



PAN ALBION GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



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CHARTERED ACCOUNTANTS

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PAN ALBION GROUP LIMITED

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PAN ALBION GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activity of the company is that of a holding company.

Results and dividends

The results for the year are set out on page 3.

The directors declare a dividend of £420,000 in respect of the year (2000-£298,252).

Directors

The following directors have held office since 1 January 2001:

A.S Cedar
D.W. Brown

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2001	1 January 2001
A.S Cedar	6	6
D.W. Brown	6	6

Auditors

Gerald Edelman were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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.S Cedar
Director
14 August 2002

PAN ALBION GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAN ALBION GROUP LIMITED

We have audited the financial statements of Pan Albion Group Limited on pages 3 to 9 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

14 August 2002

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

PAN ALBION GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Investment income	2	279,285	897,843
Profit on ordinary activities before taxation		279,285	897,843
Tax on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		279,285	897,843
Dividends	4	(420,000)	(298,252)
Retained (loss)/profit for the year	9	(140,715)	599,591

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PAN ALBION GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2001

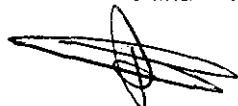
	2001 £	2000 £
Profit for the financial year	279,285	897,843
Unrealised surplus on revaluation of subsidiary undertakings	<u>885,680</u>	<u>1,317,280</u>
Total recognised gains and losses relating to the year	<u><u>1,164,965</u></u>	<u><u>2,215,123</u></u>

PAN ALBION GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Investments	5	5,646,603		4,760,923	
Current assets					
Debtors	6	3,978,937		4,074,937	
Creditors: amounts falling due within one year	7	(55,188)		(10,472)	
Net current assets		3,923,749		4,064,465	
Total assets less current liabilities		9,570,352		8,825,388	
Capital and reserves					
Called up share capital	8		12		12
Share premium account	9	6,894,065		6,894,065	
Revaluation reserve	9	2,202,960		1,317,280	
Profit and loss account	9	473,315		614,031	
Shareholders' funds - equity interests	10	9,570,352		8,825,388	

The financial statements were approved by the Board on 14 August 2002



A.S Cedar
Director

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of subsidiary undertakings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

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

1.3 Investments

Fixed asset investments are stated at revaluation on the basis of the net assets of the subsidiaries.

1.4 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.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Investment income

	2001 £	2000 £
Dividends received from group undertakings	270,000	398,253
Amounts due to former subsidiaries now written off	9,285	499,590
	<u>279,285</u>	<u>897,843</u>

3 Taxation

On the basis of the results for the year there is no charge to corporation tax.

4 Dividends

	2001 £	2000 £
Ordinary dividends paid	<u>420,000</u>	<u>298,252</u>

PAN ALBION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

5 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2001	4,760,923
Revaluation	885,680
	<hr/>
At 31 December 2001	5,646,603
	<hr/>

The investment in subsidiaries has been revalued on the basis of the net asset values shown in the individual company's audited accounts as at 31st December 2001. The historical cost of the subsidiary undertakings is £3,443,643. No provision has been made for deferred taxation, however should the investments be sold for the revalued amount a potential inherent liability to deferred taxation of approximately £2,465,000 will arise.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Eurocoast Limited	England & Wales	Ordinary	100
Daws Investments Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Eurocoast Limited	3,779,642	(1,205)
Daws Investments Limited	1,866,961	(625,570)
	<hr/>	<hr/>

6 Debtors

	2001 £	2000 £
Amounts owed by subsidiary undertakings	3,774,124	3,924,124
Other debtors	204,813	150,813
	<hr/>	<hr/>
	3,978,937	4,074,937
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

7	Creditors: amounts falling due within one year	2001	2000
		£	£
	Amounts owed to subsidiary undertakings	-	9,284
	Directors' current accounts	28,188	1,188
	Other creditors	27,000	-
		<u>55,188</u>	<u>10,472</u>
8	Share capital	2001	2000
		£	£
	Authorised		
	100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	12 Ordinary shares of £ 1 each	<u>12</u>	<u>12</u>
9	Statement of movements on reserves		
		Share premium account	Revaluation reserve
		£	£
	Balance at 1 January 2001	6,894,065	1,317,280
	Retained loss for the year	-	-
	Revaluation during the year	-	885,680
	Balance at 31 December 2001	<u>6,894,065</u>	<u>2,202,960</u>
10	Reconciliation of movements in shareholders' funds	2001	2000
		£	£
	Profit for the financial year	279,285	897,843
	Dividends	(420,000)	(298,252)
		<u>(140,715)</u>	<u>599,591</u>
	Other recognised gains and losses	885,680	1,317,280
	Net addition to shareholders' funds	<u>744,965</u>	<u>1,916,871</u>
	Opening shareholders' funds	8,825,388	6,908,517
	Closing shareholders' funds	<u>9,570,352</u>	<u>8,825,388</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

11 Employees

Number of employees

There were no employees during the year apart from the directors.

12 Related Party transactions

Party	Relationship	Transaction	2001	2000	2001	2000
			Value	Value	Balance due (to)/from at year end £	Balance due (to)/from at year end £
Eurocoast Limited	Subsidiary Undertaking	Loan account movements	350,000	2,363,116	2,638,182	2,788,182
Daws Investments Limited	Subsidiary Undertaking	Loan account movements	-	1,078,883	1,135,942	1,135,942
Langshore Limited	Subsidiary Undertaking	Loan account movements	6,468	8,967	-	6,468
Primedane Limited	Subsidiary Undertaking	Loan account movements	2	568,606	-	2
Clayvale Limited	Subsidiary Undertaking	Loan account movements	2,814	42,332	-	2,814
Cedar Brown Limited	Material Interest of directors	Loan account movements	54,000	-	204,813	150,813