

log
 $A^2 + B$

CASTLELAND LIMITED
(Company Number: 69466)

DIRECTORS' REPORT AND ACCOUNTS

31 MAY 1996

[Handwritten signature]



Anderson Anderson & Brown
Chartered Accountants

**CASTLELAND LIMITED
DIRECTORS' REPORT**

A²+B

Directors: J G Barrack Snr (Chairman)
J G Barrack Jnr
R Ludwig
H J Tocher

Secretary: Mrs E A Barrack

Registered office: Falcon House, Union Grove Lane, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 31 May 1996.

RESULTS AND DIVIDENDS

The loss for the year, amounting to £18,627 (1995 - £9,853), is dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The company was involved in property development but has now ceased trading.

DIRECTORS AND DIRECTORS' INTERESTS

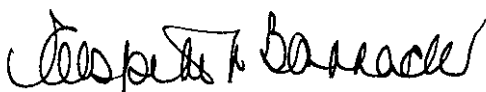
The directors of the company during the year ended 31 May 1996 were those listed above, together with D J Grant who resigned on 28 February 1996.

According to the register maintained as required under the Companies Act 1985, no directors held any interest in the share capital of the company at 31 May 1996.

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board



Secretary

A²+B

ANDERSON
ANDERSON
& BROWN

CHARTERED
ACCOUNTANTS

AUDITORS' REPORT TO THE SHAREHOLDERS OF CASTLELAND LIMITED

We have audited the accounts on pages 3 to 9 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether or not 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Anderson Anderson & Brown

Registered Auditor
Aberdeen

24 March 1997

CASTLELAND LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 1996

A²+B

	Note	1996 £	1995 £
TURNOVER		35,000	-
Operating costs	3	<u>58,709</u>	<u>9,727</u>
OPERATING LOSS	4	(23,709)	(9,727)
Interest payable and similar charges	7	<u>918</u>	<u>126</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,627)	(9,853)
Taxation	8	<u>6,000</u>	<u>-</u>
LOSS FOR THE YEAR		<u>£ (18,627)</u>	<u>£ (9,853)</u>

Movements on reserves are set out in Note 14.

The company has made no gains or losses other than as reported above.

CASTLELAND LIMITED
BALANCE SHEET - 31 MAY 1996

A²+B

	Note	1996 £	1995 £
TANGIBLE FIXED ASSETS	9	-	18,582
CURRENT ASSETS			
Debtors	10	485	838
Amounts owed by group companies		35,000	-
Cash at bank and in hand		202	38,739
		35,687	39,577
CREDITORS: <i>amounts falling due within one year</i>	11	64,060	57,869
NET CURRENT LIABILITIES		(28,373)	(18,292)
TOTAL ASSETS LESS CURRENT LIABILITIES		(28,373)	290
CREDITORS: <i>amounts falling due after more than one year</i>	12	-	10,036
TOTAL ASSETS LESS LIABILITIES		£ (28,373)	£ (9,746)
CAPITAL AND RESERVES			
Called up share capital	13	107	107
Reserves	14	(28,480)	(9,853)
SHAREHOLDERS' FUNDS	14	£ (28,373)	£ (9,746)

Signed on behalf of the board of directors

.....
Director - J G Barrack

..... 4-3-97 Date

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the accounts 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 which enable them to ensure that the accounts 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.

2. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost of tangible fixed assets is depreciated by equal monthly instalments over the expected useful lives of assets as follows:

Fixtures and fittings	6 years
Motor vehicles	4 years

(c) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

CASTLELAND LIMITED
NOTES ON THE ACCOUNTS - 31 MAY 1996

A²+B

3. OPERATING COSTS

	1996 £	1995 £
Staff costs - wages and salaries	29,167	5,833
- social security costs	2,677	595
Depreciation	4,727	618
Other operating charges	22,138	2,681
	<u>£ 58,709</u>	<u>£ 9,727</u>

4. OPERATING LOSS is stated after charging:

	1996 £	1995 £
Auditors' remuneration - audit work	250	100
- non audit work	200	-
	<u>250</u>	<u>-</u>

5. DIRECTORS' REMUNERATION

	1996	1995
Salary	<u>£ 29,167</u>	<u>£ 5,833</u>

One director only received remuneration from the company.

6. STAFF NUMBERS

The average number of persons employed by the company during the year, including directors, was 5 (1995 - 5).

CASTLELAND LIMITED
NOTES ON THE ACCOUNTS - 31 MAY 1996

A² + B

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
HP interest	<u>£ 918</u>	<u>£ 126</u>

8. TAXATION

The tax credit based on the loss for the year represents group relief.

9. FIXED ASSETS

	Fixtures & fittings £	Motor vehicles £	Total £
COST			
At 31 May 1995	774	18,426	19,200
Transferred to group company	<u>(774)</u>	<u>(18,426)</u>	<u>(19,200)</u>
At 31 May 1996	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION			
At 31 May 1995	42	576	618
Charge for the year	119	4,608	4,727
Transferred to group company	<u>(161)</u>	<u>(5,184)</u>	<u>(5,345)</u>
At 31 May 1996	<u>-</u>	<u>-</u>	<u>-</u>
Net book amounts at:			
31 May 1996	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
31 May 1995	<u>£ 732</u>	<u>£ 17,850</u>	<u>£ 18,582</u>

CASTLELAND LIMITED
NOTES ON THE ACCOUNTS - 31 MAY 1996

$A^2 + B$

10. DEBTORS

	1996 £	1995 £
Value added tax	485	312
Other debtors	-	526
	<u>£ 485</u>	<u>£ 838</u>

11. CREDITORS: *amounts falling due within one year*

	1996 £	1995 £
Trade creditors	-	1,345
HP creditor	-	5,475
Accruals and deferred income	609	100
Amounts owed to group companies	63,451	50,949
	<u>£ 64,060</u>	<u>£ 57,869</u>

12. CREDITORS: *amounts falling due after more than one year*

	1996	1995
HP creditor	<u>£ -</u>	<u>£ 10,036</u>

CASTLELAND LIMITED
CREDITORS ON THE ACCOUNTS - 31 MAY 1996

A²+B

13. CALLED UP SHARE CAPITAL

	1996 & 1995 £
Authorised:	
Ordinary shares of £1 each	299,993
Non voting ordinary shares of £1 each	<u>7</u>
	<u>£ 300,000</u>
Allotted and fully paid:	
Ordinary shares of £1 each	100
Non voting ordinary shares of £1 each	<u>7</u>
	<u>£ 107</u>

**14. RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total £
At 1 June 1994	10	-	10
Loss for year	-	(9,853)	(9,853)
Issue of share capital	<u>97</u>	<u>-</u>	<u>97</u>
At 31 May 1995	107	(9,853)	(9,746)
Loss for year	<u>-</u>	<u>(18,627)</u>	<u>(18,627)</u>
At 31 May 1996	<u>£ 107</u>	<u>£ (28,480)</u>	<u>£ (28,373)</u>

15. ULTIMATE HOLDING COMPANY

The ultimate holding company is Chess Holdings International Limited.