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MERCHANT WHITEWATER LIMITED

REPORT AND ACCOUNTS

31 MARCH 2003



MERCHANT WHITEWATER LIMITED

DIRECTOR'S REPORT

The directors submit their report and audited accounts for the year ended 31 March 2003.

RESULTS & DIVIDENDS

The Company's trading results for the year are set out in the attached Profit and Loss Account. No dividend is recommended.

PRINCIPAL ACTIVITY

The Company's principal business activities cover strategic and financial consultancy.

STATUS

The Company is a close company under the provisions of the Taxes Acts.

DIRECTORS

The directors at 31 March 2003, together with their interest in the ordinary share capital of the Company were as follows:

		31.3.03	31.3.02
I Buckley	1p shares	0	0
H Whiteley	1p shares	1	1
N Whiteley	1p shares	9,999	9,999

AUDITOR

Mr D M Moffat has confirmed he will act as auditor to the Company, commencing 1st April 2003.

By order of the Board


Company Secretary

MERCHANT WHITEWATER LIMITED

STATEMENT OF 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:

- o select suitable accounting policies and then apply them consistently,
- o make judgements and estimates that are reasonable and prudent, and
- o prepare the financial statements on a 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 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.

REPORT OF THE AUDITOR
TO THE SHAREHOLDERS OF MERCHANT WHITEWATER LIMITED

I have audited the financial statements enclosed which have been prepared under the accounting policies set out herein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described earlier the Company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion based on my audit, on those statements, and report my opinion to you.

BASIS OF OPINION

I conducted my audit in accordance with auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and enclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the director in preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



T G Eckersley BA FCA
15th December 2003

MERCHANT WHITEWATER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE TWELVE MONTHS TO 31 MARCH 2003****(pounds sterling)**

	2003	2002
REVENUE		
Consultancy fees	22,844	38,675
Interest Income	489	40
Other Income	0	95
Total Revenue	23,333	38,810
EXPENDITURE		
Professional Fees	7,259	0
Travel	5,356	5,709
Communications	2,059	1,970
Marketing	1,077	1,193
Bank Charges	30	9
Corporate	938	1,019
Payroll	9,517	0
TOTAL EXPENDITURE	26,236	9,900
PROFIT/LOSS before tax	-2,903	28,910
Tax	-4	633
PROFIT/LOSS after tax	-2,899	28,277

MERCHANT WHITEWATER LIMITED

BALANCE SHEET

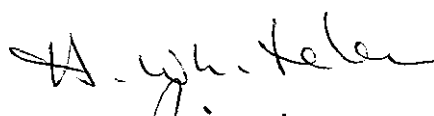

AT 31 MARCH 2003

(pounds sterling)

	2003	2002
ASSETS		
Cash	19,159	26,512
Investments	1,105	1,105
Accounts Receivable	1,571	1,571
Fixed Assets	0	0
Total Assets	21,835	29,188
LIABILITIES		
Accounts Payable	818	5,272
Total Liabilities	818	5,272
NET ASSETS EMPLOYED	21,017	23,916
FINANCED BY		
Share Capital	100	100
Reserves	3,213	6,112
Loans - Directors	10,772	10,772
Loans - Others	6,932	6,932
SHAREHOLDERS FUNDS	21,017	23,916

H WHITELEY

Director

H WHITELEY

Director

MERCHANT WHITEWATER LIMITED

NOTES TO THE ACCOUNTS

AT 31 MARCH 2003

ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's affairs:

(a) **Accounting Convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) **Going Concern**

The financial statements are drawn up on a going concern basis.

(c) **Revenue**

Revenue represents principally income from consultancy fees net of VAT..

The following notes should be read with the enclosed Profit and Loss Account:

PAYROLL

Wages and Salaries (including Directors)	GBP 7,777
Tax and Social Security Costs	GBP 1,740

INTEREST PAYABLE

Bank Overdraft	Nil
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TAXATION

No charge is included in the results for the year.

The following notes below should be read with the enclosed Balance Sheet:

FIXED ASSETS

At the balance sheet date the Company had no fixed assets.

DEBTORS

At the balance sheet date the Company had trade debtors of GBP 0

SHARE CAPITAL

Authorised:

Ordinary Shares of 1 p	10,000
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Issued and fully paid:

Ordinary Shares of 1 p	10,000
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INVESTMENTS

The balance sheet value includes the cost of 100% shareholdings in:

- o Merchant International Limited, and
- o Whitewater Timber Limited