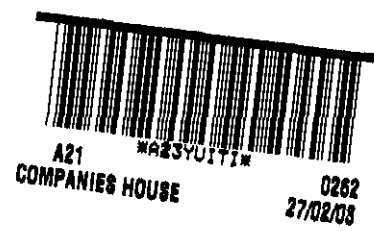


SIDMOUTH FLEXIBLE FORESTRY LIMITED

Number 3366285

REPORT AND ACCOUNTS

YEAR ENDING 31st MAY 2002



Directors' Report

The directors present their report and accounts for the year of trading ending on 31st May 2002.

The principal activity of the company is commercial forestry operations.

The directors report that over the year the company made a loss of £1,426.
The company acquired farmland in the vicinity to bolster the income in future years and offset the cost of maintaining the woodlands.

The market for timber products has continued to be weak. The market has however begun to recover as sterling falls and the Directors hope that they will be able to re-commence their plan, which is with the Forestry advisors, and begin to provide shareholders with a return on their investment. They advised that we had to apply for certification first, which has been a lengthy process.

No dividend has been declared.

The authorised and issued share capital of the company consists of £294,000 nominal of £1 Ordinary shares.

At 31st May 2002 the beneficial ownership according to the Register maintained under the Companies Acts 1985 was as follows :


| | |
|--|-----------|
| E.G.I.F. Truell | £ 60,000 |
| D.F. Truell | £ 147,000 |
| Trustees of the E&L Truell Childrens Flexible Settlement | £ 87,000 |

EGIF Truell is a director of the company.

There were no political or charitable donations made during the year.

The shareholders have agreed to dispense with the need for an audit of the company's accounts. The company is a close company as defined by the Income and Corporation Taxes Act 1970.

By Order of the Board



E G I F Truell
Director
10th February 2003

PROFIT AND LOSS STATEMENT - Year ENDING 31st MAY 2002

| | Year to 31st May 2002 | Year to 31st May 2001 | |
|--------------------------------|--------------------------|--------------------------|--------|
| Costs | (5,110) | (3,060) | Note 1 |
| Interest Received | 1,962 | 3,820 | |
| Government Grant | | 490 | |
| Agricultural income | 1,722 | | Note 2 |
| Profit/(Loss) before Taxation | <u>(1,426)</u> | <u>1,250</u> | Note 3 |
| Taxation | nil | nil | Note 4 |
| Profit/(Loss) after Taxation | <u>(1,426)</u> | <u>1,250</u> | |
| Dividends | nil | nil | |
| Transfer to reserves | (1,426) | 1,250 | |
| Retained Earnings at 31.5.2001 | (16,479) | | |
| Retained Earnings at 31.5.2002 | (17,905) | | |

BALANCE SHEET - YEAR ENDING 31st MAY 2002

| | 31st May 2002 | 31st May 2001 | |
|--------------------|----------------|----------------|--------|
| Fixed Assets | 349,168 | 185,455 | Note 4 |
| Current Assets : | | | |
| Cash | <u>26,927</u> | <u>92,066</u> | |
| Total Assets | <u>376,095</u> | <u>277,521</u> | |
| Share Capital | 294,000 | 294,000 | |
| Shareholders Loans | 100,000 | Nil | |
| Retained Earnings | (17,905) | (16,479) | |
| | <u>376,095</u> | <u>277,521</u> | |

For the year in question the company was entitled to the exemption conferred by Subsection 1, Section 249(a).

No notice from the numbers has been deposited under Subsection 2 of Section 249(b).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and 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 the Act relating to accounts so far as they are applicable to the company.

Approved by the Board of Directors on 10th February 2003


EGIF Truell
Director

Accounting Policies

Accounting Convention

These accounts have been prepared under the historical cost convention.

NOTES TO THE ACCOUNTS

1. Turnover and Profits

The company is registered for Value Added Tax, which gave rise to recoveries (accrued and actual) of £237 in the period. There were no sales in the period.

2. Operating Costs

| | £ |
|------------------------------|-------|
| Audit, bank charges, etc | 1,147 |
| Payments to forestry advisor | 4,200 |

3. Agricultural income

Sums are received half yearly in arrears at the rate of £3,634 per half-year in respect of the farming land and are accounted for on a received basis

4. Taxation

Trading losses carried forward of £17,905 result in no tax becoming due

5. Tangible fixed assets

These consist of woodlands and farming land at Holyford, Devon at cost.