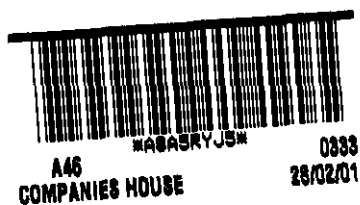


RMT FINANCIAL MANAGEMENT LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MAY 2000

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RMT FINANCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A A Josephs K Walker
Secretary	R A Blackett
Company number	2895559
Registered office	3 Portland Terrace NEWCASTLE UPON TYNE NE2 1QQ
Auditors	PCLG, Chartered Accountants Equinox House Clifton Park Avenue Clifton Park YORK YO30 5PA
Bankers	Barclays Bank plc Barclays Business Centre PO Box 22 Gateshead TYNE & WEAR NE8 1BX

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2000

The directors present their report and financial statements for the year ended 31 May 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of investment advisors.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 June 1999:

A A Josepfs
K Walker

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	A Ordinary shares of £ 1 each	
	31 May 2000	1 June 1999
A A Josepfs	-	-
K Walker	1,250	1,250
	B Ordinary shares of £ 1 each	
	31 May 2000	1 June 1999
A A Josepfs	-	-
K Walker	-	-
	C Ordinary shares of 10p each	
	31 May 2000	1 June 1999
A A Josepfs	-	-
K Walker	10,000	10,000

1,000 "A" Ordinary shares and 4,500 "B" Ordinary shares are issued in the name of A A Josepfs. These are held by A A Josepfs as a trustee for RMT Accountants and Business Advisors. A A Josepfs and others are partners of RMT Accountants and Business Advisors.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that PCLG, Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

RMT FINANCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

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;
- 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.

On behalf of the board



A A Josephs

Director

7 February 2001

RMT FINANCIAL MANAGEMENT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF RMT FINANCIAL MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PCLG, CHARTERED ACCOUNTANTS
REGISTERED AUDITOR**

YORK

7 FEBRUARY 2001

RMT FINANCIAL MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2000

	Notes	2000 £	1999 £
Turnover	2	322,620	231,145
Cost of sales		(17,508)	(18,729)
Gross profit		305,112	212,416
Administrative expenses		(207,266)	(152,905)
Operating profit	3	97,846	59,511
Interest payable and similar charges	4	(2,628)	(804)
Profit on ordinary activities before taxation		95,218	58,707
Tax on profit on ordinary activities	5	(18,683)	(756)
Profit on ordinary activities after taxation		76,535	57,951
Dividends	6	(50,000)	-
Retained profit for the year	14	26,535	57,951

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.

RMT FINANCIAL MANAGEMENT LIMITED

BALANCE SHEET AS AT 31 MAY 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	7		35,278		57,952
Current assets					
Stocks	8	150		150	
Debtors	9	45,900		45,215	
Cash at bank and in hand		50,607		27,072	
		<u>96,657</u>		<u>72,437</u>	
Creditors: amounts falling due within one year	10	<u>(89,311)</u>		<u>(35,835)</u>	
Net current assets			7,346		36,602
Total assets less current liabilities			<u>42,624</u>		<u>94,554</u>
Creditors: amounts falling due after more than one year	11		<u>(11,250)</u>		<u>(89,715)</u>
			<u>31,374</u>		<u>4,839</u>
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account	14		21,374		(5,161)
Shareholders' funds - equity interests	15		<u>31,374</u>		<u>4,839</u>

The financial statements were approved by the Board on 7 February 2001



A A Josephs
Director

RMT FINANCIAL MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2000

	2000 £	1999 £
Net cash inflow from operating activities	132,802	43,077
Returns on investments and servicing of finance		
Interest paid	(2,628)	(804)
Net cash outflow for returns on investments and servicing of finance	(2,628)	(804)
Taxation	(755)	-
Capital expenditure		
Payments to acquire tangible assets	(3,107)	(12,751)
Receipts from sales of tangible assets	11,355	-
Net cash inflow/(outflow) for capital expenditure	8,248	(12,751)
Equity dividends paid	(30,000)	-
Net cash inflow before management of liquid resources and financing	100,667	29,522
Financing		
Other new long term loans	-	17,085
Repayment of other long term loans	(68,048)	(50,000)
Capital element of hire purchase contracts	(16,084)	(4,000)
Net cash outflow from financing	(84,132)	(36,915)
Increase/(decrease) in cash in the year	23,535	(7,393)

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	2000	1999
		£	£
	Operating profit	97,846	59,511
	Depreciation of tangible assets	11,570	5,262
	Loss on disposal of tangible assets	2,856	
	Increase in debtors	(685)	(25,108)
	Increase in creditors within one year	21,215	3,412
	Net cash inflow from operating activities	132,802	43,077

2	Analysis of net funds/(debt)	1 June 1999	Cash flow	Other non-cash changes	31 May 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	27,072	23,535		50,607
	Debt:				
	Finance leases	(38,167)	16,084	-	(22,083)
	Debts falling due after one year	(68,048)	68,048	-	-
	Net (debt)/funds	(79,143)	107,667	-	28,524

3	Reconciliation of net cash flow to movement in net funds/(debt)	2000	1999
		£	£
	Increase/(decrease) in cash in the year	23,535	(7,393)
	Cash outflow from decrease in debt and lease financing	84,132	36,916
	Change in net debt resulting from cash flows	107,667	29,523
	New finance lease	-	(32,500)
	Movement in net funds/(debt) in the year	107,667	(2,977)
	Opening net debt	(79,143)	(76,166)
	Closing net funds/(debt)	28,524	(79,143)

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services provided and proposals submitted net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

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

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

3	Operating profit	2000	1999
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	11,570	5,262
	Operating lease rentals	15,000	13,551
	Auditors' remuneration	1,157	1,625
		<hr/>	<hr/>
4	Interest payable	2000	1999
		£	£
	On bank loans and overdrafts	565	218
	Hire purchase interest	2,063	586
		<hr/>	<hr/>
		2,628	804
		<hr/>	<hr/>
5	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999 - 20%)	19,439	756
	Prior years		
	U.K. corporation tax	(756)	-
		<hr/>	<hr/>
		18,683	756
		<hr/>	<hr/>
6	Dividends and appropriations	2000	1999
		£	£
	Dividends on equity shares:		
	Ordinary A interim paid 22 December 1999	4,500	-
	Ordinary B interim paid 22 December 1999	4,500	-
	Ordinary C interim paid 22 December 1999	1,000	-
	Ordinary A interim paid 25 May 2000	9,000	-
	Ordinary B interim paid 25 May 2000	9,000	-
	Ordinary C interim paid 25 May 2000	2,000	-
	Ordinary A proposed payable 5 September 2000	9,000	-
	Ordinary B proposed payable 5 September 2000	9,000	-
	Ordinary C proposed payable 5 September 2000	2,000	-
		<hr/>	<hr/>
		50,000	-
		<hr/>	<hr/>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

7 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 June 1999	2,959	68,459	71,418
Additions	3,107	-	3,107
Disposals	-	(26,459)	(26,459)
At 31 May 2000	6,066	42,000	48,066
Depreciation			
At 1 June 1999	600	12,866	13,466
On disposals	-	(12,248)	(12,248)
Charge for the year	996	10,574	11,570
At 31 May 2000	1,596	11,192	12,788
Net book value			
At 31 May 2000	4,470	30,808	35,278
At 31 May 1999	2,359	55,593	57,952

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 May 2000	30,808
At 31 May 1999	43,382
Depreciation charge for the year	
31 May 2000	10,269
31 May 1999	923

8 Stocks

	2000 £	1999 £
Finished goods and goods for resale	150	150

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

9 Debtors	2000 £	1999 £
Trade debtors	42,176	45,068
Other debtors	1,544	-
Prepayments and accrued income	2,180	147
	<u>45,900</u>	<u>45,215</u>
10 Creditors: amounts falling due within one year	2000 £	1999 £
Net obligations under hire purchase contracts	10,833	16,500
Trade creditors	27,999	6,695
Corporation tax	18,684	756
Other taxes and social security costs	3,793	2,804
Accruals and deferred income	8,002	9,080
Proposed dividend	20,000	-
	<u>89,311</u>	<u>35,835</u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

11 Creditors: amounts falling due after more than one year	2000 £	1999 £
Other loans	-	68,048
Net obligations under hire purchase contracts	11,250	21,667
	<u>11,250</u>	<u>89,715</u>
Analysis of loans		
Wholly repayable within five years	-	68,048
	<u>-</u>	<u>68,048</u>
Loan maturity analysis		
Between two and five years	-	68,048
	<u>-</u>	<u>68,048</u>
Net obligations under hire purchase contracts		
Repayable within one year	12,896	18,231
Repayable between one and five years	13,313	24,404
	<u>26,209</u>	<u>42,635</u>
Finance charges and interest allocated to future accounting periods	(4,126)	(4,468)
	<u>22,083</u>	<u>38,167</u>
Included in liabilities falling due within one year	(10,833)	(16,500)
	<u>11,250</u>	<u>21,667</u>

12 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,139 (1999 - £5,844).

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

13 Share capital	2000	1999
	£	£
Authorised		
9,000 A Ordinary shares of £ 1 each	9,000	9,000
9,000 B Ordinary shares of £ 1 each	9,000	9,000
20,000 C Ordinary shares of 10p each	2,000	2,000
	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
4,500 A Ordinary shares of £ 1 each	4,500	4,500
4,500 B Ordinary shares of £ 1 each	4,500	4,500
10,000 C Ordinary shares of 10p each	1,000	1,000
	<u>10,000</u>	<u>10,000</u>
14 Statement of movements on profit and loss account		
		Profit and loss account £
Balance at 1 June 1999		(5,161)
Retained profit for the year		26,535
Balance at 31 May 2000		<u>21,374</u>
15 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Profit for the financial year	76,535	57,951
Dividends	(50,000)	-
Net addition to shareholders' funds	<u>26,535</u>	<u>57,951</u>
Opening shareholders' funds	4,839	(53,112)
Closing shareholders' funds	<u>31,374</u>	<u>4,839</u>

RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2000

16 Financial commitments

At 31 May 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			
	2000	1999	2000	Other 1999
	£	£	£	£
Expiry date:				
Within one year	15,000	12,000	-	-
Between two and five years	-	-	-	1,151
	<u>15,000</u>	<u>12,000</u>	<u>-</u>	<u>1,151</u>

17 Directors' emoluments

	2000	1999
	£	£
Emoluments for qualifying services	46,551	41,593
Company pension contributions to money purchase schemes	4,375	4,375
	<u>50,926</u>	<u>45,968</u>

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Directors	2	2
Consultants	1	1
Administration	2	2
	<u>5</u>	<u>5</u>

Employment costs

	£	£
Wages and salaries	123,634	100,499
Social security costs	11,800	9,238
Other pension costs	6,139	5,844
	<u>141,573</u>	<u>115,581</u>

.RMT FINANCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2000

19 Related party transactions

A A Josephs is a partner of RMT Accountants and Business Advisors and is a director of RMT Financial Management Limited.

Included within other loans are loans from RMT Accountants and Business Advisors as detailed below:

	2000	1999
	£	£
RMT Accountants and Business Advisors	-	68,048

The company occupies property owned by RMT Accountants and Business Advisors, and pays rent of £15,000 per annum.