

Company No. 2411169

**SWAN OVERSEAS LTD**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003



## SWAN OVERSEAS LTD

### Company Information

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Directors	Masoud Alikhani Said Alikhani
Secretary	Anita Carr
Company Number	2411169 (England and Wales)
Registered Office	19/20 Grosvenor Street London W1K 4QH
Auditors	Kents Services Limited Chartered Certified Accountants Grosvenor Gardens House 35/37 Grosvenor Gardens London SW1W 0BS

## SWAN OVERSEAS LTD

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## SWAN OVERSEAS LTD

Directors' report  
for the year ended 31 March 2003

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The directors present their report and the financial statements for the year ended 31 March 2003.

### **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 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 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities and review of the business**

The Company's principal activity continues to be that of agricultural farming, consultant, commission agent and supplier of goods, mainly for export. The results for the year are set out on page 3.

### **Dividends**

The Directors do not recommend a dividend for this year.

SWAN OVERSEAS LTD  
Directors' Report  
for the year ended 31 March 2003

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**Directors**

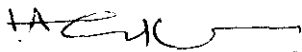
The Directors who held office during the period and their beneficial interests in the Company's issued ordinary share capital were as follows:-

	Ordinary shares of £1 each	
	31.03.03	31.03.02
Masoud Alikhani	101	101
Said Alikhani	0	0
Ronald Wunsh (resigned 03.12.02)	0	0

None of the Directors had any interests in the share capital of the holding Company.

**Auditors**

The auditors, Kents Services Limited, will be proposed for reappointment in accordance with Section 386 of the Companies Act 1985.



S Alikhani  
Director

SWAN OVERSEAS LTD  
Profit and Loss account  
for the year ended 31 March 2003

		31.03.03 £	31.03.02 £
	Notes		
TURNOVER	2	3,600,427	3,800,145
Cost of sales		<u>(2,519,624)</u>	<u>(2,522,998)</u>
GROSS PROFIT		1,080,803	1,277,147
Administrative expenses		<u>(887,384)</u>	<u>(956,736)</u>
OPERATING PROFIT	3	193,419	320,411
Net interest payable	6	<u>(125,388)</u>	<u>(345,180)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		68,031	(24,769)
Taxation on profit on ordinary activities	7	<u>0</u>	<u>0</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u><u>68,031</u></u>	<u><u>(24,769)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 March 2003

Loss for the financial year	68,031	(24,769)
Exchange differences	240,525	(111,643)
Total gains and losses recognised in the financial year	<u><u>308,556</u></u>	<u><u>(136,412)</u></u>

SWAN OVERSEAS LTD  
Balance sheet  
31 March 2003

		31.03.03	31.03.02
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	1,322,096	1,554,321
Investment	9	<u>13,219</u>	<u>13,219</u>
		<u>1,335,315</u>	<u>1,567,540</u>
<b>CURRENT ASSETS</b>			
Stock & work in progress	10	747,502	678,859
Debtors	11	968,670	1,955,067
Cash at bank and in hand		<u>2,863</u>	<u>21,903</u>
		<u>1,719,035</u>	<u>2,655,829</u>
<b>CURRENT LIABILITIES</b>			
<b>CREDITORS</b>			
amounts falling due within one year	12	<u>(2,909,103)</u>	<u>(4,386,678)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,190,068)</u>	<u>(1,730,849)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>145,247</u>	<u>(163,309)</u>
<b>NET ASSETS</b>		<u><u>145,247</u></u>	<u><u>(163,309)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	112,602	112,602
Profit and loss account	14	103,148	35,117
Exchange reserve	14	<u>(70,503)</u>	<u>(311,028)</u>
<b>SHAREHOLDERS' FUNDS</b>	15	<u>145,247</u>	<u>(163,309)</u>
		<u><u>145,247</u></u>	<u><u>(163,309)</u></u>

In approving these financial statements as Directors of the Company, we hereby confirm that:

- (a) For the year ended 31 March 2003, the company was entitled to the exemptions conferred by Section 249a (1) of the Companies Act 1985;
- (b) No notice has been deposited by a member under Section 249b (2) requiring the Company to obtain an audit of its financial statements for the year to 31 March 2003.

The Directors acknowledge their responsibility 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 to affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of the act, relating to accounts, so far as applicable to the Company.

These statements have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors and signed on their behalf.



S Alikhani  
Director

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report, and which is continuing.

### 1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax

### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on a straight line basis so as to write off the tangible fixed assets over their estimated useful lives. The rates employed are as follows:

Motor vehicles	25%
Office equipment	20%
Fixtures & Fittings	20%
Agricultural equipment	10%
Silos	2%

### 1.4 Stocks

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

### 1.5 Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

### 1.6 Foreign exchange

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 ruling on the date of the transaction. The majority of the assets, liabilities and ongoing transactions are US Dollar based. Translation differences are taken to exchange reserve.

### 1.7 Pensions

The company operates a defined contributions pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.



SWAN OVERSEAS LTD  
Notes to the financial statements  
for the year ended 31 March 2003 (continued)

2 TURNOVER

The whole of the turnover and profit before taxation is attributable to the sale of goods, commissions receivable, and consultancy fees. A geographical analysis is as follows:

	31.03.03	31.03.02
	£	£
Great Britain	0	0
Other EEC countries	772,985	1,115,982
Israel	0	0
Switzerland	0	0
North America	0	0
Ukraine	<u>2,827,442</u>	<u>2,684,163</u>
	<u>3,600,427</u>	<u>3,800,145</u>

3 OPERATING PROFIT

The operating profit is stated after charging:

	31.03.03	31.03.02
Depreciation of tangible fixed assets	<u>232,225</u>	<u>242,509</u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	31.03.03	31.03.02
Wages and salaries	210,889	222,714
Social security costs	21,251	23,168
Other pension costs	<u>4,000</u>	<u>8,475</u>
	<u>236,140</u>	<u>254,357</u>

The average number of employees, including directors, during the year was as follows:

	31.03.03	31.03.02
Management and administration	7	8

SWAN OVERSEAS LTD  
Notes to the financial statements  
for the year ended 31 March 2003 (continued)

5 DIRECTORS' REMUNERATION

	31.03.03	31.03.02
	£	£
Other emoluments (including pension contributions)	54,000	58,475
	<u>54,000</u>	<u>58,475</u>

*Included in the above are emoluments, excluding pension contributions, paid to*

	31.03.02	31.03.02
	£	£
Chairman	0	0
Highest paid director	<u>50,000</u>	<u>50,000</u>

The remuneration, excluding pension contributions of the directors fell within the following ranges

£0 - £5,000	2	2
£30,000 - £35,000	0	0
£35,001 - £65,000	1	1

6 NET INTEREST PAYABLE

	31.03.03	31.03.02
	£	£
Other bank loans and overdrafts	125,388	344,198
Hire purchase contracts	0	982
	<u>125,388</u>	<u>345,180</u>

7 TAXATION

	31.03.03	31.03.02
	£	£
UK CURRENT YEAR TAXATION		
UK Corporation tax	<u>0</u>	<u>0</u>

SWAN OVERSEAS LTD  
Notes to the financial statements  
for the year ended 31 March 2003 (continued)

8 TANGIBLE FIXED ASSETS

	Kilchen silo £	Agricultural equipment £	Motor vehicles £	Office equipment £	Fixtures & Fittings £	Total £
COST						
At 1 April 2002	539,104	2,214,432	37,980	66,619	40,136	2,898,271
At 31 March 2003	<u>539,104</u>	<u>2,214,432</u>	<u>37,980</u>	<u>66,619</u>	<u>40,136</u>	<u>2,898,271</u>
DEPRECIATION						
At 1 April 2002	64,692	1,134,523	37,980	66,619	40,136	1,343,950
Charge for year	10,782	221,443		0	0	232,225
At 31 March 2003	<u>75,474</u>	<u>1,355,966</u>	<u>37,980</u>	<u>66,619</u>	<u>40,136</u>	<u>1,576,175</u>
NET BOOK VALUE						
At 31 March 2003	<u>463,630</u>	<u>858,466</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,322,096</u>
At 31 March 2002	<u>474,412</u>	<u>1,079,909</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,554,321</u>

9 INVESTMENT

	31.03.03 £	31.03.02 £
Unlisted investment	<u>13,219</u>	<u>13,219</u>

10 STOCKS

	31.03.03 £	31.03.02 £
Finished goods for resale	<u>747,502</u>	<u>678,859</u>

11 DEBTORS

	31.03.03 £	31.03.02 £
DUE WITHIN ONE YEAR		
Trade debtors	762,176	1,556,943
Other debtors	<u>206,494</u>	<u>398,124</u>
	<u>968,670</u>	<u>1,955,067</u>

SWAN OVERSEAS LTD  
Notes to the financial statements  
for the year ended 31 March 2003 (continued)

12 CREDITORS	31.03.03	31.03.02
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	195,342	346,596
Other creditors	15,950	89,231
Bank overdraft and loans	2,061,453	3,335,404
Amount owed to ultimate parent undertaking	530,368	530,368
Other taxes & social security costs	70,514	49,263
Corporation tax	22,611	22,611
Accruals	12,865	13,205
	<u>2,909,103</u>	<u>4,386,678</u>

The bank loans and overdrafts are secured by personal guarantees of the directors.

13 CALLED UP SHARE CAPITAL	31.03.03	31.03.02
	£	£
AUTHORISED		
Ordinary shares of £1 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
Ordinary shares	112,602	112,602
	<u>112,602</u>	<u>112,602</u>

SWAN OVERSEAS LTD  
Notes to the financial statements  
for the year ended 31 March 2003 (continued)

14 RESERVES

	Profit and loss account	Exchange reserve
	£	£
Balance at 1 April 2002	35,117	(311,028)
Profit for the period	68,031	0
Foreign currency translation differences	0	240,525
Balance at 31 March 2003	<u>103,148</u>	<u>(70,503)</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.03.03	31.03.02
	£	£
Profit for the period	68,031	(24,769)
Foreign currency translation differences	240,525	(111,643)
Issue of new shares	0	0
Fully paid up existing shares	0	0
	<u>308,556</u>	<u>(136,412)</u>
Shareholders' funds at 1 April 2002	<u>(163,309)</u>	<u>(26,897)</u>
Shareholders' funds at 31 March 2003	<u>145,247</u>	<u>(163,309)</u>

16 PENSION COMMITMENTS

The Company operates a defined contributions pension scheme for its Directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the balance sheet date there were no unpaid contributions (2002 nil)

17 PARENT UNDERTAKING AND CONTROLLER.

Felume Trading Limited, a company registered in Cyprus is the Company's parent undertaking. No shareholder has overall control over Felume Trading Limited.

18 RELATED PARTY TRANSACTIONS

Tecton PLC, a company of which M. Alikhani is a director, owed £194,325 at 31 March 2003 (2002 £244,870) to the Company in respect of travel, office and administrative costs.