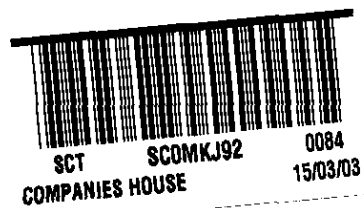


SOLEMOTION LIMITED

No. 111984

DIRECTOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002



SOLEMOTION LIMITED

COMPANY INFORMATION

Director	M Addison
Secretary	Paull & Williamsons
Company number	111984
Registered office	Investment House 6 Union Row Aberdeen AB10 1DQ
Auditors	Hall Morrice & Partners 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	Paull & Williamsons Investment House 6 Union Row Aberdeen AB10 1DQ

SOLEMOTION LIMITED

CONTENTS

	Page
Director's report	1 - 2
Auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 17

SOLEMOTION LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

The director presents her report and financial statements for the year ended 30 September 2002.

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 does not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 October 2001:

M Addison

J A Clark

(Resigned 5 June 2002)

Directors' interests

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

	Ordinary shares of 50p each	
	30 September 2002	1 October 2001
M Addison	5	2
	'A' non voting ordinary shares of £ 1 each	
	30 September 2002	1 October 2001
M Addison	-	-
	10% Cumulative redeemable preference shares of £ 1 each	
	30 September 2002	1 October 2001
M Addison	-	-

Purchase of own shares

During the year the company redeemed its 29,008 10% cumulative redeemable preference shares of £1 each at par. This represented 99.5% of the total called up share capital at the date of purchase. The director considered this to be a good use of the company's available cash resources.

Auditors

Hall Morrice & Partners 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.

SOLEMOTION LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

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

X *M. Addison*

M Addison

Director

11 March 2003

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 2002 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 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hall Morrice & Partners

Registered Auditors

ABERDEEN

11 March 2003

SOLEMOTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	158,739	127,227
Administrative expenses		(109,381)	(99,836)
Other operating income		25,285	21,480
Operating profit	3	74,643	48,871
Investment income	4	1,420	-
Other interest receivable and similar income	4	494	-
Interest payable and similar charges	5	(6,719)	(11,991)
Profit on ordinary activities before taxation		69,838	36,880
Tax on profit on ordinary activities	6	(17,356)	(3,740)
Profit for the financial year		52,482	33,140
Dividends (including those in respect of non-equity shares)	7	-	(2,900)
Retained profit for the year	14	52,482	30,240

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 2002

	2002 £	2001 £
Profit for the financial year	52,482	33,140
Unrealised surplus on revaluation of unlisted investments	342,000	350,000
Total recognised gains and losses relating to the year	<u>394,482</u>	<u>383,140</u>

Note of historical cost profits and losses

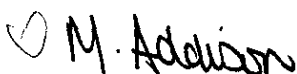
	2002 £	2001 £
Reported profit on ordinary activities before taxation	69,838	36,880
Realisation of investment revaluation gains of previous years	100,000	-
Historical cost profit on ordinary activities before taxation	<u>169,838</u>	<u>36,880</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>152,482</u>	<u>30,240</u>

SOLEMOTION LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Tangible assets	8		-		-
Investments	9		1,478,473		1,283,473
			<u>1,478,473</u>		<u>1,283,473</u>
Current assets					
Debtors	10	100,222		126,512	
Cash at bank and in hand		100,289		-	
			<u>200,511</u>	<u>126,512</u>	
Creditors: amounts falling due within one year	11	(63,938)		(138,643)	
Net current assets/(liabilities)			<u>136,573</u>		<u>(12,131)</u>
Net assets			<u>1,615,046</u>		<u>1,271,342</u>
Capital and reserves					
Called up share capital	13		150		29,158
Revaluation reserve	14		1,469,930		1,227,930
Other reserves	14		29,008		21,770
Profit and loss account	14		115,958		(7,516)
Shareholders' funds	15		<u>1,615,046</u>		<u>1,271,342</u>
Equity shareholders' funds			1,615,046		1,220,564
Non-equity shareholders' funds			-		50,778
			<u>1,615,046</u>		<u>1,271,342</u>

The financial statements were approved by the director on 11 March 2003

 M. Addison

M Addison
Director

SOLEMOTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002 £	2001 £
Net cash inflow from operating activities	99,819	26,920
Returns on investments and servicing of finance		
Interest received	1,914	-
Interest paid	(6,719)	(11,991)
Non equity dividends paid	(21,770)	-
Net cash outflow for returns on investments and servicing of finance	(26,575)	(11,991)
Taxation	(3,668)	(9,185)
Financial investment		
Receipts from sales of investments	147,000	-
Net cash inflow for capital expenditure	147,000	-
Net cash inflow before management of liquid resources and financing	216,576	5,744
Financing		
Purchase of own shares	(29,008)	-
Repayment of other short term loans	(49,500)	-
Net cash outflow from financing	(78,508)	-
Increase in cash in the year	138,068	5,744

SOLEMOTION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002	2001
		£	£
	Operating profit	74,643	48,871
	Depreciation of tangible assets	-	66
	Decrease/(increase) in debtors	25,990	(20,403)
	Decrease in creditors within one year	(814)	(1,614)
	Net cash inflow from operating activities	99,819	26,920

2	Analysis of net funds/(debt)	1 October 2001	Cash flow	Other non-cash changes	30 September 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	-	100,289	-	100,289
	Bank overdrafts	(42,089)	37,779	-	(4,310)
		(42,089)	138,068	-	95,979
	Debt:				
	Debts falling due within one year	(69,500)	49,500	-	(20,000)
	Net (debt)/funds	(111,589)	187,568	-	75,979

3	Reconciliation of net cash flow to movement in net funds/(debt)	2002	2001
		£	£
	Increase in cash in the year	138,068	5,744
	Cash outflow from decrease in debt	49,500	-
	Movement in net funds in the year	187,568	5,744
	Opening net debt	(111,589)	(117,333)
	Closing net funds/(debt)	75,979	(111,589)

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

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
------------------	-------------------

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.

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

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	-	66
Auditors' remuneration	2,500	3,000
	<u>2,500</u>	<u>3,000</u>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

4	Income from investments, other interest receivable and similar income	2002	2001
		£	£
	Interest received from subsidiary undertakings	1,420	-
	Bank interest	289	-
	Other interest	205	-
		<u>1,914</u>	<u>-</u>
5	Interest payable	2002	2001
		£	£
	On bank loans and overdrafts	1,570	4,440
	On other loans wholly repayable within 5 years	5,128	5,875
	Credit card interest	21	1,676
		<u>6,719</u>	<u>11,991</u>
6	Taxation	2002	2001
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 30% (2001 - 20%)	17,360	3,968
	Prior years		
	U.K. corporation tax	(4)	(228)
		<u>17,356</u>	<u>3,740</u>
7	Dividends	2002	2001
		£	£
	Dividends on non-equity shares:		
	Preference final proposed	-	2,900

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

8 Tangible fixed assets

	Office equipment £
Cost	
At 1 October 2001 & at 30 September 2002	3,353
	<hr/>
Depreciation	
At 1 October 2001 & at 30 September 2002	3,353
	<hr/>
Net book value	
At 30 September 2002	-
	<hr/>
At 30 September 2001	-
	<hr/>

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

9 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 October 2001	1,353,723
Disposals	(152,000)
Revaluation	342,000
	<hr/>
At 30 September 2002	1,543,723
	<hr/>
At cost	73,793
At valuation	1,469,930
	<hr/>
	1,543,723
	<hr/>
Provisions for diminution in value	
At 1 October 2001	70,250
On disposals	(5,000)
	<hr/>
At 30 September 2002	65,250
	<hr/>
Net book value	
At 30 September 2002	1,478,473
	<hr/>
At 30 September 2001	1,283,473
	<hr/>
	<hr/>
	Director's valuation £
At 30 September 2002	1,478,473
	<hr/>
At 30 September 2001	1,283,473
	<hr/>

Should the investments be sold at their valuation, a tax charge not exceeding £nil (2001 - £80,000) would arise.

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 paper management, equipment rental and sales, and the provision of management services.

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

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

During the year Linkfleet Limited redeemed the 47,000 £1 preference shares at par.
The investment is valued at £1,225,000 (2001 £1,050,000).

The most recent financial statements of Linkfleet Limited for the year ended 31 December 2001 stated the following information:

	£
Capital and reserves	896,576
Profit for the year	27,303

During the year the company sold its investment in Davidson & Wilson Limited for £100,000.

Participating interests

The company owns 36% of the ordinary share capital of Nevis Group Limited, a company registered in Scotland. The principal activities of the company are the provision of contract cleaning services and property maintenance.

	£
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 2001 stated the following information:

	£
Capital and reserves	(736,217)
Loss for the year	(12,903)

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 the provision of computer system consultancy services and property development.

	£
Cost of investment in Rubislaw Group Limited	5,000

The investment is valued at £250,000 (2001 £125,000).

The consolidated financial statements of Rubislaw Group Limited for the year ended 31 December 2001 stated the following information:

	£
Capital and reserves	84,603
Loss for the year	(56,764)

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

10 Debtors	2002 £	2001 £
Amounts owed by subsidiary undertakings	8,513	7,635
Amounts owed by participating interests	1,086	1,570
Other debtors	90,623	117,307
	<u>100,222</u>	<u>126,512</u>

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

	2002 £	2001 £
Other debtors	<u>19,991</u>	<u>20,291</u>

Included under other debtors is a loan to the former director J A Clark for £69,510 (2001 £96,141) of which £20,000 bears interest at 5% with the remainder interest free. The maximum balance outstanding during the year was £98,127. There is no set repayment date.

11 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	4,310	42,089
Trade creditors	1,480	-
Amounts owed to subsidiary undertakings	832	-
Corporation tax	17,360	3,972
Other taxes and social security costs	11,653	11,227
Loan	20,000	69,500
Accruals and deferred income	8,303	11,855
	<u>63,938</u>	<u>138,643</u>

The bank overdraft is secured by a floating charge over the assets of the company. The loan from Solemotion Limited Self Administered Scheme bears interest at 3% above base per annum. The loan was repaid in October 2002.

12 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 (2001 - £900).

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

13 Share capital	2002 £	2001 £
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
- 10% Cumulative redeemable preference shares of £ 1 each	-	29,008
	<u>150</u>	<u>29,158</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.

On 5 March 2002 the company passed an ordinary resolution to re-classify the issued 100 ordinary shares of £1 each and the authorised but unissued 850 ordinary shares of £1 each into 1,900 ordinary shares of 50 pence each.

On 28 June 2002 the cumulative redeemable preference shares were redeemed at par.

14 Statement of movements on reserves

	Other reserve £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance at 1 October 2001	21,770	1,227,930	-	(7,516)
Retained profit for the year	-	-	-	52,482
Transfer from revaluation reserve to profit and loss account	-	(100,000)	-	100,000
Purchase of own shares	-	-	29,008	(29,008)
Payment of dividends	(21,770)	-	-	-
Revaluation during the year	-	342,000	-	-
Balance at 30 September 2002	<u>-</u>	<u>1,469,930</u>	<u>29,008</u>	<u>115,958</u>

The other reserve represents the unpaid dividends which had accumulated to 30 September 2001. These were fully paid during the year.

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

15 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the financial year	52,482	33,140
Other recognised gains and losses	342,000	350,000
Buy back of cumulative redeemable preference shares	(29,008)	-
Payment of dividend arrears	(21,770)	-
Net addition to shareholders' funds	343,704	383,140
Opening shareholders' funds	1,271,342	888,202
Closing shareholders' funds	1,615,046	1,271,342

16 Directors' emoluments	2002 £	2001 £
Emoluments for qualifying services	51,908	77,507
Company pension contributions to money purchase schemes	600	900
	52,508	78,407

The number of former directors for whom retirement benefits accrued under money purchase pension schemes amounted to 1 (2001 - 1).

17 Employees

Number of employees

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

	2002 Number	2001 Number
Management	2	2

Employment costs

	£	£
Wages and salaries	73,979	72,004
Social security costs	9,374	7,980
Other pension costs	900	900
	84,253	80,884

SOLEMOTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2002

18 Related party transactions

Management services were provided to a subsidiary, Linkfleet Limited, totalling £97,582 (2001 £66,074). In addition, expenses totalling £6,135 (2001 £5,898) were recharged. As at 30 September 2002 £8,513 (2001 £6,470) was receivable.

Management services were provided to a former subsidiary, Davidson & Wilson Transport Limited, totalling £8,141 (2001 £13,379). As at 30 September 2002 £nil (2001 £55) was receivable.

The company also provided management services to Empire Services Limited, a former subsidiary of Linkfleet Limited, totalling £10,452 (2001 £11,340). As at 30 September 2002 £nil (2001 £1,110) was receivable.

Management services were provided to Rubislaw Group Limited, a company in which Solemotion Limited has an interest, totalling £29,678 (2001 £23,034). As at 30 September 2002 £nil (2001 £750) was receivable.

Management services were also provided to Nevis Group Limited, a company in which Solemotion Limited has an interest, totalling £12,886 (2001 £11,038). In addition, expenses totalling £3,200 were recharged. As at 30 September 2002 £1,086 (2001 £1,219) was receivable.

Management services were also provided to Marwell Investments limited, a wholly owned subsidiary of Nevis Group Limited, totalling £nil (2001 £2,363).

During the year the company advanced a loan to Linkfleet Limited totalling £90,000. Interest of £1,420 was received. The loan was repaid prior to the year end.

During the year the company repaid the Solemotion Limited Self Administered Pension Scheme £49,500. As at 30 September 2002 £20,000 remained outstanding (2001 £69,500). Loan interest of £5,128 (£5,875) was payable with £2,303 (2001 £3,050) remaining outstanding at the year end.

During the year the company paid Linkfleet Limited £3,072 (2001 £3,000) for the provision of secretarial services. As at 30 September 2002 £832 was payable.

During the year the former director, J A Clark repaid amounts formerly advanced to him totalling £46,631. In addition he received a loan of £20,000 from the company which bore interest at 5%. During the year interest of £205 was receivable. As at 30 September 2002 J A Clark was due the company £69,509 (2001 £96,141). In January 2003 the director repaid a further £50,000.

19 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.