASSETS		(203)	(87,848)
		-----	-----
NET ASSETS		(203)	(193)
-----		=====	=====
CAPITAL & RESERVES			
SHARE CAPITAL	Note 6.	2	2
REVENUE RESERVES	Note 7.	(205)	(195)
		-----	-----
SHAREHOLDERS' FUNDS		(203)	(193)
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For the year ended 31st July 2000 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

No notice from members requiring an audit has been deposited under section 249B(2).

The directors acknowledge their responsibility for :-

Ensuring the company keeps accounting records which comply with section 221; and

Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The notes on pages 4, 5 and 6 form an integral part of the accounts and Balance Sheet.


Director

Dated : 20/5/01

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NOTES TO THE ACCOUNTS - Year to JULY 2000

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Note 1. ACCOUNTING POLICIES - Basis of preparation of accounts
The accounts are prepared under the historical cost convention and are in accordance with applicable accounting standards. They include the results of the company's operations described in the Directors' Report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1. from the requirement to produce a cash flow statement on the grounds that it is a small company.

Depreciation is provided on all tangible fixed assets on a straight line basis, as follows :-

Heritable Properties	0.00 % - not considered necessary
Furniture	5.00 %

There are no Stocks

No provision for deferred taxation has been made since, in the opinion of the directors, no liability is likely to arise in the foreseeable future.

Directors' Fees are as follows :-

Mrs A.C.Weir	5,500	
Mr I.S.Weir	nil	5,500

The directors of the company do not receive any other remuneration.

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NOTES TO THE ACCOUNTS - Year to JULY 2000

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Note 2. Tangible Fixed Assets :-

INVESTMENTS

COST	86,185
SALES	(86,185)

0

Less : DEPRECIATION @ 0%	0
Add : BROUGHT FORWARD	0

0

FURNITURE

COST	1,547
Less Sales	(1,547)

0

Less : DEPRECIATION @ 5%	(77)
Add : BROUGHT FORWARD	77

(0)

0

0

Note 3.

Sundry Debtors

0

0

Note 4. CASH

0

Note 5. CREDITORS

Interest-free Loan from Shareholders	0
Sundry Creditors	203
Accruals	0

203

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NOTES TO THE ACCOUNTS - Year to JULY 2000

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Note 6. SHARE CAPITAL

	Authorised		Issued & Fully Paid	
	2000	1999	2000	1999
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100 £1 Ordinary Shares	100	100	2	2
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Note 7. RESERVES

Profit & Loss Account

At 21 July 1999 (195)

Retained Profit for the year (10)

At 31 July 2000 (205)

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Note 8. OPERATING LOSS

This is stated after charging :-

Directors' emoluments	Note 1.	5,500
Tangible Assets depreciation	Note 2.	(77)
Auditors' remuneration		nil

5,423

Note 9. INTEREST PAYABLE

No interest is payable by the company

Note 10. TAXATION

In view if the loss for the year, no provision is deemed necessary
either for corporation tax or for deferred taxation.

Note 11. DIVIDEND

No dividend has been declared in view of the loss for the year.