

Company number: 2606848

KILDA INVESTMENTS LIMITED

**DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2004



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KILDA INVESTMENTS LIMITED**Director**

A.S. Bromovsky

Secretary and Registered Office

Cornhill Secretaries Limited,
St. Paul's House, Warwick Lane, London EC4P 4BN.

Accountants

Moore Stephens,
St. Paul's House, Warwick Lane, London EC4P 4BN.

REPORT OF THE DIRECTOR

The director presents his report and financial statements for the year ended 31 March 2004.

Principal Activities

The principal activity of the company is the provision of finance advisory services in Europe.

Review of Business and Future Developments

The company undertook one mandate during the year which produced sufficient income to cover the overheads of the business and produce a moderate profit. A couple of new projects are currently being developed and it is expected the current year will see regular income to allow the company to continue to operate.

Results and Dividends

The profit for the year amounted to £22,616 (2003: Profit £17,239) which is taken to reserves. The director is unable to recommend the payment of a dividend.

Director

Mr. A.S. Bromovsky was the sole director who held office during the year ended 31 March 2004.

Director's Interests

Mr. A. S. Bromovsky had no direct interest in the shares of Kilda Investments Limited during the year ended 31 March 2004.

KILDA INVESTMENTS LIMITED
REPORT OF THE DIRECTOR (cont'd)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

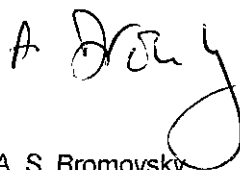
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report 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



A. S. Bromovsky
Director

**ACCOUNTANTS' REPORT ON THE UNAUDITED FINANCIAL STATEMENTS OF
KILDA INVESTMENTS LIMITED**

In accordance with your instructions and in order to assist you to fulfil your duties under the Companies Act 1985, we have completed the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 31 March 2004 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

St. Paul's House
Warwick Lane
London EC4M 7BP



MOORE STEPHENS
Chartered Accountants

Date: 1st June 2005

KILDA INVESTMENTS LIMITED

Profit and Loss Account
for the year ended 31 March 2004

	Note	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover	1(c),2	45,500	41,229
Administrative expenses		<u>(22,884)</u>	<u>(22,990)</u>
Profit on ordinary activities before taxation	3	22,616	18,239
Taxation on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		22,616	18,239
Accumulated losses brought forward		<u>(464,410)</u>	<u>(482,649)</u>
Accumulated losses carried forward		<u>£(441,794)</u>	<u>£(464,410)</u>

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

KILDA INVESTMENTS LIMITED

Balance Sheet at 31 March 2004

	Note	31 March 2004		31 March 2003	
		£	£	£	£
Fixed assets					
Tangible assets	5		559		1,059
Current assets					
Investment	6	40,500		40,500	
Debtors	7	193		257	
Cash at bank		39		35,647	
		<u>40,732</u>		<u>76,404</u>	
Creditors: amounts falling due within one year	8	<u>(41,197)</u>		<u>(99,985)</u>	
Net current liabilities			(465)		(23,581)
Total assets less current liabilities			<u>£94</u>		<u>£(22,522)</u>
Capital and reserves					
Ordinary share capital	9		9,731		9,731
Share premium	10		82,157		82,157
Profit and loss account			(441,794)		(464,410)
Shareholder's funds (equity interests)			<u>(349,906)</u>		<u>(373,522)</u>
Shareholder's funds (non equity interests)					
Preference share capital	9		350,000		350,000
Shareholder's funds/(deficit)	11		<u>£94</u>		<u>£(22,522)</u>

The director is of the opinion that the company is entitled to the exemption from the provision of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of Section 249A(1) and that no notice has been deposited under Section 249B(2) of the Act.

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.

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

The Financial Statements were approved by the Director on 10 June 2005

A. S. Bromovsky

KILDA INVESTMENTS LIMITED**Notes to the Financial Statements
For the year ended 31 March 2004****1. Principal accounting policies****a) Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the requirements of the Companies Act 1985.

b) Going concern

The financial statements have been prepared on the going concern basis. This assumes that the company will continue in operational existence for the foreseeable future having adequate resources to meet the company's obligations as they fall due. The validity of the going concern basis is primarily dependent upon the availability of financial and other resources to meet the company's requirements and, in this respect, the director has confirmed both his intention and his financial ability to continue to support the company.

c) Turnover

Turnover represents income from consultancy and investment advice and recharged expenses, net of Value Added Tax.

d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated in order to write off each asset over its estimated useful economic life at the following rate:-

Office equipment - 25% per annum straight line

e) Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

f) Pensions

All pension costs relate to defined contribution schemes.

g) Foreign currency

Transactions denominated in foreign currencies are translated at rates ruling at the time of those transactions. Foreign currency assets and liabilities are converted into pounds sterling at the rate ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

2. Turnover

All the company's turnover derives from activities in Europe.

KILDA INVESTMENTS LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2004**

3. Profit on ordinary activities before and after taxation

The profit on ordinary activities before taxation is stated after charging:-

	Year to 31 March 2004 £	Year to 31 March 2003 £
Director's emoluments	5,033	5,164
Depreciation	500	1,575
	<u> </u>	<u> </u>

4. Taxation

The taxation liability on the result for the year is nil (2003: nil) due to losses brought forward. The actual tax charge for the current year is more than the standard rate of tax for the reasons set out in the following reconciliation.

	Year to 31 March 2004	Year to 31 March 2003
<i>Profit on ordinary activities before taxation</i>	22,616	17,239
	<u> </u>	<u> </u>
Tax on profit on ordinary activities at the standard rate 19%	4,297	3,275
<i>Factors affecting the charge for the period:</i>		
Tax losses utilised	(4,739)	(3,897)
Accelerated capital allowances	-	299
Disallowable expenditure	442	323
	<u> </u>	<u> </u>
	£ -	£ -
	<u> </u>	<u> </u>

There is a deferred tax asset of £73,759 (2003: £78,498) relating to losses carried forward at the year end, which has not been recognised as there is insufficient evidence available that these losses will be utilised in the future.

KILDA INVESTMENTS LIMITED

Notes to the Financial Statements
For the year ended 31 March 2004

5. Tangible fixed assets

	Office Equipment £
Cost :	
At 1 April 2003 and at 31 March 2004	£10,302
	<hr/>
Depreciation :	
At 1 April 2003	9,243
Charge for the year	500
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At 31 March 2004	£9,743
	<hr/>
Net book value:	
At 31 March 2004	£559
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At 31 March 2003	£1,059
	<hr/>

6. Current asset investments

The current asset investment represents 38,194 £1 ordinary shares and 22,000 'A' 10p ordinary shares in The Royal Tokaji Wine Company (Hungary) Limited costing £63,891 (2003: £63,891). The shares have been written down to £40,500, being the director's best estimate of their net realisable value.

7. Debtors

	2004 £	2003 £
Other debtors	193	257
	<hr/>	<hr/>
	£193	£257
	<hr/>	<hr/>

8. Creditors: amounts falling due
within one year

	2004 £	2003 £
Other creditors	26,622	88,008
Accruals and deferred income	14,575	11,977
	<hr/>	<hr/>
	£41,197	£99,985
	<hr/>	<hr/>

Within the creditors is a loan from the director amounting to £26,622 (2003: £87,843) which is interest free and repayable on demand as and when the financial resources of the company permit.

KILDA INVESTMENTS LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2004**

9. Called-up share capital

	2004 £	2003 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
350,000 Preference shares of £1 each	350,000	350,000
	<hr/>	<hr/>
	£360,000	£360,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
9,731 Ordinary shares of £1 each	9,731	9,731
350,000 Preference shares of £1 each	350,000	350,000
	<hr/>	<hr/>
	£359,731	£359,731
	<hr/>	<hr/>

The preference shares attract a cumulative dividend equal to LIBOR plus 3% on the paid up value of the shares. Upon the winding up of the company the preference shareholders are entitled to the paid up amount on each preference share held and any outstanding dividends. The preference shares carry no voting rights. The shares are redeemable by the company at par value with one month's notice in writing.

The preference shares represent a non-equity interest.

10. Share premium

	2004 £	2003 £
Premium on shares issued	£82,157	£82,157
	<hr/>	<hr/>

11. Reconciliation of movements in shareholder's funds

	2004 £	2003 £
Profit for the year	22,616	18,239
Opening shareholder's funds	(22,522)	(40,761)
	<hr/>	<hr/>
Closing shareholder's funds	£94	£(22,522)
	<hr/>	<hr/>

All shareholder's funds are attributable to non-equity interests.

12. Controlling party

Ultimate control does not lie with any identifiable party.

FOR THE INFORMATION OF MANAGEMENT ONLY

KILDA INVESTMENTS LIMITED

Detailed Profit and Loss Account
for the year ended 31 March 2004

		Year ended 31 March 2004 £	Year ended 31 March 2003 £
Turnover		45,500	41,229
Administrative expenditure			
Director's Remuneration	5,033		5,164
Rent, rates and service charges	780		729
Travel and subsistence	4,528		6,206
Telephone and fax	2,127		2,694
Legal and professional fees	2,324		1,355
Accountancy	6,833		5,146
Bank charges	759		121
Depreciation	500		1,575
		<u>(22,884)</u>	<u>(22,990)</u>
Operating Profit		<u>22,616</u>	<u>18,239</u>