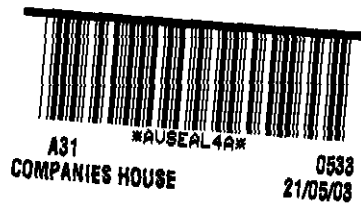


Company Number: 1815328

Solway International Limited
Abbreviated Financial Statements
for the year ended 31st May 2001



Independent Auditors' Report to Solway International Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 2 to 4, together with the financial statements of the company for the year ended 31st May 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.

Other Information

On 20 May 2003, we reported as auditors to the members of the company on the financial statements prepared under s226 of the Companies Act 1985 for the year ended 31 May 2000 and our audit report included the following paragraph:

"Fundamental Uncertainty - Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in the accounting policies in Note 1 to the financial statements concerning the assurances from the director that funding will continue to be made available to enable the company to continue to trade. In view of the significance of this assurance we consider that it be drawn to your attention but our opinion is not qualified in this respect."

**Hawspons
Chartered Accountants
and Registered Auditors**

20/5/03

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Solway International Limited

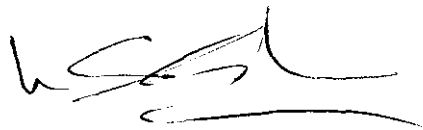
Abbreviated Balance Sheet

As At 31st May 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Tangible fixed assets	2		49,207		76,970
Current Assets					
Stock		562,767		538,819	
Debtors		403,354		437,964	
Cash in hand		7,712		282	
		<u>973,833</u>		<u>977,065</u>	
Creditors:					
Amounts falling due within one year	3	<u>(1,005,752)</u>		<u>(908,438)</u>	
Net Current (Liabilities)/Assets			<u>(31,919)</u>		<u>68,627</u>
Total Assets Less Current Liabilities			<u>17,288</u>		<u>145,597</u>
Creditors:					
Amounts falling due after more than one year	3		<u>(509,874)</u>		<u>(558,857)</u>
			<u>(492,586)</u>		<u>(413,260)</u>
Capital and Reserves					
Share capital	4		86,000		86,000
Profit and loss account			<u>(578,586)</u>		<u>(499,260)</u>
			<u>(492,586)</u>		<u>(413,260)</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the board on



14/5/03

W S Sellers
Director

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Going Concern

The financial statements have been prepared on the going concern basis on assurances from the director that he will continue to arrange and provide finance to enable the company to trade for the foreseeable future. The company has made a loss in the year of £79,326 and is fully utilising the facilities available to it.

A detailed budget has been prepared for the period to May 2004 and the loan facilities are not expected to be withdrawn for the year from the date of the signing of these accounts.

In light of the above, and on the basis of all other available financial information, the director considers that the company will continue to operate within the financial facilities available and that it is appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover is the total amount receivable by the company on sales negotiated during the year, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Short leasehold property	4% - 10% straight line
Plant and machinery	15% - 20% straight line
Motor vehicles	25% straight line
Furniture and equipment	10% - 20% straight line

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Solway International Limited

Notes to the Abbreviated Accounts

for the year ended 31st May 2001

2 Fixed Assets

	Tangible Fixed Assets £
Cost	
At 1st June 2000	343,449
Additions	7,883
Disposals	(19,829)
At 31st May 2001	331,503
 Depreciation and amortisation	
At 1st June 2000	266,479
Provided for in the year	26,970
Disposals	(11,153)
At 31st May 2001	282,296
 Net Book Value	
At 31st May 2001	49,207
At 31st May 2000	76,970

3 Creditors

The aggregate amount of secured liabilities is £442,638 (2000 - £612,392).

Other creditors due after more than one year includes an amount of £225,000 (2000 - £225,000) in respect of loans from the company pension scheme. The loans are to be repaid by 2008 although there is no strict repayment schedule, and hence it is probable that an indeterminate amount of the liability will be payable after more than five years.

4 Share Capital

	2001	2000
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
 Allotted, called up and fully paid		
86,000 Ordinary shares of £1 each	86,000	86,000