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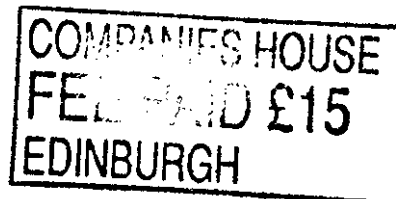
INVERSANDA ESTATE LIMITED
REPORT AND FINANCIAL STATEMENTS
30 NOVEMBER 1997



Saffery Champness
CHARTERED ACCOUNTANTS

INVERSANDA ESTATE LIMITED

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 NOVEMBER 1997



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COMPANY INFORMATION

DIRECTORS

D W Braxton
R Worsdale
S Georgala

SECRETARY

D W Braxton

PLACE OF BUSINESS

Inversanda
Ardgour
By Fort William
Inverness-shire
PH33 7AD

REGISTERED NUMBER

SF 551

AUDITORS

Saffery Champness
Hill Place House
Inverness
IV2 3AD

BANKERS

The Royal Bank of Scotland
6 High Street
Fort William
Inverness-shire
PH33 6AS

DIRECTORS' REPORT

The directors submit their report and the financial statements of Inversanda Estate Limited for the year ended 30 November 1997.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, was £27,175 (1996 £23,362).

The directors do not recommend the payment of a dividend for this year.

REVIEW OF THE BUSINESS

The company's principal activities during the year were farming and the provision of an estate for sporting services.

FIXED ASSETS

The movements in fixed assets are shown in note 4 to the financial statements.

DIRECTORS

The directors who have held office since 1 December 1996 are shown on page 1.

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office at 30 November 1997 had the following interests in (including options to subscribe for) the shares of the company:

	Ordinary Shares of £1 each	
	30 November 1997	1 December 1996
D W Braxton	-	-
S Georgala	-	-
R Worsdale	-	-

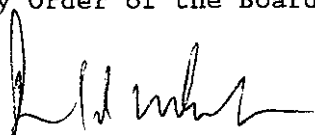
AUDITORS

A resolution to re-appoint Saffery Champness as auditors will be put to the members at the annual general meeting.

SMALL COMPANY EXEMPTIONS

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



D W Braxton
Secretary

.24..July.... 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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.

In forming our opinion on the accounts, we have accepted representations from the directors that they will continue to support the company and that it is appropriate to prepare the accounts on the going concern basis. Our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors

Saffery Champness

19 August 1998

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1997

	Notes	1997	1996
TURNOVER	1	48,356	53,393
Cost of sales		(22,445)	(22,221)
GROSS PROFIT		25,911	31,172
Administrative expenses		(53,086)	(54,534)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(27,175)	(23,362)
Taxation	3	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>£(27,175)</u>	<u>£(23,362)</u>

The notes on pages 7 to 11 form part of these financial statements.

All recognised gains and losses are included in the profit and loss account.

A reconciliation of movements in shareholders funds is shown at note 11.

BALANCE SHEET
30 NOVEMBER 1997

	Notes	1997	1996
FIXED ASSETS			
Tangible assets	4	844,914	847,339
CURRENT ASSETS			
Stock		45,569	44,060
Debtors	5	8,334	14,992
Cash at bank and in hand		39,910	8,139
		<u>93,813</u>	<u>67,191</u>
CREDITORS			
Amounts falling due within one year	6	<u>5,247</u>	<u>1,829</u>
NET CURRENT ASSETS		<u>88,566</u>	<u>65,362</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>933,480</u>	<u>912,701</u>
CREDITORS			
Amounts falling due after more than one year	7	(1,108,461)	(1,060,507)
		<u>£(174,981)</u>	<u>£(147,806)</u>
CAPITAL AND RESERVES			
Called up share capital	9	623	623
Profit and loss account	10	(175,604)	(148,429)
SHAREHOLDERS' FUNDS	11	<u>£(174,981)</u>	<u>£(147,806)</u>

The notes on pages 7 to 11 form part of these financial statements.

The financial statements were approved by the board on 24th July 1998

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

.....
D W Braxton

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties, and in accordance with applicable accounting standards.

TURNOVER

Turnover represents the invoiced amounts of goods sold and services provided net of Value Added Tax, plus livestock subsidies.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets, other than land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Machinery and equipment	- 15% p.a. Reducing balance
Motor vehicles	- 25% p.a. Reducing balance

GOVERNMENT GRANTS

Regional development and other capital grants received are deducted from the cost of the assets to which they relate.

Grants of a revenue nature are credited to income in the period to which they relate.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provisions are made when necessary to reduce the costs of stocks to net realisable value.

DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a material tax liability will crystallise in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1997

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The whole of the company's results relate to continuing operations.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997	1996
Loss on ordinary activities before taxation is stated after crediting:		
Grants received	£17,072	£24,758
And after charging:		
Depreciation of, and amounts written off, assets:		
Charge for the year		
- tangible fixed assets	£4,350	£6,801
Auditors' remuneration	£1,550	£1,350
	<u> </u>	<u> </u>

3 TAXATION

	1997	1996
UK Corporation tax at 21% on the loss for the year:	-	-
	<u> </u>	<u> </u>

There will be no liability to Corporation Tax on the results for the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 NOVEMBER 1997

4 TANGIBLE FIXED ASSETS

	Land and Buildings	Property Improvements	Motor Vehicles	Machinery & Equipment	Total
Cost or valuation:					
1 December 1996	778,473	50,340	30,395	17,670	876,878
Additions	-	-	-	1,925	1,925
Disposals	-	-	(3,000)	-	(3,000)
30 November 1997	<u>778,473</u>	<u>50,340</u>	<u>27,395</u>	<u>19,595</u>	<u>875,803</u>
Depreciation:					
1 December 1996	-	-	17,565	11,974	29,539
Charge for the year	-	-	3,207	1,143	4,350
Eliminated in respect of disposals	-	-	(3,000)	-	(3,000)
30 November 1997	<u>-</u>	<u>-</u>	<u>17,772</u>	<u>13,117</u>	<u>30,889</u>
Net book value					
30 November 1997	<u>£778,473</u>	<u>£50,340</u>	<u>£9,623</u>	<u>£6,478</u>	<u>£844,914</u>
Net book value					
30 November 1996	<u>£778,473</u>	<u>£50,340</u>	<u>£12,830</u>	<u>£5,696</u>	<u>£847,339</u>

5 DEBTORS

	1997	1996
Due within one year:		
Trade debtors	5,315	11,636
Other debtors	3,019	3,356
	<u>£8,334</u>	<u>£14,992</u>

6 CREDITORS

	1997	1996
Amounts falling due within one year:		
Trade creditors	3,858	1,200
Other taxation and social security costs	1,389	629
	<u>£5,247</u>	<u>£1,829</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 NOVEMBER 1997

7 CREDITORS

	1997	1996
Amounts falling due after more than one year:		
Loan from shareholders	<u>£1,108,461</u>	<u>£1,060,507</u>

The loan advanced by the shareholders is interest free. The shareholders have confirmed that additional funds will be made available if required and that no part of the loan will be returned before the company's obligations to other creditors have been met in full.

8 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the total potential liability, including the amounts for which provision has been made are as follows:

	Amount provided		Total potential liability	
	1997	1996	1997	1996
Tax effect of timing differences due to:				
Excess of tax allowances over depreciation	<u>£ -</u>	<u>£ -</u>	<u>nil</u>	<u>nil</u>

9 SHARE CAPITAL

	1997	1996
Authorised:		
10,000 'A' Ordinary shares of \$1 each	10,000	10,000
10,000 'B' Ordinary shares of \$1 each	10,000	10,000
10,000 'A' Preference shares of \$1 each	10,000	10,000
10,000 'B' Preference shares of \$1 each	10,000	10,000
10,000 'C' Preference shares of \$1 each	10,000	10,000
	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid:		
1,000 'A' ordinary \$1 shares translated at \$1 = £1.605 on date of issue 22 September 1989	<u>£623</u>	<u>£623</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 NOVEMBER 1997

10 RESERVES

	Total
PROFIT AND LOSS ACCOUNT	
1 December 1996	(148,429)
Retained loss for the year	<u>(27,175)</u>
30 November 1997	<u>£(175,604)</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
Loss for the financial year	(27,175)	(23,362)
Opening shareholders' funds	<u>(147,806)</u>	<u>(124,444)</u>
Closing shareholders' funds	<u>£(174,981)</u>	<u>£(147,806)</u>

12 CAPITAL COMMITMENTS

The company had no capital commitments at 30 November 1997.

13 ULTIMATE PARENT UNDERTAKING

The ultimate holding company is Torman Limited, a company registered in the British Virgin Islands.