

SOLEMOTION LIMITED
SC111984

DIRECTOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



SOLEMOTION LIMITED

COMPANY INFORMATION

Director	M Addison
Secretary	Paul & Williamsons
Company number	111984
Registered office	Investment House 6 Union Row Aberdeen AB10 1DQ
Auditors	Hall Morrice 7 Queens Terrace Aberdeen AB10 1XL
Business address	15 Earlsparck Road Bieldside Aberdeen AB15 9BZ
Bankers	Clydesdale Bank Principal Branch 1 Queens Cross Aberdeen AB15 4XU
Solicitors	Paul & Williamsons Investment House 6 Union Row Aberdeen AB10 1DQ

SOLEMOTION LIMITED

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SOLEMOTION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The director presents her report and audited financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activities of the company are investment in quoted and unquoted securities and the provision of management services.

The results for the year and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The director recommends payment of an ordinary dividend amounting to £100,000 (2002 £nil).

Director

The following director has held office since 1 October 2002:

M Addison

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary shares of 50p each	
	30 September 2003	1 October 2002
M Addison	5	5

	'A' non voting ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
M Addison	-	-

	10% Cumulative redeemable preference shares of £ 1 each	
	30 September 2003	1 October 2002
M Addison	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hall Morrice be reappointed as auditors of the company will be put to the Annual General Meeting.

SOLEMOTION LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

By order of the board

M. Addison

M Addison

Director

13 February 2004

SOLEMOTION LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE COMPANY

We have audited the financial statements of Solemotion Limited for the year ended 30 September 2003 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement, the Statement of total recognised gains and losses and related notes. 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

As described in the Director's report the company's director is 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 Director's 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 Director's 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 director 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 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hall Morrice
Registered Auditors
ABERDEEN
13 February 2004

SOLEMOTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	182,472	158,739
Administrative expenses		(103,917)	(109,381)
Other operating income		110,976	25,285
Operating profit	3	189,531	74,643
Investment income	4	2,186	1,420
Other interest receivable and similar income	4	4,374	494
Interest payable and similar charges	5	(776)	(6,719)
Profit on ordinary activities before taxation		195,315	69,838
Tax on profit on ordinary activities	6	(25,630)	(17,356)
Profit for the financial year		169,685	52,482
Dividends	7	(100,000)	-
Retained profit for the year	15	69,685	52,482

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

SOLEMOTION LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Profit for the financial year	169,685	52,482
Unrealised surplus on revaluation of unlisted investments	400,000	342,000
Total recognised gains and losses relating to the year	569,685	394,482

Note of historical cost profits and losses

	2003 £	2002 £
Reported profit on ordinary activities before taxation	195,315	69,838
Realisation of investment revaluation gains of previous years	-	100,000
Historical cost profit on ordinary activities before taxation	195,315	169,838
Historical cost profit for the year retained after taxation, extraordinary items and dividends	69,685	152,482

SOLEMOTION LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	8		-		-
Investments	9		1,918,523		1,478,473
			<u>1,918,523</u>		<u>1,478,473</u>
Current assets					
Debtors	10	78,021		100,222	
Investments	11	5,000		-	
Cash at bank and in hand		120,965		100,289	
		<u>203,986</u>		<u>200,511</u>	
Creditors: amounts falling due within one year	12	(37,778)		(63,938)	
Net current assets			<u>166,208</u>		<u>136,573</u>
Net assets			<u>2,084,731</u>		<u>1,615,046</u>
Capital and reserves					
Called up share capital	14		150		150
Revaluation reserve	15		1,869,930		1,469,930
Other reserves	15		29,008		29,008
Profit and loss account	15		185,643		115,958
Equity shareholders' funds	16		<u>2,084,731</u>		<u>1,615,046</u>

The financial statements were approved by the director on 13 February 2004

M. Addison

M Addison
Director

SOLEMOTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Net cash inflow from operating activities	228,948	99,819
Returns on investments and servicing of finance		
Interest received	6,560	1,914
Interest paid	(776)	(6,719)
Non equity dividends paid	-	(21,770)
	<u> </u>	<u> </u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	5,784	(26,575)
Taxation	(14,746)	(3,668)
Financial investment		
Payments to acquire investments	(40,000)	-
Receipts from sales of investments	-	147,000
Loan to subsidiary undertaking	(30,000)	-
	<u> </u>	<u> </u>
Net cash (outflow)/inflow for capital expenditure	(70,000)	147,000
Equity dividends paid	(100,000)	-
	<u> </u>	<u> </u>
Net cash inflow before management of liquid resources and financing	49,986	216,576
Management of liquid resources		
Current asset investments	(5,000)	-
Financing		
Purchase of own shares	-	(29,008)
Repayment of other short term loans	(20,000)	(49,500)
	<u> </u>	<u> </u>
Net cash outflow from financing	(20,000)	(78,508)
	<u> </u>	<u> </u>
Increase in cash in the year	24,986	138,068
	<u> </u>	<u> </u>

SOLEMOTION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	189,531	74,643
	Decrease in debtors	49,587	25,990
	Decrease in creditors within one year	(10,170)	(814)
	Net cash inflow from operating activities	228,948	99,819

2	Analysis of net funds	1 October 2002	Cash flow	Other non-cash changes	30 September 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	100,289	20,676	-	120,965
	Bank overdrafts	(4,310)	4,310	-	-
		<u>95,979</u>	<u>24,986</u>	<u>-</u>	<u>120,965</u>
	Liquid resources:				
	Short-term investments	-	5,000	-	5,000
		<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	Debt:				
	Debts falling due within one year	(20,000)	20,000	-	-
		<u>(20,000)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
	Net funds	<u>75,979</u>	<u>49,986</u>	<u>-</u>	<u>125,965</u>

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase in cash in the year	24,986	138,068
	Cash outflow from increase in liquid resources	5,000	-
	Cash outflow from decrease in debt	20,000	49,500
		<u>49,986</u>	<u>187,568</u>
	Movement in net funds in the year	49,986	187,568
	Opening net funds/(debt)	75,979	(111,589)
		<u>75,979</u>	<u>(111,589)</u>
	Closing net funds	<u>125,965</u>	<u>75,979</u>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Accounting convention

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

1.2 Turnover

Turnover represents amounts receivable for the provision of management services net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	25% straight line
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1.4 Investments

Investments held as fixed assets are stated at cost or valuation in the case of certain unlisted investments less provision for impairment in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the full provision method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 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 medium-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 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

Auditors' remuneration

2003	2002
£	£

2,500	2,500
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SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

4	Income from investments, other interest receivable and similar income	2003	2002
		£	£
	Interest received from subsidiary undertakings	2,186	1,420
	Bank interest	3,152	289
	Other interest	1,222	205
		<u>6,560</u>	<u>1,914</u>
5	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	557	1,570
	On other loans wholly repayable within 5 years	205	5,128
	Credit card interest	14	21
		<u>776</u>	<u>6,719</u>
6	Taxation	2003	2002
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 30% (2002 - 30%)	25,630	17,360
	Prior years		
	U.K. corporation tax	-	(4)
		<u>25,630</u>	<u>17,356</u>

Factors affecting tax charge for year

The tax for the year is lower than the standard rate of corporation tax in the U.K. The differences are explained below:

Profit on ordinary activities before tax	<u>195,315</u>	<u>69,838</u>
Profit on ordinary activities at effective U.K. corporation rate of 28.2% (2002 - 28.3%)	55,079	19,764
<i>Effects of:</i>		
Expenses not deductible for tax	1,035	2,152
Dividend income not liable to tax	(30,452)	(4,514)
Depreciation less than capital allowances	(32)	(42)
Current tax charge for year	<u>25,630</u>	<u>17,360</u>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

7	Dividends	2003 £	2002 £
	Ordinary interim paid	<u>100,000</u>	<u>-</u>
8	Tangible fixed assets		
			Office equipment £
	Cost		
	At 1 October 2002 & at 30 September 2003		<u>3,353</u>
	Depreciation		
	At 1 October 2002 & at 30 September 2003		<u>3,353</u>
	Net book value		
	At 30 September 2003		<u>-</u>
	At 30 September 2002		<u>-</u>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

9 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 October 2002	1,543,723
Additions	40,050
Revaluation	400,000
	<hr/>
At 30 September 2003	1,983,773
	<hr/>
At cost	113,843
At valuation	1,869,930
	<hr/>
	1,983,773
	<hr/>
Provisions for diminution in value	
At 1 October 2002 & at 30 September 2003	65,250
	<hr/>
Net book value	
At 30 September 2003	1,918,523
	<hr/>
At 30 September 2002	1,478,473
	<hr/>
	<hr/>
	Director's valuation £
At 30 September 2003	1,918,523
	<hr/>
At 30 September 2002	1,478,473
	<hr/>
	<hr/>

Subsidiary undertakings

The company owns 70% of the ordinary share capital of Linkfleet Limited, a company registered in Scotland. The principal activities of the company are the provision of waste recycling and management, equipment rental and sales, and the provision of management services.

	£
Cost of investment in Linkfleet Limited	70
	<hr/>

The investment is valued at £1,549,000 (2002 £1,225,000).

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

The most recent financial statements of Linkfleet Limited for the year ended 31 December 2002 stated the following information:

	£
Capital and reserves	1,267,791
Profit for the year	547,890

Participating interests

The company owns 36% of the ordinary share capital of Nevis Group Limited, a company registered in Scotland. The principal activity of the company is the rental of business units.

	£
Cost of investment in Nevis Group Limited	65,250

The director had previously revalued this investment to £nil.

The most recent financial statements of Nevis Group Limited for the year ended 31 December 2002 stated the following information:

	£
Capital and reserves	(594,151)
Profit for the year	100,018

The company owns 33% of the ordinary share capital of Rubislaw Group Limited, a company registered in Scotland. The principal activities of the company are property development and the provision of management services.

	£
Cost of investment in Rubislaw Group Limited	5,000

The investment is valued at £326,000 (2002 £250,000).

The most recent financial statements of Rubislaw Group Limited for the year ended 31 December 2002 stated the following information:

	£
Capital and reserves	89,661
Profit for the year	35,144

During the year the company acquired 12.5% of the ordinary share capital and 13.158% of the preference share capital of Deerholt Limited, a company registered in Scotland. The principal activity of the company is that of hoteliers.

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

	£
Cost of investment in Deerholt Limited	40,000

The company only commenced trading on 1 September 2003 and consequently there are no financial statements prepared to date.

Joint venture

During the year the company acquired 50% of the ordinary share capital of Management Advisory & Support Services Limited, a company registered in Scotland. The company has not traded since date of incorporation.

	£
Cost of investment in Management Advisory & Support Services Limited	50

10 Debtors	2003 £	2002 £
Amounts owed by subsidiary undertakings	36,731	8,513
Amounts owed by participating interests	1,119	1,086
Other debtors	40,171	90,623
	<u>78,021</u>	<u>100,222</u>

Amounts falling due after more than one year and included in the debtors above are:

	2003 £	2002 £
Other debtors	-	19,991

Included under other debtors is a loan to the former director J A Clark for £22,614 (2002 £69,510). The loan is interest free and was repaid subsequent to the Balance sheet date. The maximum balance outstanding during the year was £71,413.

11 Current asset investments	2003 £	2002 £
Listed investments	5,000	-
Market valuation of listed investments	4,977	-

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

12 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	-	4,310
Trade creditors	61	1,480
Amounts owed to subsidiary undertakings	753	832
Corporation tax	25,630	17,360
Other taxes and social security costs	8,284	11,653
Loan	-	20,000
Accruals and deferred income	3,050	8,303
	<u>37,778</u>	<u>63,938</u>

The bank overdraft is secured by a floating charge over the assets of the company and a guarantee from the former director J A Clark for £65,000. The loan from Solemotion Limited Self Administered Scheme bears interest at 3% above base per annum. The loan was repaid in October 2002.

13 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £900 (2002 - £900).

14 Share capital	2003 £	2002 £
Authorised		
1,900 Ordinary shares of 50p each	950	950
50 'A' non voting ordinary shares of £ 1 each	50	50
50,000 10% Cumulative redeemable preference shares of £ 1 each	50,000	50,000
	<u>51,000</u>	<u>51,000</u>
 Allotted, called up and fully paid		
200 Ordinary shares of 50p each	100	100
50 'A' non voting ordinary shares of £ 1 each	50	50
	<u>150</u>	<u>150</u>

The 'A' non voting ordinary shares of £1 each carry no voting rights and rank pari passu with the ordinary shares in terms of a capital distribution.

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

15 Statement of movements on reserves

	Revaluation reserve	Capital redemption reserve	Profit and loss account
	£	£	£
Balance at 1 October 2002	1,469,930	29,008	115,958
Retained profit for the year	-	-	69,685
Revaluation during the year	400,000	-	-
Balance at 30 September 2003	<u>1,869,930</u>	<u>29,008</u>	<u>185,643</u>

16 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	169,685	52,482
Dividends	(100,000)	-
Other recognised gains and losses	400,000	342,000
Buy back of cumulative redeemable preference shares	-	(29,008)
Payment of dividend arrears	-	(21,770)
Net addition to shareholders' funds	<u>469,685</u>	<u>343,704</u>
Opening shareholders' funds	<u>1,615,046</u>	<u>1,271,342</u>
Closing shareholders' funds	<u>2,084,731</u>	<u>1,615,046</u>

17 Director's emoluments

	2003 £	2002 £
Emoluments for qualifying services	-	51,908
Company pension contributions to money purchase schemes	-	600
	<u>-</u>	<u>52,508</u>

The number of directors for whom retirement benefits accrued under money purchase pension schemes amounted to 0 (2002 - 1).

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Management	<u>2</u>	<u>2</u>

Employment costs

	£	£
Wages and salaries	83,162	73,979
Social security costs	9,957	9,374
Other pension costs	900	900
	<u>94,019</u>	<u>84,253</u>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

19 Related party transactions

Management services were provided to a subsidiary, Linkfleet Limited, totalling £116,296 (2002 £97,582). In addition, expenses totalling £1,082 (2002 £6,135) were recharged. As at 30 September 2003 £6,731 (2002 £8,513) was receivable.

Management services were provided to a former subsidiary, Davidson & Wilson Transport Limited, totalling £nil (2002 £8,141).

The company also provided management services to Empire Services Limited, a former subsidiary of Linkfleet Limited, totalling £nil (2002 £10,452).

Management services were provided to Rubislaw Group Limited, a company in which Solemotion Limited has an interest, totalling £52,850 (2002 £29,678).

Management services were also provided to Nevis Group Limited, a company in which Solemotion Limited has an interest, totalling £13,325 (2002 £12,886). In addition, expenses totalling £nil (2002 £3,200) were recharged. As at 30 September 2003 £1,119 (2002 £1,086) was receivable.

During the year the company advanced a loan to Pragma Systems (Scotland) Limited, a company in which Rubislaw Group Limited has an interest, totalling £50,000. Interest of £534 was received. The loan was repaid prior to the year end.

During the year the company advanced a loan to Linkfleet Limited totalling £30,000. Interest of £2,186 was received. The loan remained outstanding at the year end.

During the year the company repaid the Solemotion Limited Self Administered Pension Scheme £20,000. As at 30 September 2003 £nil remained outstanding (2002 £20,000). Loan interest of £205 (2002 £5,128) was payable with £nil (2002 £2,303) remaining outstanding at the year end.

During the year the company paid Linkfleet Limited £1,377 (2002 £3,072) for the provision of secretarial services. As at 30 September 2003 £753 (2002 £832) was payable.

During the year the former director, J A Clark made net repayments for amounts previously advanced to him totalling £46,895. During the year interest of £274 (2002 £205) was receivable. As at 30 September 2003 J A Clark was due the company £22,614 (2002 £69,509). This amount was repaid subsequent to the Balance sheet date.

The former director J A Clark has provided a letter of guarantee to the company's bankers for £65,000.

20 Control

The company was controlled throughout the current and previous year by the former director J A Clark by virtue of his 97.5% holding of the ordinary shares in the company.