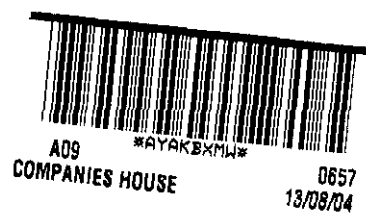


Company no 2904590

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE PERIOD 1 SEPTEMBER 2002 TO 31 DECEMBER 2003
FOR
CHOLSO LIMITED**



CHOLSO LIMITED

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CHOLSO LIMITED

COMPANY INFORMATION
for the Period 1 September 2002 to 31 December 2003

DIRECTOR: C E Nicholson

SECRETARY: P C Nicholson

REGISTERED OFFICE: The Bellbourne
103 High Street
Esher
Surrey
KT10 9QE

REGISTERED NUMBER: 2909590 (England and Wales)

ACCOUNTANTS: Body Dubois Limited
Chartered Accountants
The Bellbourne
103 High Street
Esher
Surrey KT10 9QE

CHOLSO LIMITED

REPORT OF THE DIRECTOR
for the Period 1 September 2002 to 31 December 2003

The director presents his report with the financial statements of the company for the period 1 September 2002 to 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of property refurbishment, development and investment.

DIRECTOR

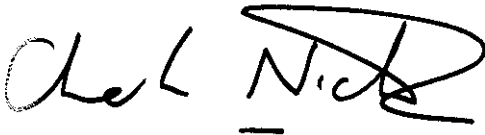
C E Nicholson was the sole director during the period under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.12.03	1.9.02
Ordinary shares £1 shares	100	100

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C E Nicholson', with a horizontal line underneath the name.

C E Nicholson - Director

22 July 2004

CHOLSO LIMITED

PROFIT AND LOSS ACCOUNT
for the Period 1 September 2002 to 31 December 2003

		Period 1.9.02 to 31.12.03	Year Ended 31.8.02
	Notes	£	£
TURNOVER		746,129	155,000
Cost of sales		420,811	70,889
GROSS PROFIT		325,318	84,111
Administrative expenses		31,828	38,710
		293,490	45,401
Other operating income		22,667	37,770
OPERATING PROFIT	2	316,157	83,171
Interest receivable and similar income		717	23
		316,874	83,194
Interest payable and similar charges		31,268	35,978
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		285,606	47,216
Tax on profit on ordinary activities		52,770	8,977
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		232,836	38,239
Dividends	3	1,500	-
		231,336	38,239
Retained profit brought forward		137,124	98,885
RETAINED PROFIT CARRIED FORWARD		£368,460	£137,124

The notes form part of these financial statements

CHOLSO LIMITED

BALANCE SHEET
31 December 2003

		31.12.03		31.8.02	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		65,037		65,903
Investments	5		-		50
			<u>65,037</u>		<u>65,953</u>
CURRENT ASSETS:					
Stocks		356,581		682,938	
Debtors	6	35,636		23,672	
Cash at bank		97,893		8,762	
		<u>490,110</u>		<u>715,372</u>	
CREDITORS: Amounts falling due within one year	7	132,729		383,379	
NET CURRENT ASSETS:			<u>357,381</u>		<u>331,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>422,418</u>		<u>397,946</u>
CREDITORS: Amounts falling due after more than one year	8		53,858		260,722
			<u>£368,560</u>		<u>£137,224</u>
CAPITAL AND RESERVES:					
Called up share capital	10		100		100
Profit and loss account			368,460		137,124
SHAREHOLDERS' FUNDS:			<u>£368,560</u>		<u>£137,224</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 31 December 2003.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 December 2003 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

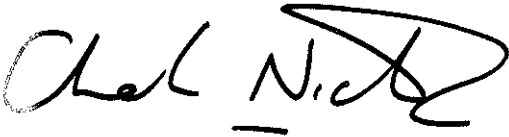
The notes form part of these financial statements

CHOLSO LIMITED

BALANCE SHEET
31 December 2003

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Chel Nicholson', with a large, stylized flourish at the end.

C E Nicholson - Director

Approved by the Board on 22 July 2004

The notes form part of these financial statements

CHOLSO LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 September 2002 to 31 December 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Turnover represents proceeds from sale of properties.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer systems	- 33% on cost
Fixtures and fittings	- 15% on cost
Plant & machinery	- 25% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

As from April 1999 the company pays regular amounts into a Regular Contribution Pension Plan.

2. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.9.02 to 31.12.03 £	Year Ended 31.8.02 £
Depreciation - owned assets	1,147	1,394
Loss on disposal of fixed assets	50	842
Pension costs	<u>4,000</u>	<u>3,000</u>
Director's emoluments and other benefits etc	<u>-</u>	<u>-</u>

3. DIVIDENDS

	Period 1.9.02 to 31.12.03 £	Year Ended 31.8.02 £
Final	<u>1,500</u>	<u>-</u>

CHOLSO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Period 1 September 2002 to 31 December 2003

4. TANGIBLE FIXED ASSETS

	Freehold property	Computer systems	Fixtures and fittings	Plant & machinery	Totals
	£	£	£	£	£
COST:					
At 1 September 2002	63,487	6,591	1,680	2,150	73,908
Additions	-	-	-	281	281
At 31 December 2003	63,487	6,591	1,680	2,431	74,189
DEPRECIATION:					
At 1 September 2002	-	6,590	878	537	8,005
Charge for period	-	-	336	811	1,147
At 31 December 2003	-	6,590	1,214	1,348	9,152
NET BOOK VALUE:					
At 31 December 2003	63,487	1	466	1,083	65,037
At 31 August 2002	63,487	1	802	1,613	65,903

5. FIXED ASSET INVESTMENTS

		£
COST:		
At 1 September 2002		50
Disposals		(50)
		—
At 31 December 2003		-
		—
NET BOOK VALUE:		
At 31 December 2003		-
		==
At 31 August 2002		50
		==
	31.12.03	31.8.02
	£	£
Unlisted investments	-	50
	—	—

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.03	31.8.02
	£	£
V.A.T.	116	3,890
Prepayments & accrued income	520	520
Owed by related company	35,000	10,000
Corporation tax recoverable	-	9,262
	35,636	23,672

CHOLSO LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 September 2002 to 31 December 2003

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.03	31.8.02
	£	£
Bank loans and overdrafts	-	142,301
Directors current accounts	12,891	99,671
Other creditors	58,625	108,625
Mortgage	3,618	16,730
Corporation tax	52,770	8,977
Accruals & deferred income	4,825	7,075
	<u>132,729</u>	<u>383,379</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.03	31.8.02
	£	£
Mortgage	<u>53,858</u>	<u>260,722</u>

9. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.03	31.8.02
	£	£
Bank overdrafts	<u>-</u>	<u>142,301</u>

The bankers hold a debenture dated 25 May 1994.

10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.03	31.8.02
			£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

11. RELATED PARTY DISCLOSURES

Other creditors include a loan of £50,000 (2002 - £100,000) from J C & D Holdings Limited, a Jersey based trust, in which the director is a discretionary beneficiary. During the period interest charged in the accounts relating to this loan amounted to £3,914 (2002 - £18,106).

£35,000 (2002 - £10,000) owed by related company, shown in debtors, relates to a loans made to Spacecraft Limited, a company in which the director of Cholso Limited is a director and shareholder.