

AZUREMERE LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



AZUREMERE LIMITED

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AZUREMERE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The director presents his report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The company's principal activity during the year was that of property investment. The director considers the results for the year to be satisfactory.

Results and dividends

The results for the year are set out on page 2.

Director

The following director has held office since 1 January 1999:

S.Eisenberg

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
S.Eisenberg	99	99

Millenium policy and the Euro

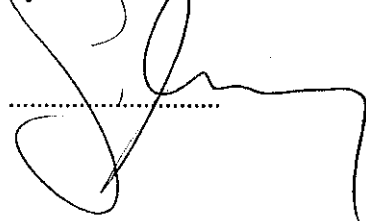
The period to the Year 2000 presents companies using any form of electronic system with the opportunity to ensure they are not vulnerable to a potentially significant problem to the business environment.

The company does not use a computer system and therefore should not be at risk from year 2000 problem.

The Year 2000 issue does create risk for the company from third parties with whom we deal on financial and business transactions. As a result of this we cannot be certain of avoiding business disruption in areas where we do not have a direct relationship.

The director does not consider that the introduction of the Euro will have any significant impact on the company.

By order of the board



26.10.00
.....
Date

AZUREMERE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	30,000	30,000
Administrative expenses		(897)	(800)
Profit on ordinary activities before taxation		29,103	29,200
Tax on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation	7	29,103	29,200

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AZUREMERE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	4		430,114		430,114
Current assets					
Cash at bank and in hand		90		82	
Creditors: amounts falling due within one year	5	(250,418)		(279,513)	
Net current liabilities			(250,328)		(279,431)
Total assets less current liabilities			179,786		150,683
Capital and reserves					
Called up share capital	6		100		100
Profit and loss account	7		179,686		150,583
Shareholders' funds - equity interests	8		179,786		150,683

In preparing these financial statements:

- (a) The director is of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The director acknowledges his responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) 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 or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 26.10.00

S. Eisenberg
Director

AZUREMERE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents rent receivable from freehold property.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Nil
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No depreciation is provided in respect of freehold land.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Taxation

No provision has been made for taxation because of the availability of losses brought forward in the year.

4 Tangible fixed assets

	Land and buildings Freehold £
Cost	
At 1 January 1999 & at 31 December 1999	430,114
Depreciation	
At 1 January 1999 & at 31 December 1999	-
Net book value	
At 31 December 1999	430,114
At 31 December 1998	430,114

In the opinion of the director the market value of the freehold land and buildings at 31st December 1999 was in excess of book value, however he does not consider that the cost of an independent valuation is warranted.

AZUREMERE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

5 Creditors: amounts falling due within one year

	1999 £	1998 £
Other creditors	248,964	278,764
Accruals and deferred income	1,454	749
	<u>250,418</u>	<u>279,513</u>

6 Share capital

	1999 £	1998 £
Authorised		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

7 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1999	150,583
Retained profit for the year	29,103
Balance at 31 December 1999	<u>179,686</u>

8 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	29,103	29,200
Opening shareholders' funds	<u>150,683</u>	<u>121,483</u>
Closing shareholders' funds	<u>179,786</u>	<u>150,683</u>

9 Employees

Number of employees

There were no employees during the year apart from the director.

AZUREMERE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

10 Related party transactions

Selected Rug & Matting Limited, a company incorporated in England is controlled by the director of the company.

Transactions during the year are as follows:

Balance owed by the company at 1.1.1999 - £278,764

Additional loan to Azuremere limited - £200

Rent receivable - £(30,000)

Balance owed by the company at 31.12.1999 - 248,964