

UMM QARN MANAGEMENT COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 1998



UMM QARN MANAGEMENT COMPANY LIMITED

COMPANY NUMBER 2861860 REPORT OF THE DIRECTORS

The Directors present their report with the accounts of the company for the year ended 31 October 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of breeding and racing of Arab racehorses.

DIRECTORS

The Directors in office during the year and their beneficial interest in the company's issued ordinary share capital was as follows:-

Abdullah bin Khalifa bin Hamad	90
Abdullah Mohammed Abdulla	5
Mrs. V. Bunting	5

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those accounts the directors are required to:-

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts
- prepare the accounts 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 accounts 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.

UMM QARN MANAGEMENT COMPANY LIMITED

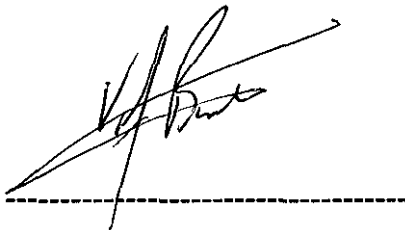
COMPANY NUMBER 2861860 REPORT OF THE DIRECTORS (Continued)

AUDITORS

It is the directors' opinion that the company is exempt from audit under the provisions of the Companies Act 1985

In preparing the above report, the director has taken advantage of special exemptions applicable to small companies.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to be 'V. B. ...', is written over a horizontal dashed line.

DIRECTOR

Approved by the Board: 8 January 1999

UMM QARN MANAGEMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1998

			Year ended 31 OCTOBER 1997
	Notes	£	£
TURNOVER	2	217,511	262,051
Cost of Sales		733,584	831,036
		-----	-----
GROSS LOSS		(516,073)	(568,985)
Administrative Expenses		(346,005)	(329,954)
		-----	-----
Operating Loss	3	(862,078)	(898,939)
Interest receivable		17,379	10,893
		-----	-----
Loss on ordinary activities before taxation		(844,699)	(888,046)
TAXATION	4	4,687	-
		-----	-----
Loss on ordinary activities after taxation		(849,386)	(888,046)
RETAINED LOSS at 31 OCTOBER 1997		(2,505,321)	(1,617,275)
		-----	-----
RETAINED LOSS at 31 OCTOBER 1998		(3,354,707)	(2,505,321)
		=====	=====

The company has no other recognised gains or losses other than those stated above for the two financial years.

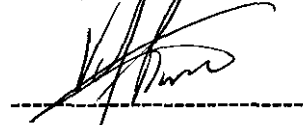
The notes on pages 5 to 7 form an integral part of these financial statements.

UMM QARN MANAGEMENT COMPANY LIMITED **BALANCE SHEET AS AT 31 OCTOBER 1998**

	NOTES	31 OCTOBER 1997			
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		1,687,721		1,696,622
CURRENT ASSETS					
Stock of Horses	6	520,000		520,000	
Debtors	7	133,307		55,321	
Cash at bank		353,927		321,552	
		-----		-----	
		1,007,234		896,873	
CREDITORS: Amounts falling due within one year	8	349,139		214,671	
		-----		-----	
Net Current Assets			658,095		682,202
			-----		-----
Total assets less current liabilities			2,345,816		2,378,824
			=====		=====
Represented by:					
Share Capital	9		100		100
Profit and Loss Account			(3,354,707)		(2,505,321)
Directors' loans			5,700,423		4,884,045
			-----		-----
	10		2,345,816		2,378,824
			=====		=====

The directors have taken advantage of special exemptions conferred by Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the accounts and have done so on the grounds that, in their opinion the Company is entitled to those exemptions. They have also taken advantage of Section 249A(1), Companies Act 1985 in not having these accounts audited and S246 to qualify as a small company and have done so on the grounds that, in their opinion, the company is entitled to those exemptions. They confirm that no notice has been deposited under S249B(2) of the Companies Act 1985. They acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with S221 of the Companies Act 1985 and for preparing accounts which give a true and fair view of the company and of its profit for the year in accordance with the requirements of S226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to this company.

SIGNED ON BEHALF OF THE BOARD



Approved by the Board: 8 January 1999

The notes on pages 5 to 7 form an integral part of these financial statements

UMM QARN MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention.

Cashflow

The accounts do not include a cashflow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "cashflow statements".

Turnover

Turnover represents net invoiced sales excluding VAT.

Deferred Taxation

No provision has been made for a deferred taxation liability in respect of accelerated capital allowances at the small companies' rate of Corporation Tax.

Depreciation

Provision is made for depreciation on all tangible assets at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follow:-

Plant and machinery	20% reducing balance
Fixtures, Fittings and Equipment	15% reducing balance
Motor vehicles	25% reducing balance

No depreciation is provided on Freehold Property as the directors are of the opinion that the current market value of the land exceeds the book value.

2. TURNOVER

Turnover attributable to geographical markers within the United Kingdom amounted to and is wholly attributable to the principal activity.

3. OPERATING LOSS

	£	1997 £
This is stated after charging:		
Directors' remuneration	-	-
Auditor's remuneration	-	-
	<u> </u>	<u> </u>

4. TAXATION

No corporation tax is provided on the adjusted loss for the year.

UMM QARN MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998 Cont'd...

5. FIXED ASSETS

	Freehold £	Improvements £	F&F £	Plant £	Vehicles £	TOTAL £
COST						
At 1 November 1997	1,166,850	467,163	34,676	81,460	8,850	1,758,999
Additions	-	-	-	4,701	-	4,701
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 October 1998	<u>1,166,850</u>	<u>467,163</u>	<u>34,676</u>	<u>86,161</u>	<u>8,850</u>	<u>1,763,700</u>

DEPRECIATION

At 1 November 1997	-	-	16,222	40,106	6,049	62,377
Provided	-	-	3,691	9,211	700	13,602
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 October 1998	<u>-</u>	<u>-</u>	<u>19,913</u>	<u>49,317</u>	<u>6,749</u>	<u>75,979</u>

NET BOOK VALUE

At 31 October 1997	<u>1,166,850</u>	<u>467,163</u>	<u>18,454</u>	<u>41,354</u>	<u>2,801</u>	<u>1,696,622</u>
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
At 31 October 1998	<u>1,166,850</u>	<u>467,163</u>	<u>14,763</u>	<u>36,844</u>	<u>2,101</u>	<u>1,687,721</u>

6. STOCK

Stocks are valued by the director at the lower of cost and net realisable value after making allowance for obsolete and slow moving items.

7. DEBTORS

	1998 £	1997 £
Trade debtors	10,555	-
Other debtors	122,752	54,448
Taxation recoverable	-	873
	<u>-----</u>	<u>-----</u>
	<u>133,307</u>	<u>55,321</u>

UMM QARN MANAGEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998 Cont'd....

	1998	1997
8. CREDITORS: Amounts falling due within one year		
Bank overdraft	108,830	253
Trade creditors	202,786	163,152
Other taxes and security costs	17,190	32,520
Other creditors and accruals	20,333	18,746
	<u>349,139</u>	<u>214,671</u>
9. CALLED UP SHARE CAPITAL		
Authorised:		
£1 Ordinary shares	<u>100</u>	<u>100</u>
Issued and fully paid:		
£1 ordinary shares	<u>100</u>	<u>100</u>
10. MOVEMENT ON SHAREHOLDERS' FUNDS		
Loss for the financial year after taxation	(849,386)	(888,046)
Increase in directors' loans	816,378	938,988
Shareholders' funds at 1st November 1997	<u>2,378,824</u>	<u>2,327,882</u>
Shareholders' funds at 31 October 1998	<u>2,345,816</u>	<u>2,378,824</u>