

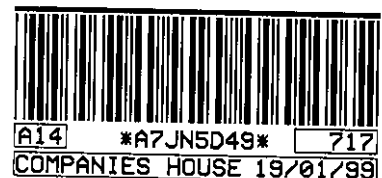
S. P. EQUINE LIMITED

Registered in UK - No 290654⁶_^

ABBREVIATED BALANCE SHEET
AND NOTES
FOR THE YEAR ENDED
31ST MARCH 1998

LEIGH M. STRACHAN & COMPANY

4 Whitchurch Parade
Whitchurch Lane
Edgware
Middx HA8 6LR



S. P. EQUINE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year (or period of a year) which give a true and fair view of the state of affairs and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on a 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 to enable them to ensure that the financial statements 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.

AUDITORS' REPORT TO THE MEMBERS OF
S. P. EQUINE LIMITED

AUDITORS' REPORT TO S. P. EQUINE LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985.

We have examined the abbreviated accounts on pages 1 and 2 together with the financial statements of S. P. Equine Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st March 1998.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 1 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st March 1998 and the abbreviated accounts on pages 1 and 2 have been properly prepared in accordance with that Schedule.

Other information

We have reported, as auditors of S. P. Equine Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st March 1998 and our audit report was as follows:

We have audited the Financial Statements on pages 1 to 3 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

contd page 2

Respective responsibilities of the directors and auditors

The company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

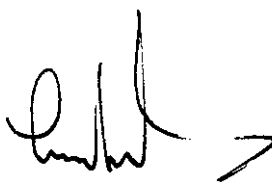
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 mis-statement, 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 the 31st March 1998 and of the Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LEIGH M. STRACHAN & COMPANY
Chartered Accountants and
Registered Auditors

4 Whitchurch Parade
Whitchurch Lane
Edgware
Middx HA8 6LR

12 JAN 1999

S. P. EQUINE LIMITED

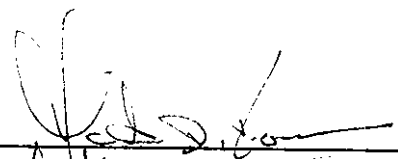
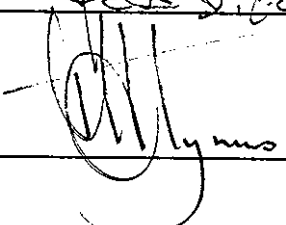
BALANCE SHEET AS AT 31ST MARCH 1998

| | <u>Notes</u> | <u>1998</u> | <u>1997</u> |
|--|--------------|---------------|---------------|
| <u>CURRENT ASSETS</u> | | | |
| Stock | 1 | 24552 | 27599 |
| Debtors | | 17831 | 11898 |
| Cash at Bank and in Hand | | <u>16909</u> | <u>14437</u> |
| | | 59292 | 53934 |
| <u>CREDITORS / Amounts falling due within one year</u> | | <u>39239</u> | <u>40919</u> |
| <u>NET CURRENT ASSETS</u> | | <u>£20053</u> | <u>£13015</u> |
| <u>CAPITAL AND RESERVES</u> | | | |
| Called up Share Capital | 3 | 2 | 2 |
| Profit and Loss Account | | <u>20051</u> | <u>13013</u> |
| | | <u>£20053</u> | <u>£13015</u> |

The abbreviated accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to Small Companies.

Approved on behalf of the Board

11 JAN 1999

| | |
|---|----------|
|  | Director |
|  | Director |

The notes on page 2 form part of these accounts.

S. P. EQUINE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

1. Accounting Policies

The financial statements are prepared in accordance with applicable accounting standards.

Accounting Convention

The accounts have been prepared under the historical cost convention.

Stock is valued at the lower of cost and net realisable value.

2. Ultimate Parent Company - The directors consider that Saffron Properties Limited (a Company incorporated in the UK) is the company's ultimate parent company.

3. Share Capital

Ordinary Shares of £1 each

Authorised

Issued and Fully Paid

1998

£100

£ 2

1997

£100

£ 2

4. Auditors' Remuneration

£900

£850