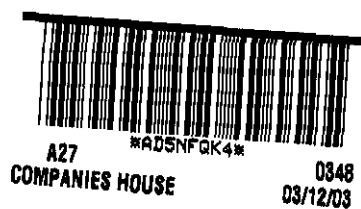


Neric Limited

Financial Statements

30th June 2003

Company registration number 1479291



NERIC LIMITED

Report of the Director

The director submits his report and the accounts for the year to 30th June 2003.

1. Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. Results and dividend

The profit for the year after taxation amounted to £523. No dividend is recommended. The retained profit has been transferred to reserves.

3. Review of the business and principal activities

The company and its subsidiaries are principally involved in a range of financial activities, including the provision of management and financial advisory services, investment in listed and unlisted stocks and shares and the provision of leasing facilities.

4. Director and his interests

Mr R G Battersby has served as the company's sole director throughout the year. He was interested in the whole of the company's issued A and B shares throughout the year.

Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

1st December 2003

BY ORDER OF THE BOARD


J R G Battersby
Secretary

NERIC LIMITED

Profit and Loss Account

For the year ended 30th June 2003

	Note	2003		2002	
		£	£	£	£
Turnover	2		113,241		95,533
Cost of sales			93,506		96,859
			<hr/>		<hr/>
Gross profit/(loss)			19,735		(1,326)
Administrative expenses			10,690		9,115
			<hr/>		<hr/>
Operating profit/(loss)	3		9,045		(10,441)
Interest receivable			-		-
Interest payable	4	(8,522)		(9,553)	
		<hr/>	(8,522)	<hr/>	(9,553)
Profit/(loss) on ordinary activities before taxation	14		523		(19,994)
Tax on profit/(loss) on ordinary activities	5		-		6,137
			<hr/>		<hr/>
Profit/(loss) on ordinary activities after taxation			523		(13,857)
Retained profit brought forward			14,080		27,937
			<hr/>		<hr/>
Retained profit carried forward			£14,603		£ 14,080
			<hr/> <hr/>		<hr/> <hr/>

There were no recognised gains or losses other than the loss for the financial year.

The notes on pages 5 to 10 form part of these financial statements.

NERIC LIMITED

Balance Sheet at 30th June 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	6		440,655		472,344
Investments in subsidiaries	7		1,424		1,424
			<hr/>		<hr/>
			442,079		473,768
Current assets					
Debtors	8	122,468		40,499	
Cash at bank and in hand		-		-	
		<hr/>		<hr/>	
		122,468		40,499	
Creditors: amounts falling due within one year	9	415,694		349,646	
		<hr/>		<hr/>	
Net current liabilities			(293,226)		(309,147)
			<hr/>		<hr/>
Total assets less current liabilities			148,853		164,621
Creditors: amounts falling due after more than one year	10	113,792		130,083	
Provision for liabilities and charges:					
Deferred taxation	12	20,358		20,358	
		<hr/>	134,150	<hr/>	150,441
			<hr/>		<hr/>
			£ 14,703		£ 14,180
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		14,603		14,080
			<hr/>		<hr/>
Shareholders' funds	14		£ 14,703		£ 14,180
			<hr/>		<hr/>

The notes on pages 5 to 10 form part of these financial statements.

NERIC LIMITED

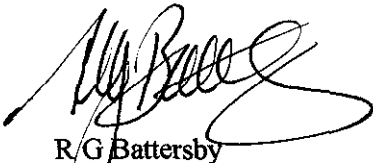
Balance Sheet at 30th June 2003 (continued)

In the opinion of the director for the year ended 30th June 2003, the company was exempt from audit of its financial statements under subsection (1) of section 249A of the Companies Act 1985. No notice has been deposited by members under subsection (2) of section 249B calling for an audit in relation to these financial statements.

I acknowledge my responsibilities for:

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit for the financial year in accordance with the requirements of section 226, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board on 1st December 2003.



R/G Battersby
Director

The notes on pages 5 to 10 form part of these financial statements.

NERIC LIMITED

Notes to the Financial Statements

For the year ended 30th June 2003

1. Accounting policies

- a) These financial statements are prepared under the historical cost convention.
- b) The company is part of a small group within the meaning of the Companies Act and is not required to prepare group accounts.
- c) Fee income is credited when earned, exclusive of VAT.
- d) Credit is taken for lease rental income as instalments fall due.
- e) Depreciation is provided on all tangible assets at the following rates per annum on cost:

	<u>Rate</u>
Assets leased to customers	At rates sufficient to write the assets off over the primary period of the lease
Furniture and equipment	15% to 33%

- f) Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates that have been enacted or substantially enacted by the balance sheet date.

2. Turnover and profit

Turnover and loss on ordinary activities before taxation arose entirely from the company's financial activities.

3. Operating profit/(loss)

This is stated after charging/(crediting):

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Directors' remuneration	-	-
Depreciation	31,689	31,690
Rentals receivable in respect of operating leases	(98,941)	(64,153)
	<u> </u>	<u> </u>

The average weekly number of employees was 2 (2002 - 2).

NERIC LIMITED

Notes to the Financial Statements (continued)

For the year ended 30th June 2003

4. Interest payable and similar charges

Interest is payable on bank loans and overdrafts.

5. Tax on profit/(loss) on ordinary activities

	<u>2003</u>		<u>2002</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Based on the profit/(loss) for the year				
Corporation Tax at 20% (2002 - 20%)	-		-	
Deferred taxation	-		(6,137)	
	<u> </u>	-	<u> </u>	(6,137)
Taxation (over)/underprovided in previous year				
Corporation Tax	-		-	
Deferred taxation	-		-	
	<u> </u>	-	<u> </u>	-
		<u> </u>		<u> </u>
		£ -		(£6,137)
		<u> </u>		<u> </u>

NERIC LIMITED

Notes to the Financial Statements (continued)

For the year ended 30th June 2003

6. Tangible fixed assets

	<u>Furniture and equipment £</u>	<u>Assets held for leasing £</u>	<u>Total £</u>
Cost			
At 1st July 2002	£ 9,766	£605,728	£615,494
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30th June 2003	£ 9,766	£605,728	£615,494
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1st July 2002	£ 8,941	£134,209	143,150
Charge for year	623	31,066	31,689
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30th June 2003	£ 9,564	£165,275	£174,839
	<hr/>	<hr/>	<hr/>
Net book value at 30th June 2003	£ 202	£440,453	£440,655
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 30th June 2002	£ 825	£471,519	£472,344
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. Investments in subsidiaries

The investments in subsidiaries are stated at cost. The company's subsidiary companies, all of which are registered in England, comprise:

<u>Name</u>	<u>Issued ordinary capital</u>	<u>Percentage owned</u>	<u>Nature of business</u>
Second Neric Limited	£100	100%	Investment company
Neric Finance Limited	£100	80%	Dealing in securities
Falcon Freeholds (Management) Limited	£1,000	100%	Dormant
NML Limited	£2	100%	Dormant
Falcon Freeholds Limited	£100	100%	Dormant

NERIC LIMITED

Notes to the Financial Statements (continued)

For the year ended 30th June 2003

8. Debtors

	<u>2003</u>	<u>2002</u>
	£	£
Trade debtors	4,682	14,219
Amount owed by subsidiaries	94,391	-
Other debtors	23,395	26,280
	<hr/>	<hr/>
	£122,468	£ 40,499
	<hr/>	<hr/>

9. Creditors: amounts falling due within one year

	<u>2003</u>	<u>2002</u>
	£	£
Current instalments due on bank loans	14,300	11,588
Trade creditors	293,059	184,807
Amount owed to subsidiaries	106,639	148,702
Bank overdraft	1,696	4,549
Current Corporation Tax	-	-
	<hr/>	<hr/>
	£415,694	£349,646
	<hr/>	<hr/>

10. Creditors: amounts falling due after one year

	<u>2003</u>	<u>2002</u>
	£	£
Bank loans (Note 11)	113,792	130,083
	<hr/>	<hr/>
	£113,792	£130,083
	<hr/>	<hr/>

11. Loans

	<u>2003</u>	<u>2002</u>
	£	£
Wholly repayable within five years	128,092	141,671
Amount due within one year (Note 9)	14,300	11,588
	<hr/>	<hr/>
Repayable between two and five years	£113,792	130,083
	<hr/>	<hr/>

NERIC LIMITED

Notes to the Financial Statements (continued)

For the year ended 30th June 2003

12. Deferred taxation

	£
At 1st July 2002	20,358
Provided in year	-
	<hr/>
At 30th June 2003	£ 20,358
	<hr/> <hr/>

Deferred taxation is represented by accelerated capital allowances.

13. Share capital

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
"A" ordinary shares of £1 each	250	25
"B" ordinary shares of £1 each	250	25
"C" ordinary shares of £1 each	250	25
"D" ordinary shares of £1 each	250	25
	<hr/>	<hr/>
	1,000	100
	<hr/> <hr/>	<hr/> <hr/>

The different types of share rank pari-passu in all respects, save as to dividends, which are at the director's discretion. All issued shares are considered equity shares.

NERIC LIMITED

Notes to the Financial Statements (continued)

For the year ended 30th June 2003

14. Movements in shareholders' funds

	<u>Share capital</u> £	<u>Profit and loss account</u> £	<u>Total</u> £
At 1st July 2001	100	27,937	28,037
(Loss) for the financial year	-	(13,857)	(13,857)
	100	14,080	14,180
At 30th June 2002	-	523	523
Profit for the financial year			
	£ 100	£ 14,603	£ 14,703
At 30th June 2003			

15. Capital commitments

The company had no capital commitments at either 30th June 2003 or 30th June 2002.

16. Contingent liabilities

There were no contingent liabilities at either 30th June 2003 or 30th June 2002.

NERIC LIMITED

Detailed Profit and Loss Account

For the year ended 30th June 2003

	<u>2003</u> £	<u>2002</u> £
Income		
Gross fees	14,300	11,380
Interest received	-	-
Lease rental	98,941	64,153
Inter-group dividends	-	20,000
	<hr/> 113,241	<hr/> 95,533
Expenses		
Travel, subsistence and staff welfare	-	-
General expenses	1,080	1,140
Telephone	4,222	3,815
Motor expenses	-	-
Printing, stationery and publications	100	420
Audit and accountancy fee	4,050	2,875
Leased asset maintenance	62,440	65,792
Bank interest paid	8,522	9,553
Bank charges	615	242
Depreciation:		
Leased assets	31,066	31,067
Furniture and equipment	623	623
Management fee - Neric Holdings	-	-
Profit on sale of aircraft	-	-
Bad debts recovered	-	-
	<hr/> 112,718	<hr/> 115,527
Profit/(loss) before taxation	523	(19,994)
Taxation		
Charge for year	-	-
Deferred taxation	-	(6,137)
	<hr/> -	<hr/> (6,137)
Profit/(loss) after taxation	<hr/> £523	<hr/> (£13,857)

This page does not form part of the financial statements