

Registrar

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Report of the Directors and
Financial Statements for the Year Ended 31st December 2002
for
Salmon Developments Plc



Salmon Developments Plc

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for the Year Ended 31st December 2002

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Salmon Developments Plc
Company Information
for the Year Ended 31st December 2002

DIRECTORS:

R F Henderson
S K Kuntze
R A Martin
P A Pollard
D J Stewart
K P Stoodley

SECRETARY:

P A Pollard

REGISTERED OFFICE:

46 Mount Street
London
W1K 2HH

REGISTERED NUMBER:

2424275

AUDITORS:

Meyer Williams
19/21 Bull Plain
Hertford
Herts.
SG14 1DX
REGISTERED AUDITOR

Salmon Developments Plc

Report of the Directors
for the Year Ended 31st December 2002

The directors present their report with the financial statements of the company for the year ended 31st December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property developers and dealers.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

The directors do not recommend the payment of a final dividend on the ordinary shares. A fixed cumulative preferential dividend totalling £118,685 is proposed to be paid to the holders of participating preferred ordinary shares.

DIRECTORS

The directors during the year under review were:

D R J Baird	- resigned 4.1.02
R F Henderson	
S K Kuntze	
R A Martin	- appointed 5.1.02
C P Oliver	- resigned 4.1.02
P A Pollard	
D J Stewart	
K P Stoodley	

DIRECTORS' INTERESTS IN SHARES

The beneficial interests of the directors in the issued share capital of the company were as follows:

	Share Category	31.12.02	1.1.02 or date of appointment if later
D R J Baird	'B' Preference	-	25,000
	'B' Ordinary	-	380
	Preference	730	-
R F Henderson	'D' Ordinary	-	50
	Ordinary	21,250	-
	Participating preferred	50	-
S K Kuntze	Ordinary	2,500	-
C P Oliver	'A' Preference	-	25,000
	'A' Ordinary	-	350
P A Pollard	Ordinary	2,500	-
D J Stewart	'C' Ordinary	-	220
	Ordinary	21,250	-
	Participating preferred	220	-
K P Stoodley	Ordinary	2,500	-

Salmon Developments Plc
Report of the Directors
for the Year Ended 31st December 2002

DIRECTORS' INTERESTS IN SHARES (Continued)

At an Extraordinary General Meeting held on 4 January 2002, the following Special Resolutions were passed:

"That the company purchase share capital with a nominal value of £50,730 from the shareholders for cancellation; consisting of the following:

25,000 "A" Preference Shares, 350 "A" Ordinary shares, 25,000 "B" Preference Shares and 380 "B" Ordinary Shares for a total consideration of £5,312,248."

"That the company change the Articles of Association so that the Authorised Share Capital of the company of £51,000 be reclassified into the following shares:

50,000 Ordinary Shares of £1, 730 Preference Shares of £1 and 270 Participating Preferred Ordinary Shares of £1.

The Company's former ordinary "C" and "D" shares of £1 were re-designated Participating Preferred Ordinary Shares of £1."

The 730 Preference shares of £1 were allotted at par value. The 50,000 Ordinary Shares of £1 were allotted partly paid at 25p per share.

A net transfer of £37,500 from the Profit and loss account to a Capital Redemption Reserve has been made to reflect the nominal value of the share capital purchased by the company for cancellation and the subsequent allotment of new share capital which raised £13,230.

CREDITORS PAYMENT POLICY

Trade creditors are settled in accordance with their agreed payment terms.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made no charitable donations during the year. (2001: £375)

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

- 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.

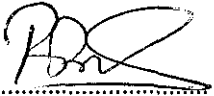
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Salmon Developments Plc
Report of the Directors
for the Year Ended 31st December 2002

AUDITORS

Bessler Hendrie, Chartered Accountants resigned as auditors during the year and Meyer Williams, Chartered Accountants were appointed by the directors in their place. A resolution to re-appoint Meyer Williams will be put to the members.

ON BEHALF OF THE BOARD:



P A Pollard - SECRETARY

Dated: 23/7/03

Salmon Developments Plc

Report of the Independent Auditors to the Shareholders of
Salmon Developments Plc

We have audited the financial statements of Salmon Developments Plc for the year ended 31st December 2002 on pages six to twenty two. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page three the company's directors are responsible for the preparation of 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.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

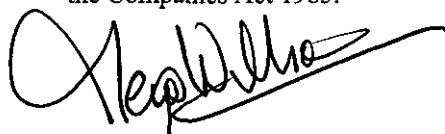
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st December 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Meyer Williams
19/21 Bull Plain
Hertford
Herts.
SG14 1DX
REGISTERED AUDITOR

Dated: 25/07/02

Salmon Developments Plc

Consolidated Profit and Loss Account
for the Year Ended 31st December 2002

		<u>31.12.02</u>	<u>31.12.01</u>
	Notes	£	£
TURNOVER		7,500,055	10,779,679
Less: share of associate		<u>(7,009,165)</u>	<u>(9,280,198)</u>
GROUP TURNOVER		490,890	1,499,481
Cost of sales		<u>19,472</u>	<u>231,775</u>
		471,418	1,267,706
Other operating income		<u>761,060</u>	<u>766,109</u>
		1,232,478	2,033,815
Administrative expenses		<u>1,203,342</u>	<u>2,281,403</u>
OPERATING PROFIT/(LOSS)	3	29,136	(247,588)
Share of associate's operating profit		5,126	670,116
Interest receivable and similar income		<u>61,268</u>	<u>354,246</u>
		95,530	776,774
Interest payable and similar charges	4	<u>27,664</u>	<u>65,681</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		67,866	711,093
Tax on profit on ordinary activities	5	<u>29,766</u>	<u>188,077</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		38,100	523,016
Dividends	6	<u>118,685</u>	<u>-</u>
		(80,585)	523,016
Retained profit brought forward		<u>7,466,667</u>	<u>6,943,651</u>
		7,386,082	7,466,667
Purchase of own shares		<u>(5,299,019)</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>£2,087,063</u>	<u>£7,466,667</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Salmon Developments Plc

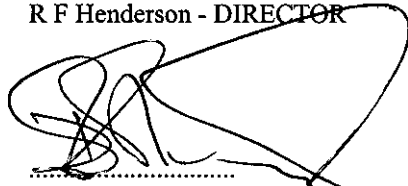
Consolidated Balance Sheet
31st December 2002

		<u>31.12.02</u>		<u>31.12.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		6,372		14,063
Investments	9		<u>2,271,786</u>		<u>2,251,744</u>
			2,278,158		2,265,807
CURRENT ASSETS:					
Debtors	10	182,276		91,465	
Cash at bank and in hand		<u>374,467</u>		<u>5,762,455</u>	
		556,743		5,853,920	
CREDITORS: Amounts falling due within one year	11	<u>370,589</u>		<u>425,811</u>	
NET CURRENT ASSETS:			<u>186,154</u>		<u>5,428,109</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,464,312		7,693,916
CREDITORS: Amounts falling due after more than one year	12		<u>150,000</u>		-
			<u>£2,314,312</u>		<u>£7,693,916</u>
CAPITAL AND RESERVES:					
Called up share capital	15		13,500		51,000
Profit and loss account	16		2,087,063		7,466,667
Revaluation reserve	17		176,249		176,249
Capital redemption reserve	18		<u>37,500</u>		-
SHAREHOLDERS' FUNDS (including non-equity interests):	22		<u>£2,314,312</u>		<u>£7,693,916</u>

ON BEHALF OF THE BOARD:



.....
R F Henderson - DIRECTOR



.....
D J Stewart - DIRECTOR

Approved by the Board on 23/01/03

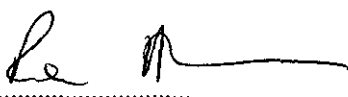
The notes form part of these financial statements

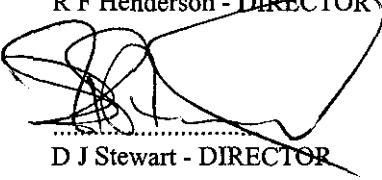
Salmon Developments Plc

Balance Sheet
31st December 2002

		<u>31.12.02</u>		<u>31.12.01</u>	
	Note	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		6,372		14,063
Investments	9		<u>2,352,553</u>		<u>2,352,553</u>
			2,358,925		2,366,616
CURRENT ASSETS:					
Debtors	10	178,628		85,327	
Cash at bank and in hand		<u>368,205</u>		<u>5,653,281</u>	
		546,833		5,738,608	
CREDITORS: Amounts falling due within one year	11	<u>702,884</u>		<u>669,141</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(156,051)</u>		<u>5,069,467</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,202,874		7,436,083
CREDITORS: Amounts falling due after more than one year	12		<u>150,000</u>		-
			<u>£2,052,874</u>		<u>£7,436,083</u>
CAPITAL AND RESERVES:					
Called up share capital	15		13,500		51,000
Profit and loss account	16		1,825,625		7,208,834
Revaluation reserve	17		176,249		176,249
Capital redemption reserve	18		<u>37,500</u>		-
SHAREHOLDERS' FUNDS (including non-equity interests):	22		<u>£2,052,874</u>		<u>£7,436,083</u>

ON BEHALF OF THE BOARD:


.....
R F Henderson - DIRECTOR


.....
D J Stewart - DIRECTOR

Approved by the Board on23/1/03.....

The notes form part of these financial statements

Salmon Developments Plc

Consolidated Cash Flow Statement
for the Year Ended 31st December 2002

		<u>31.12.02</u>	<u>31.12.01</u>
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(225,906)	3,535,919
Income received from associate		-	554,696
Returns on investments and servicing of finance	2	10,098	159,554
Taxation		5,101	(554,985)
Capital expenditure	2	(205)	(13,908)
Acquisitions and disposals	2	-	800,000
		(210,912)	4,481,276
Financing	2	(5,149,018)	37,500
(Decrease)/Increase in cash in the period		<u>£(5,359,930)</u>	<u>£4,518,776</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(5,359,930)</u>	<u>4,518,776</u>
Change in net funds resulting from cash flows		<u>(5,359,930)</u>	<u>4,518,776</u>
Movement in net funds in the period		<u>(5,359,930)</u>	<u>4,518,776</u>
Net funds at 1st January		<u>5,734,397</u>	<u>1,215,621</u>
Net funds at 31st December		<u>£374,467</u>	<u>£5,734,397</u>

The notes form part of these financial statements

Salmon Developments Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.12.02 £	31.12.01 £
Operating profit	29,136	(247,588)
Depreciation charges	7,897	15,252
Goodwill amortised	-	32,346
Decrease in stock	-	196,551
(Increase)/Decrease in debtors	(94,903)	3,774,240
Decrease in creditors	<u>(168,036)</u>	<u>(234,882)</u>
Net cash (outflow)/inflow from operating activities	<u>(225,906)</u>	<u>3,535,919</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.02 £	31.12.01 £
Returns on investments and servicing of finance		
Interest received	10,098	166,712
Interest paid	<u>-</u>	<u>(7,158)</u>
Net cash inflow for returns on investments and servicing of finance	<u>10,098</u>	<u>159,554</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(205)</u>	<u>(13,908)</u>
Net cash outflow for capital expenditure	<u>(205)</u>	<u>(13,908)</u>
Financing		
New loan advanced in year	150,000	-
Call on preference shares	-	37,500
Purchase of own shares	(5,312,248)	-
Proceeds of issue of ordinary shares	12,500	-
Proceeds of issue of preference shares	<u>730</u>	<u>-</u>
Net cash (outflow)/inflow from financing	<u>(5,149,018)</u>	<u>37,500</u>
Acquisitions and disposals		
Redemption of loan by associated company	<u>-</u>	<u>800,000</u>
Net cash inflow for acquisition and disposals	<u>-</u>	<u>800,000</u>

The notes form part of these financial statements

Salmon Developments Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 2002

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.02	Cash flow	At 31.12.02
	£	£	£
Net cash:			
Cash at bank and in hand	5,762,455	(5,387,988)	374,467
Bank overdraft	<u>(28,058)</u>	<u>28,058</u>	<u>-</u>
	<u>5,734,397</u>	<u>(5,359,930)</u>	<u>374,467</u>
 Total	 <u>5,734,397</u>	 <u>(5,359,930)</u>	 <u>374,467</u>
 Analysed in Balance Sheet			
Cash at bank and in hand	5,762,455		374,467
Bank overdraft	<u>(28,058)</u>		<u>-</u>
	<u>5,734,397</u>		<u>374,467</u>

The notes form part of these financial statements

Salmon Developments Plc
Notes to the Financial Statements
for the Year Ended 31st December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of a fixed asset investment, and comply with all applicable accounting standards.

Basis of consolidation

The group financial statements comprise a consolidation of the financial statements of the holding company and its subsidiary undertakings for the year ended 31 December 2002.

An associated undertaking is included in the group financial statements on the equity accounting basis.

In accordance with Section 230 of the Companies Act 1985, the company has elected not to present its own profit and loss account.

Turnover

Turnover represents the invoiced value of goods and services supplied and the value of long term contract work done, and is stated exclusive of VAT.

Long term contracts

Turnover on long term contracts is recognised according to the nature of the contract and the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Work in progress is stated at the lower of cost and net realisable value. The costs on development projects not yet taken to the profit and loss account, less foreseeable losses and payments on account, are shown in work in progress.

Intangible fixed assets

Goodwill arising upon the acquisition of subsidiaries has been fully amortised to the profit and loss account over its estimated useful life, in accordance with the provisions of FRS10.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 25% on cost
Computer equipment	- 33.3% on cost

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except those relating to revalued assets.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account evenly over the period of the lease.

Capital instruments

Capital instruments are accounted for in accordance with the principles of FRS4 and are classified as equity share capital, non equity share capital or debt, as appropriate.

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

2. STAFF COSTS

	31.12.02	31.12.01
	£	£
Wages and salaries	771,991	1,063,874
Social security costs	90,105	135,851
Other pension costs	<u>-</u>	<u>49,144</u>
	<u>862,096</u>	<u>1,248,869</u>

Other pension costs relate to a former director.

The average monthly number of employees during the year was as follows:

	31.12.02	31.12.01
Management	6	8
Administration	<u>8</u>	<u>10</u>
	<u>14</u>	<u>18</u>

3. OPERATING PROFIT/(LOSS)

The operating profit is stated after charging:

	31.12.02	31.12.01
	£	£
Depreciation - owned assets	7,897	15,252
Goodwill written off	-	32,346
Hire of plant and machinery	19,197	4,482
Other operating lease costs	103,162	-
Auditors' remuneration	12,000	14,736
Auditors' remuneration - non audit services	<u>6,339</u>	<u>-</u>
Directors' emoluments	542,600	733,430
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>49,144</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>-</u>	<u>1</u>
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Information regarding the highest paid director is as follows:

	31.12.02	31.12.01
	£	£
Emoluments etc	<u>163,400</u>	<u>197,875</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.02	31.12.01
	£	£
Loans and bank overdraft wholly repayable within five years	-	7,158
Share of associate	<u>27,664</u>	<u>58,523</u>
	<u>27,664</u>	<u>65,681</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.02 £	31.12.01 £
Current tax:		
UK corporation tax	22,427	(3,850)
(Over)/under provided in respect of earlier years	(1,251)	8,131
Share of associate	<u>8,590</u>	<u>183,796</u>
Total current tax	<u>29,766</u>	<u>188,077</u>
 Tax on profit on ordinary activities	 <u>29,766</u>	 <u>188,077</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.02 £	31.12.01 £
Profit on ordinary activities before tax	<u>67,866</u>	<u>711,093</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2001 - 30%)	13,065	213,328
Effects of:		
Expenses not deductible for tax purposes	14,352	24,942
Depreciation for period in excess of capital allowances	525	(98)
Marginal relief	150	(150)
Utilisation of tax losses	-	(142,184)
Adjustments in respect of associate	2,925	128,738
Adjustments in respect of prior periods	(1,251)	8,861
Non taxable group dividends	<u>-</u>	<u>(45,360)</u>
Current tax charge	<u>29,766</u>	<u>188,077</u>

6. DIVIDENDS

	31.12.02 £	31.12.01 £
Non equity shares:		
Participating preferred shares	<u>118,685</u>	<u>-</u>

7. PROFIT FOR THE FINANCIAL YEAR

	31.12.02 £	31.12.01 £
This is dealt with in the accounts of:		
Holding company	34,495	1,140,386
Subsidiaries	(16,437)	(617,601)
Associate	<u>20,042</u>	<u>231</u>
	<u>38,100</u>	<u>523,016</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

8. **TANGIBLE FIXED ASSETS**
The Group and the Company

	<u>Computer equipment</u>	<u>Office equipment</u>	<u>Totals</u>
	<u>£</u>	<u>£</u>	<u>£</u>
COST:			
At 1st January 2002	35,173	23,190	58,363
Additions	-	205	205
At 31st December 2002	<u>35,173</u>	<u>23,395</u>	<u>58,568</u>
DEPRECIATION:			
At 1st January 2002	28,572	15,727	44,299
Charge for year	1,349	6,548	7,897
At 31st December 2002	<u>29,921</u>	<u>22,275</u>	<u>52,196</u>
NET BOOK VALUE:			
At 31st December 2002	<u>5,252</u>	<u>1,120</u>	<u>6,372</u>
At 31st December 2001	<u>6,600</u>	<u>7,463</u>	<u>14,063</u>

9. **FIXED ASSET INVESTMENTS**

The Group

	<u>Shares in associate</u>	<u>Share of profit of associate</u>	<u>Totals</u>
	<u>£</u>	<u>£</u>	<u>£</u>
COST:			
At 1 January 2002	2,000,000	251,744	2,251,744
Additions	-	20,042	20,042
Transfers	-	-	-
At 31 December 2002	<u>2,000,000</u>	<u>271,786</u>	<u>2,271,786</u>
PROVISIONS:			
At 1 January 2002 and 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE:			
At 31 December 2002	<u>2,000,000</u>	<u>271,786</u>	<u>2,271,786</u>
At 31 December 2001	<u>2,000,000</u>	<u>251,744</u>	<u>2,251,744</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

9. **FIXED ASSET INVESTMENTS - continued**

The Group

Investment in associated undertaking

The consolidated financial statements include the following associated undertaking using the equity method:

Salmon Harvester Properties Limited

Nature of business: Property developer

Class of shares:	%
Ordinary	holding 50.00

The aggregate of the group's share of associates' assets, liabilities are as follows:

	31.12.02	31.12.01
	£	£
Fixed assets	165	165
Current assets	13,625,088	20,391,859
Liabilities due within one year	11,453,466	18,240,280

The Company

	Shares in subsidiaries	Shares in associate	Loans to subsidiary	Totals
	£	£	£	£
COST:				
At 1 January 2002	53	2,000,000	352,500	2,352,553
Additions	-	-	-	-
Transfers	-	-	-	-
At 31 December 2002	<u>53</u>	<u>2,000,000</u>	<u>352,500</u>	<u>2,352,553</u>
PROVISIONS:				
At 1 January 2002	-	-	-	-
and 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE:				
At 31 December 2002	<u>53</u>	<u>2,000,000</u>	<u>352,500</u>	<u>2,352,553</u>
At 31 December 2001	<u>53</u>	<u>2,000,000</u>	<u>352,500</u>	<u>2,352,553</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

9. **FIXED ASSET INVESTMENTS - continued**

Shares in subsidiaries:

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Salmon Investments and Developments Limited

Nature of business: Property developer

	%
Class of shares:	holding
Ordinary	100.00

Salmon Properties Limited

Nature of business: Non trading

	%
Class of shares:	holding
Ordinary	100.00

Salcim Limited

Nature of business: Non trading

	%
Class of shares:	holding
Ordinary	100.00

10. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group

	31.12.02	31.12.01
	£	£
Trade debtors	113,994	11,058
Other debtors	4,695	1,408
Prepayments and accrued income	32,177	41,539
Other taxes	-	18,799
Amounts owed by associated company	27,762	10,921
Corporation tax	3,648	7,740
	<u>182,276</u>	<u>91,465</u>

The Company

Trade debtors	113,994	4,920
Other debtors	4,695	1,408
Prepayments and accrued income	32,177	41,539
Other taxes	-	18,799
Amounts owed by associated company	27,762	10,921
Corporation tax	-	7,740
	<u>178,628</u>	<u>85,327</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group	31.12.02	31.12.01
	£	£
Bank loans and overdrafts (see note 13)	-	28,058
Trade creditors	12,965	13,679
Other creditors	-	39,245
Dividend proposed	118,685	-
Social security and other taxes	84,612	159,655
Corporation tax	26,075	3,890
Accruals and deferred income	128,252	181,284
	<u>370,589</u>	<u>425,811</u>
 The Company		
Bank loans and overdrafts (see note 13)	-	28,058
Trade creditors	12,965	10,548
Amounts owed to subsidiaries	332,296	345,057
Other creditors	-	39,245
Dividend proposed	118,685	-
Social security and other taxes	84,612	76,224
Corporation tax	26,075	-
Accruals and deferred income	128,251	170,009
	<u>702,884</u>	<u>669,141</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

The Group and the Company	31.12.02	31.12.01
	£	£
Other loans (see note 13)	<u>150,000</u>	<u>-</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

The Group and the Company	31.12.02	31.12.01
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>28,058</u>
Amounts falling due between one and two years:		
Other loans	<u>150,000</u>	<u>-</u>

Notes to the Financial Statements
for the Year Ended 31st December 2002

14. OBLIGATIONS UNDER LEASING AGREEMENTS

The group has the following payments committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	31.12.02 £	31.12.01 £	31.12.02 £	31.12.01 £
Expiring:				
Within one year	-	-	-	2,324
Between one and five years	106,685	106,685	8,766	-
	<u>106,685</u>	<u>106,685</u>	<u>8,766</u>	<u>2,324</u>

15. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	31.12.02	31.12.01
Number:	Class:		£	£
25,000	'A' Cumulative preference shares	£1	-	25,000
25,000	'B' Cumulative preference shares	£1	-	25,000
350	'A' Ordinary shares	£1	-	350
380	'B' Ordinary shares	£1	-	380
220	'C' Ordinary shares	£1	-	220
50	'D' Ordinary shares	£1	-	50
50,000	Ordinary shares	£1	50,000	-
270	Participating preferred shares	£1	270	-
730	Preference shares	£1	730	-
			<u>51,000</u>	<u>51,000</u>
Issued:		Nominal value:	31.12.02	31.12.01
Number:	Class:		£	£
25,000	'A' Cumulative preference shares	£1	-	25,000
25,000	'B' Cumulative preference shares	£1	-	25,000
350	'A' Ordinary shares	£1	-	350
380	'B' Ordinary shares	£1	-	380
220	'C' Ordinary shares	£1	-	220
50	'D' Ordinary shares	£1	-	50
50,000	Ordinary shares (25p paid)	£1	12,500	-
270	Participating preferred shares	£1	270	-
730	Preference shares	£1	730	-
			<u>13,500</u>	<u>51,000</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

15. CALLED UP SHARE CAPITAL - continued

On 4 January 2002 the company purchased 50,000 of its own "A" and "B" cumulative preference shares of £1 each at par. In addition the company also purchased 350 "A" Ordinary shares of £1 each at a price of £7,208.57 per share and 380 "B" ordinary shares of £1 each at a price of £7,208.55 per share.

On 4 January 2002 the company allotted 730 preference shares at par and 50,000 ordinary £1 shares part paid at 25p per share.

A net transfer of £37,500 has been made from the profit and loss account to a Capital Redemption Reserve to reflect the nominal value of the share capital purchased by the company for cancellation and the subsequent allotment of new share capital which raised £13,230.

The interests of the preference shareholders and the participating preferred shareholders have been classified as non equity.

The rights of the preference shareholders include the entitlement to receive dividends calculated by reference to a proportion of the cleared funds distributed to the company in respect of certain development profits during the year ended 31 December 2002 and any subsequent year. The preference dividends are payable until the aggregate amount of all dividends which have been paid is equal to £1,400,000.

On a return of capital on a winding up or otherwise the assets of the company available for distribution to its members shall be applied, firstly to making payments to the holders of preference shares. The amount to be paid to the preference shareholders in priority to the other shareholders will be firstly, a sum equal to all arrears of the preference dividend and secondly, a sum equal to the nominal amount but excluding any premium paid up on the preference shares. The preference shares do not carry an entitlement to vote at a general meeting.

The rights of the participating preferred shareholders include the entitlement to receive a dividend of £120,000 in respect of each financial year to be distributed amongst the shareholders. The dividend is payable after the preference dividend (if any) and any arrears of the preference dividend have been paid in full but in priority to any payment of a dividend to the holders of all other shares in the capital of the company.

On a return of capital on a winding up or otherwise the assets of the company available for distribution to its members shall be applied in making payments to the holders of participating preferred shares, subject to the above mentioned rights attaching to the preference shares but in priority to any payment to the holders of all other shares in the capital of the company, of firstly, a sum equal to all arrears of the preferred dividend and secondly, the sum of £2,000,000. The participating preferred shares do not carry an entitlement to vote at a general meeting.

16. PROFIT FOR THE YEAR

	Group £	Company £
As at 1 January 2002	7,466,667	7,208,834
Profit for the year	38,100	34,495
Dividends	(118,685)	(118,685)
Purchase of own shares	(5,299,019)	(5,299,019)
As at 31 December 2002	<u>2,087,063</u>	<u>1,825,625</u>

17. REVALUATION RESERVE
The Group and the Company

	£	£
As at 1 January 2002 and 31 December 2002	<u>176,249</u>	<u>176,249</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

18. **CAPITAL REDEMPTION RESERVE**
The Group and the Company

	31.12.02 £	31.12.01 £
As at 1 January 2002	-	-
Movement in the year	<u>37,500</u>	<u>-</u>
As at 31 December 2002	<u>37,500</u>	<u>-</u>

19. **ULTIMATE CONTROLLING PARTY**

There has been no single ultimate controlling party of the group throughout the current or preceding year.

20. **CONTINGENT LIABILITIES**

Additional consideration, up to a maximum of £856,288 is potentially payable by the company to the previous owner of a subsidiary, the level of which is dependant upon the future taxable profits generated by the subsidiary.

21. **RELATED PARTY DISCLOSURES**

The group and the company has taken advantage of the exemptions provided by Financial Reporting Standard 8 and has not reported transactions and balances with other group companies that are eliminated upon consolidation.

During the year, Salmon Developments Plc entered into the following transactions with its associated undertaking Salmon Harvester Properties Limited:

	31.12.02 £	31.12.01 £
Project management fees earned	260,511	306,291
Contribution to management costs	750,000	750,000

At the year end the group was owed £27,762 (2001: £10,921) by Salmon Harvester Properties Limited.

During the year Salmon Developments Plc entered into transactions with the following related parties:

	31.12.02 £	31.12.01 £
A company controlled by D R J Baird:		
Management fees payable to Adna Limited	-	29,728
Rent charges to Adna Limited	-	30,000
A company controlled by D J Stewart:		
Management fees payable to Hookwood House Estates Limited	-	15,000

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2002

22. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

The Group	31.12.02	31.12.01
	£	£
Profit for the financial year	38,100	523,016
Dividends	(118,685)	-
	(80,585)	523,016
Call on part paid share capital	-	37,500
Purchase of own shares	(5,299,019)	-
Net (reduction)/addition to shareholders' funds	(5,379,604)	560,516
Opening shareholders' funds	7,693,916	7,133,400
Closing shareholders' funds	2,314,312	7,693,916
Equity interests	2,313,312	7,643,916
Non-equity interests	1,000	50,000
	2,314,312	7,693,916
 The Company	 31.12.02	 31.12.01
	£	£
Profit for the financial year	34,495	1,140,386
Dividends	(118,685)	-
	(84,190)	1,140,386
Call on part paid share capital	-	37,500
Purchase of own shares	(5,299,019)	-
Net (reduction)/addition to shareholders' funds	(5,383,209)	1,177,886
Opening shareholders' funds	7,436,083	6,258,197
Closing shareholders' funds	2,052,874	7,436,083
Equity interests	2,051,874	7,386,083
Non-equity interests	1,000	50,000
	2,052,874	7,436,083

23. **DEFERRED TAX**

The Group and the Company

The total potential liability, none of which has been provided for in these financial statements, is as follows:

	31.12.02	31.12.01
	£	£
Revaluation of investment	52,875	52,875