

SOLEMOTION LIMITED

Report and Financial Statements

Year ended 30 September 2001



**Deloitte & Touche
2 Queen's Terrace
Aberdeen
AB10 1XL**

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

M Addison

SECRETARY, SOLICITORS AND REGISTERED OFFICE

Paull & Williamsons
6 Union Row
Aberdeen
AB10 1DQ

BANKERS

Clydesdale Bank plc
Queen's Cross Branch
1 Queens Cross
Aberdeen

AUDITORS

Deloitte & Touche
2 Queen's Terrace
Aberdeen
AB10 1XL

DIRECTOR'S REPORT

The director presents her annual report and the audited financial statements for the year ended 30 September 2001.

ACTIVITIES

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

RESULTS AND TRANSFERS TO RESERVES

The profit for the year after taxation amounted to £33,140 (2000: £39,122). The director recommends that the retained profit after appropriations for the year of £30,240 (2000: £36,222) is transferred to reserves.

FUTURE PROSPECTS

The director is continuing to look for appropriate opportunities and is confident of the future prospects of the business.

DIRECTOR AND HER INTERESTS

The present membership of the Board is set out on Page 1.

The directors' interests, as defined by the Companies Act 1985, in the shares of the company at 1 October 2000 and at 30 September 2001 are as follows:

	10% Cumulative redeemable preference shares		Ordinary shares of £1 each	
	2001 £	2000 £	2001 £	2000 £
JA Clark (resigned 7 June 2002)	29,008	29,008	98	98
M Addison	-	-	2	2


P&W Trustees (Aberdeen) Limited hold one share as a nominee of JA Clark.

On 7 June 2002, Jim Clark resigned as a director of the company.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Director


Director

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial period 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 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; and
- 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 them 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLEMOTION LIMITED

We have audited the financial statements of Solemotion Limited for the year ended 30 September 2001 which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

9 July 2002

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2001

	Note	2001 £	2000 £
TURNOVER: continuing operations	2	127,227	127,471
Administrative expenses		99,836	107,912
Other operating income		(21,480)	(33,938)
		<u>78,356</u>	<u>73,974</u>
OPERATING PROFIT: continuing operations	4	48,871	53,497
Interest payable and similar charges	5	11,991	11,542
		<u>36,880</u>	<u>41,955</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		36,880	41,955
Tax on profit on ordinary activities	6	3,740	2,833
		<u>33,140</u>	<u>39,122</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		33,140	39,122
Dividends and appropriations	7	2,900	2,900
		<u>30,240</u>	<u>36,222</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		30,240	36,222

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2001

	2001 £	2000 £
Profit for the financial period	33,140	39,122
Unrealised surplus on revaluation of unlisted investment	350,000	339,930
	<u>383,140</u>	<u>379,052</u>
Total recognised gains relating to the period	383,140	379,052

BALANCE SHEET
At 30 September 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	-	66
Investments	9	1,283,473	933,473
		<u>1,283,473</u>	<u>933,539</u>
CURRENT ASSETS			
Debtors	10	126,512	106,109
CREDITORS: amounts falling due within one year	11	<u>138,643</u>	<u>151,446</u>
NET CURRENT LIABILITIES		<u>(12,131)</u>	<u>(45,337)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,271,342</u>	<u>888,202</u>
CAPITAL AND RESERVES			
Called up share capital	12	29,158	29,158
Revaluation reserve	13	1,227,930	877,930
Other reserve	14	21,770	18,870
Profit and loss account	14	<u>(7,516)</u>	<u>(37,756)</u>
TOTAL SHAREHOLDERS' FUNDS	15	<u>1,271,342</u>	<u>888,202</u>
Analysed as:			
Equity shareholder's funds		1,220,564	840,324
Non-equity shareholders' funds		<u>50,778</u>	<u>47,878</u>
		<u>1,271,342</u>	<u>888,202</u>

These financial statements were approved by the director on **5** July 2002.

M. Addison
Director

NOTES TO THE ACCOUNTS**Year ended 30 September 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

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

Exemption from preparation of consolidated accounts

The company has claimed exemption permitted by Section 248 of the Companies Act 1985 from the preparation of consolidated financial statements as it is a medium sized group as defined by Section 247 of the Companies Act 1985.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment	25% per annum
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Investments

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

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover arises wholly from the principal activities of the company within the United Kingdom and is stated net of Value Added Tax.

NOTES TO THE ACCOUNTS
Year ended 30 September 2001

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
Directors' emoluments		
Directors' remuneration including benefits in kind	77,507	69,579
Pension costs	900	750
	<u>78,407</u>	<u>* 70,329</u>

During the year one (2000: 1) director accrued benefits under a money purchase pension scheme.

Average number of persons employed

Management	2	2
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	£	£
Staff costs during the year (including directors)		
Wages and salaries	72,004	65,269
Social security costs	7,980	7,841
Pension costs	900	750
	<u>80,884</u>	<u>73,860</u>

4. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	66	423
Auditors' remuneration	3,000	1,950
Loss on sale of unlisted investments	-	458
	<u></u>	<u></u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans, overdrafts and other loans repayable within five years	11,991	11,542
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS**Year ended 30 September 2001****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000 – 20%) based on the profit for the year	3,968	2,920
Prior year overprovision	(228)	(87)
	<u>3,740</u>	<u>2,833</u>

The tax charge is disproportionate to the profit for the year due to the incidence of income which is not subject to corporation tax.

7. DIVIDENDS

	2001 £	2000 £
Appropriation in respect of preference share dividends	<u>2,900</u>	<u>2,900</u>

8. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
At 1 October 2000 and at 30 September 2001	<u>3,353</u>
Accumulated depreciation	
At 1 October 2000	3,287
Charge for the year	<u>66</u>
At 30 September 2001	<u>3,353</u>
Net book value	
At 30 September 2001	<u>-</u>
At 30 September 2000	<u>66</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 2001

9. INVESTMENTS HELD AS FIXED ASSETS

	Unlisted Investments £
Cost or valuation	
At 1 October 2000	1,003,723
Revaluation in year	350,000
	<hr/> 1,353,723 <hr/>
At 30 September 2001	1,353,723
	<hr/>
At cost	73,723
At valuation	1,280,000
	<hr/> 1,353,723 <hr/>
Amounts provided	
At 1 October 2000 and 30 September 2001	70,250
	<hr/>
Net book value	
At 30 September 2001	1,283,473
	<hr/>
At 30 September 2000	933,473
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Investment in subsidiary company (included in unlisted investments)

The company owns 100% of the ordinary share capital of Davidson & Wilson Limited, (previously called Marine Transport Limited), a company registered in Scotland. Although the company owns 100% of the ordinary shares, this only represents 15% of the total share capital entitled to participate in any distribution. The capital and reserves of this company at 30 November 2000 amounted to £1,000.

The director has previously revalued this investment to £105,000.

Davidson & Wilson Limited did not trade during the year ended 30 November 2000. Davidson & Wilson Limited owns 100% of the share capital of Davidson & Wilson Transport Limited (previously called Davidson & Wilson Limited), a company registered in Scotland, whose principal activity is the haulage of frozen and chilled goods. The financial statements of Davidson & Wilson Transport Limited, for the year ended 30 November 2000 stated the following information:

	£
Total capital and reserves	537,632
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Investing company's share of capital and reserves	80,645
	<hr/>
Profit for the year	92,078
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Investing company's share of the profit for the year	13,812
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NOTES TO THE ACCOUNTS

Year ended 30 September 2001

9 FIXED ASSETS - INVESTMENTS (Continued)

The company owns 70% of the ordinary share capital of Linkfleet Limited, a company registered in Scotland. The principal activities of the company is the provision of plant hire, environmental services, industrial services, property and management, personnel management systems and convenience stores.

	£
Cost of investment in Linkfleet Limited	47,070

The director has previously revalued this investment to £700,000, and has revalued the investment by a further £350,000 this year.

The most recent group financial statements of Linkfleet Limited for the year ended 31 December 2000 stated the following information:

	£
Total capital and reserves	478,640
Investing company's share of capital and reserves	321,148
Loss for the period	17,109
Investing company's share of the loss for the period	11,976

Investment in associated companies (included in unlisted investments)

The company holds 36% of the ordinary share capital of Nevis Group Limited, a company registered in Scotland. Nevis Group Limited operates through a number of trading and non trading subsidiaries covering a range of activities. Further details of the nature of business of the group are contained in the financial statements of that company.

	£
Cost of investment in Nevis Group Limited	65,250

The director has previously revalued this investment to £Nil.

The financial statements of Nevis Group Limited for the year ended 31 December 2000 stated the following information:

	£
Total capital and reserves	(723,314)
Investing company's share of capital and reserves	(260,393)
Loss for the year	(18,699)
Investing company's share of loss for the year	(6,732)

Nevis Group Limited holds 100% of the ordinary share capital of Marwell Investments Limited, a company registered in Scotland, whose principal activity is the provision of contract cleaning services.

NOTES TO THE ACCOUNTS**Year ended 30 September 2001****9 FIXED ASSETS - INVESTMENTS (Continued)**

The financial statements of Marwell Investments Limited, for the year ended 31 December 2000 stated the following information:

	£
Total capital and reserves	129,561
Investing company's share of capital and reserves	46,642
Profit for the year	5,666
Investing company's share of profit for the year	2,040

Investment in associated companies (included in unlisted investments)

The company holds one third of the ordinary share capital of Rubislaw Group Plc, a company registered in Scotland. The principal activities of that company are the provision of computer system development and property development.

	£
Cost of investment in Rubislaw Group Plc	5,000

The director previously revalued this investment to £125,000.

The consolidated financial statements of Rubislaw Group Plc for the year ended 31 August 2000 stated the following information:

	£
Total capital and reserves	141,367
Investing company's share of capital and reserves	47,122
Profit for the year	24,223
Investing company's share of the profit for the year	8,074

NOTES TO THE ACCOUNTS
Year ended 30 September 2001

10. DEBTORS

	2001 £	2000 £
Amounts falling due within one year		
Other debtors	875	875
Amounts owed by related companies	9,205	1,981
Director's loan	96,141	79,962
Loan to related party	-	3,000
	<u>106,221</u>	<u>85,818</u>
Amounts falling due outwith one year		
S.419 tax recoverable	20,291	20,291
	<u>126,512</u>	<u>106,109</u>

The related party loan bore interest at 20% per annum on the balance in excess of £8,000. This loan was repaid during the year.

The director's loan account balance at 30 September 2001 was the maximum amount outstanding during the period, and is non-interest bearing.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	42,089	47,833
Loan	69,500	69,500
Current corporation tax	3,972	3,311
S.419 tax payable	-	6,106
Other taxes and social security	10,052	9,342
Accruals	11,855	12,835
Income tax payable	1,175	2,519
	<u>138,643</u>	<u>151,446</u>

The bank overdraft is secured by a floating charge over the assets of the company. The loan is from the J A Clark self administered pension scheme. It bears interest at 3% above base per annum and there are no set repayment terms. The bank hold a letter of postponement in respect of this loan.

NOTES TO THE ACCOUNTS

Year ended 30 September 2001

12. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised		
950 ordinary shares of £1 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>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100
50 'A' non voting ordinary shares of £1 each	50	50
29,008 10% cumulative redeemable preference shares of £1 each	29,008	29,008
	<u>29,158</u>	<u>29,158</u>

'A' non voting ordinary shares of £1 each

These shares carry no voting rights and rank pari passu with the ordinary shares in terms of a capital distribution.

Preference shares of £1 each

The 10% cumulative redeemable preference shares of £1 each are redeemable at par anytime after 31 March 1997. Preference share dividends of £21,770 were in arrears at 30 September 2001.

13. REVALUATION RESERVE

	£
At 1 October 2000	877,930
Net surplus on revaluation in the year	350,000
	<u>1,227,930</u>
At 30 September 2001	

A tax liability on capital gains of approximately £80,000 would arise if the unlisted investments were sold at their revalued amount at the balance sheet date.

14. RESERVES

	Profit and loss £	Other reserve £
At 1 October 2000	(37,756)	18,870
Profit for year	33,140	-
Appropriation in year	(2,900)	2,900
Transfer from profit and loss account	-	-
	<u>(7,516)</u>	<u>21,770</u>
At 30 September 2001		

The other reserve represents the unpaid dividends which have accumulated to 30 September 2001.

NOTES TO THE ACCOUNTS

Year ended 30 September 2001

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	33,140	39,122
Other recognised gains relating to the period (net)	350,000	339,930
Net addition to shareholders' funds	383,140	379,052
Opening shareholders' funds	888,202	509,150
Closing shareholders' funds	1,271,342	888,202

16. 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 (2000: £750). There were no accrued or prepaid contributions at 30 September 2001.

17. RELATED PARTY TRANSACTIONS

The company provided management services to Nevis Group Limited, a company in which Solemotion has an interest and JA Clark was Chairman. Turnover includes £11,038 (2000: £10,109) of fees for these services during the year. At the year end £1,219 (2000: £Nil) of fees were still outstanding.

Management services were also provided to Linkfleet Limited, a company in which Solemotion has an interest and JA Clark is Chairman. Turnover includes £66,074 (2000: £65,152) for services provided, and at the year end £6,470 (2000: £Nil) of fees were still outstanding.

The company also provided management services to Davidson & Wilson Limited, a company in which Solemotion holds an interest and JA Clark was the Chairman. Turnover includes £13,379 (2000: £14,797) of fees for the services provided. At the year end £55 (2000: £249) of fees were still outstanding.

Management services were also provided to Rubislaw Group Plc and Empire Services Limited, companies in which Solemotion has an interest. Turnover includes £23,034 (2000: £16,500) and £11,340 (2000: £10,260) respectively for these services. At the year end £750 (2000: £1,763) and £1,110 (2000: £Nil) of fees were still outstanding.

Management services were also provided to Marwell Investments Limited, a wholly owned subsidiary of Nevis Group Limited. Turnover includes £2,363 (2000: £9,338) of fees for the services during the year, and no fees were outstanding at the end of the year.

During the year, a loan of £3,000 provided to Rubislaw Group Plc, a company in which Solemotion has an interest and JA Clark was Chairman, was repaid. Details of the terms and conditions can be seen in note 10. £10,000 was repaid, representing £3,000 against this loan and £7,000 against an amount which was previously fully provided against.

Included in creditors is a loan from the J A Clark self administered pension fund. £69,500 (2000: £69,500) was outstanding at the year end. Details of the terms and conditions can be seen in note 11.

18. POST BALANCE SHEET EVENTS

Subsequent to the year end, the arrears of the dividends accruing to the preference shareholders were settled, the preference shares were redeemed at par and the director's loan was reduced by £50,000. The director is confident that there are sufficient reserves available to perform this transaction.