

QUAIL (DURHAM) LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2002



Horwath Clark Whitehill

Horwath Clark Whitehill
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QUAIL (DURHAM) LIMITED
DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2002

The directors present the financial statements for the period ended 31 March 2002 together with their report thereon. The company was incorporated on 16 July 2001 as CPPL (Durham) Limited and changed its name to Quail (Durham) Limited on 7 January 2002.

RESULTS AND DIVIDENDS

The company did not trade in the period and hence a profit and loss account is not presented. No dividends were paid or proposed during the period.

DIRECTORS

The directors who held office during the period were:

P Beasley (appointed 16 July 2001, resigned 21 December 2001)
P Bradley (appointed 22 January 2002)
P J Cummings (appointed 21 December 2001)
B Ellinthorpe (appointed 16 July 2001, resigned 21 December 2001)
P C Kasch (appointed 21 December 2001)
D Kerr (appointed 21 December 2001, resigned 22 January 2002)
N J G Tribe (appointed 21 December 2001)
J C Wood (appointed 16 July 2001, resigned 21 December 2001)

All directors who served during the year are directors of the ultimate parent undertaking. Their interests in the shares of that company are disclosed in its financial statements.

AUDITORS

In accordance with section 385 of the Companies Act 1985 a resolution to re-appoint Horwath Clark Whitehill as auditors to the company will be put to the Annual General Meeting.

By Order of the Board


Secretary

QUAIL (DURHAM) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors, as stated in their report.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 or other irregularities.



Horwath Clark Whitehill

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUAIL (DURHAM) LIMITED

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We have audited the financial statements of Quail (Durham) Limited for the period ended 31 March 2002 set out on pages 4 and 5.

These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities 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

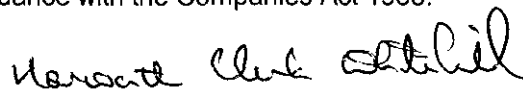
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.

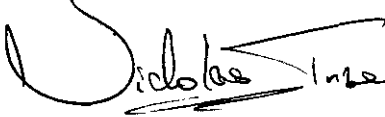
24 January 2003


Chartered Accountants and
Registered Auditors

QUAIL (DURHAM) LIMITED
BALANCE SHEET
31 MARCH 2002

	Notes	2002 £
CURRENT ASSETS		
Debtors – Called up share capital unpaid		<u>100</u>
CAPITAL AND RESERVES		
Called up share capital	2	<u>100</u>

Approved by the Board on
and signed on its behalf by:

} Directors  29/1/03.

The notes on page 5 form part of these financial statements.

QUAIL (DURHAM) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2002

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. SHARE CAPITAL

2002

£

Ordinary shares of £1 each

Authorised, allotted, called up and unpaid

100

3. ULTIMATE PARENT UNDERTAKING

The directors consider Continental Shelf 225 Limited to be the ultimate parent undertaking.