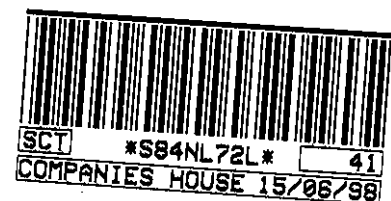


CLINT ESTATES LIMITED

REPORT and ACCOUNTS

For the year ended 30th. September 1997

(Company number SC 021187)



Clint Estates Ltd.

Company Number	SC 021187
Registered Office	48 Castle Street Edinburgh EH2 3LX
Directors	John W. Blair Mrs. Claire L. Blair Mrs. Jane F. Turcan Mrs. A. E. Crawshay
Secretaries	Messrs. Anderson Strathern W.S. 48 Castle Street Edinburgh EH2 3LX
Bankers	Bank of Scotland 38 St. Andrew Square Edinburgh EH2 2YR
Accountants	N.C. Campbell & Co., C.A. 8 St. Ann's Place Haddington EH41 4BS

CLINT ESTATES LIMITED

DIRECTOR'S REPORT

The Directors submit their report and accounts for the year ended 30th. September 1997.

Principal Activity

The principal activities of the company during the year have remained the ownership and management of land and forestry.

Directors and their interest

	Ordinary shares		Preference shares		"A" Debenture
	Voting	Non-voting	Voting	Non-voting	stock
J.W. Blair	-	-	100	250	3,600
Mrs. C.L. Blair *	250	250	-	-	-
Mrs. J.F. Turcan	-	-	100	-	-
Mrs. Crawshay	-	-	-	-	200

* held as trustee

In accordance with the Articles of Association J.W. Blair retires from the Board by rotation and being eligible, offers himself for re-election.

No director had any interest in a contract with the company except for J.W. Blair, who is a partner of Anderson Strathern, WS., the Secretaries of the company.

Statement of 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 or loss 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;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

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 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.

Small Company exemptions

The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



Anderson Strathern WS.,
Secretaries
48 Castle Street
Edinburgh

14th March 1998

CLINT ESTATES LIMITED

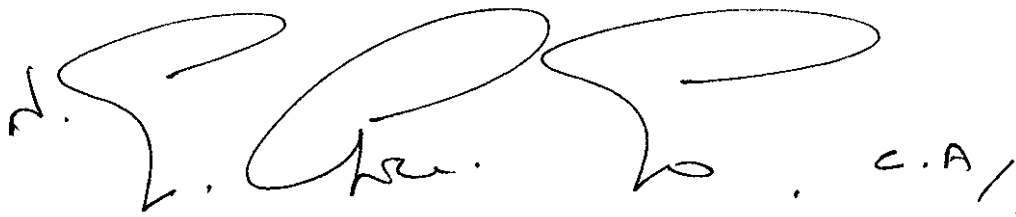
ACCOUNTANTS REPORT

for the year to 30th. September 1997

ACCOUNTANT'S REPORT TO THE DIRECTORS

ON THE UNAUDITED ACCOUNTS OF CLINT ESTATES LIMITED

As described in the Directors Report on page 2 you are responsible for the preparation of the the accounts and you consider that the company is exempt from an audit. In accordance with your instructions and in order to assist you to fulfil your responsibilities, we have prepared the accounts on pages 4 to 9 from the accounting records and information and explanations supplied to us.

A large, stylized handwritten signature in black ink, followed by the letters "C.A." and a diagonal slash.

N.C. Campbell & Co., C.A.,
8 St. Ann's Place,
Haddington,
EH41 4BS

14th March 1998

Clint Estates Ltd.

Profit and Loss Account
for the year ended 30th. September 1997

	Note	£	1997 £	£	1996 £
Turnover	4		26,795		25,721
Cost of Sales			(15,525)		(10,180)
Gross Profit			11,270		15,541
Administrative expenses	2		(3,949)		(5,943)
Operating Profit			7,321		9,598
Other operating income	5	4,168		792	
Other operating charges		(4,331)	(163)	(4,899)	(4,107)
Interest receivable			18		114
Interest payable			(2,478)		(2,832)
Profit on ordinary activities before taxation			4,698		2,773
Tax on profit on ordinary activities	3		0		0
Profit on ordinary activities after taxation			4,698		2,773
Retained loss brought forward			(62,868)		(65,641)
Retained loss carried forward			(58,170)		(62,868)

Recognised gains and losses

There are no recognised gains or losses other than the gain attributable to shareholders of the company of £4,698 in the year ended 30th. September 1997 and the gain of £2,773 in the year ended 30th. September 1996.

The notes on pages 7 to 9 form part of these accounts.

Clint Estates Ltd.

**Balance Sheet
as at 30th. September 1997**

	Note	£	1997 £	£	1996 £
Fixed Assets					
<u>Tangible Assets</u>					
Heritable Property - Country	6		222,104		222,104
Town	6		128		128
Motor Vehicles, Machinery and Plant	6		4,475		5,630
Tenants' Improvements	6		0		322
			226,707		228,184
Timber - Growing Woods			1		1
			226,708		228,185
Investments in Farming Partnerships			200		200
			226,908		228,385
Current Assets					
Debtors		596		3,486	
Cash on Deposit		0		231	
		596		3,717	
Current Liabilities					
Creditors - Amounts falling due within one year	7	(32,289)		(40,585)	
Net Current Liabilities			(31,693)		(36,868)
Total Assets less Liabilities			195,215		191,517
Creditors - Amounts falling due after more than one year					
Debenture Loans	8	3,800		3,800	
Loans - Secured	8	132,860		132,860	
Unsecured	8	44,800		45,800	
			(181,460)		(182,460)
			13,755		9,057
Capital and Reserves					
Called up Share Capital	9		1,000		1,000
Share Premium Account	10		269		269
Capital Reserve	10		70,656		70,656
Profit and Loss Account	10		(58,170)		(62,868)
			13,755		9,057

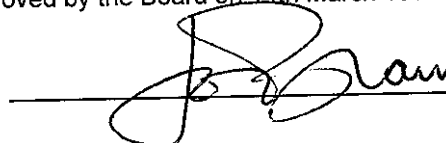
Clint Estates Ltd.

Balance Sheet
as at 30th. September 1997 (Cont.'d)

The directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A (2) of the Companies Act 1985. Shareholders holding 10% or more of the company's share capital have not issued a notice requiring an audit under Section 249 (B) (2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts 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 year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The Financial Statements were approved by the Board on 14th March 1998 and signed on its behalf.

 J.W. Blair, Director

The notes on pages 7 to 9 form part of these accounts.

CLINT ESTATES LIMITED

Notes to the Accounts at 30th. September 1997

1. Accounting Policies

Depreciation

The company's policy is to provide depreciation at rates which are calculated to write off the cost or valuation of the assets by the reducing balance method.

Plant and motor vehicles - over their estimated useful lives at rates of 10% and 20% per annum.

Land is not depreciated. Buildings are maintained to ensure that their value does not diminish over time. The maintenance costs are charged to profit and loss in the year incurred. In the directors' opinion, depreciation would be immaterial and has not been charged.

Growing timber

Growing timber is stated in the balance sheet at a nominal value. Any surplus arising on sales is credited to revenue.

Investments in Farming Partnerships

The investments in farming partnerships are shown at cost.

Cash Flow Statement

The company is a small company as defined by S247 of the Companies Act 1985 and is entitled to exemption from the preparation of a cash flow statement as required under FRS1. Consequently a cash flow statement has not been prepared.

2. Administrative Expenses

These include the following :

Directors' Fees
Depreciation

1997	1996
£	£
1,100	1,700
1,155	1,535

3. Taxation

The directors' consider that the charge to tax arising from these accounts is £NIL (1996 £NIL), due to the availability of tax losses from previous years.

4. Turnover

Turnover represents the rents receivable during the year and is attributable to one continuing activity, the ownership and management of land and property.

5. Other Operating Income

This includes :

Timber sales and Woodland Thinnings
Woodland Grants

1997	1996
£	£
4,168	499
0	293

CLINT ESTATES LIMITED

Notes to the Accounts at 30th. September 1997

6. Tangible Fixed Assets

	Heritable Land & Buildings		Plant & Motor Vehicles	Tenants' Improvements	Total
	Town Properties £	Country Properties £	£	£	£
Cost or valuation					
At 30th. September 1996	128	222,104	13,581	850	236,663
Additions	0	0	0	0	0
Disposals (Heather Lodge C.H.)	0	0	0	(850)	(850)
At 30th. September 1997	<u>128</u>	<u>222,104</u>	<u>13,581</u>	0	<u>235,813</u>
Depreciation					
At 30th. September 1996	0	0	7,951	528	8,479
Provided during year	0	0	1,155	0	1,155
Disposals	0	0	0	(528)	(528)
At 30th. September 1997	<u>0</u>	<u>0</u>	<u>9,106</u>	0	<u>9,106</u>
Net Book Amount					
30th. September 1997	<u>128</u>	<u>222,104</u>	<u>4,475</u>	0	<u>226,707</u>
30th. September 1996	<u>128</u>	<u>222,104</u>	<u>5,630</u>	<u>322</u>	<u>228,184</u>

It is the company's policy to use the proceeds from the disposal of property to write down the book value of the heritable property.

7. Creditors

amounts falling due within one year.

	1997 £	1996 £
Bank Overdraft	28,977	31,975
Other Creditors	<u>3,312</u>	<u>8,610</u>
	<u>32,289</u>	<u>40,585</u>

8. Loans

The loans have no set repayment dates, but the lenders have agreed to give at least one year's notice of any request for repayment. The interest rates are as follows :

Debentures	-	4%
Unsecured Loans	-	interest free to 6%
Secured Loans	-	interest free to 16%

The Debentures and Secured loans are secured over the company's assets.

CLINT ESTATES LIMITED

Notes to the Accounts at 30th. September 1997

9. Share Capital

	Authorised		Allotted, called up and fully paid	
	1997 No.	1996 No.	1997 £	1996 £
Ordinary shares	250	250	250	250
Ordinary shares (non-voting)	250	250	250	250
5% non - cumulative preference shares	250	250	250	250
5% non - cumulative preference shares (non-voting)	250	250	250	250
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

10. Reserves

	Share Premium Account £	Capital Reserve £	Profit and Loss Account £
At 30th. September 1996	269	70,656	(62,868)
Profit for year	-	-	4,698
At 30th. September 1997	<u>269</u>	<u>70,656</u>	<u>(58,170)</u>

11. Reconciliation of Shareholders Funds

	1997 £	1996 £
At 30th. September 1996	9,057	6,284
Profit for year	<u>4,698</u>	<u>2,773</u>
At 30th. September 1997	<u>13,755</u>	<u>9,057</u>

12. Related Party Transactions

Mr. J.W. Blair is a partner in Messrs. Anderson Strathern W.S., who act as secretaries to the company. Messrs. Anderson Strathern received no remuneration during the year.

The loan balances due to directors and members of their families were as follows :

	Secured Loans		Unsecured Loans	
	30.09.96	30.09.97	30.09.96	30.09.97
	£	£	£	£
J.W. Blair	123,820	123,820	25,000	24,000
Mrs. J.F. Turcan	5,270	5,270	8,500	8,500
Mrs. A.E. Crawshay	3,770	3,770	300	300
E.Z. Blair	0	0	4,000	4,000
C.W. Blair	0	0	4,000	4,000
M.R.E. Blair	0	0	4,000	4,000
	<u>132,860</u>	<u>132,860</u>	<u>45,800</u>	<u>44,800</u>

No interest was paid on these loans.

Clint Estates Ltd.**Notes to the Accounts
at 30th. September 1997**

	£	1997 £	£	1996 £
Town Property (Brunswick Rd.)				
Rents received		1,040		937
Insurance		(150)		(150)
Surplus		890		787
 Country Property				
Rents Received		25,755		24,784
Repairs	(8,928)		(2,432)	
Insurance	(2,741)		(2,714)	
Rates	(22)		(757)	
Vehicle Expenses	(2,010)		(2,032)	
Sundries	(848)		(1,145)	
Factors Fee	0		(300)	
Vermin Control	(826)		(650)	
		(15,375)		(10,030)
Surplus		11,270		15,541
 Woods and Woodlands upkeep				
Contracting and Fees	(3,714)		(2,643)	
Insurances	(225)		(225)	
Vehicle Expenses	(392)		(2,031)	
	(4,331)		(4,899)	
Thinnings and Timber sales	4,168		499	
Grants	0		293	
		(163)		(4,107)
Management Expenses		(903)		(1,657)
Operating Surplus		10,204		9,777
Depreciation	(1,155)		(1,535)	
Bank Interest and Charges	(2,480)		(3,231)	
Other Interest	(289)		(152)	
Directors remuneration	(1,100)		(1,700)	
Auditors remuneration	(500)		(500)	
Interest receivable	18		114	
		(5,506)		(7,004)
Net Profit before taxation		4,698		2,773