

Web Sharesop (Holdings) Plc

Financial Statements

for the year ended

31 July 2002

Company No. 3981468

**Smith & Williamson
Chartered Accountants
Guildford**

Web Shareshop (Holdings) Plc
for the year ended 31 July 2002

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Web Shareshop (Holdings) Plc

Directors and Advisers

Director	R Bruce Rowan – Chairman John Watkins, FCA
Secretary	John Watkins, FCA
Registered office	123 Goldsworth Road Woking Surrey GU21 1LR
Registered number	3981468
Nominated advisor	Grant Thornton Manor Court Barnes Wallis Road Segensworth Fareham Hampshire PO15 5GT
Nominated broker	Keith Bayley Rogers & Co Limited Sophia House 76-80 City Road London EC1Y 2EQ
Solicitors to the Company	Ronaldsons 55 Gower Street London WC1E 6HQ
Auditors	Smith & Williamson 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA
Bankers	HSBC Bank plc 168 High Street Guildford Surrey GU1 3YU
Registrars	Connaught St Michaels Limited PO Box 30 Cresta House, Alma Street. Luton Bedfordshire LU1 2PU

Web Shareshop (Holdings) Plc and Subsidiary

Chairman's Statement

I am pleased to present the second annual statement to shareholders, my first since assuming the Chairmanship on 31 January 2002. From the half-year statement and other earlier announcements, you will be aware of the Group's change of business focus during the year, which was accompanied by a Board restructuring, completed on 31 January 2002.

Results

Results for the 12 months to 31 July 2002 record an operating loss of £360,027, offset by net interest of £10,597, leaving a loss before taxation for the period of £349,430. For the first six months to January 2002, this loss as disclosed in the half year statement amounted to £295,000; the balance of £54,000 reflects the reduction in overheads net of interest received.

During the period January to July 2002, the Company supported three young investee companies with subscriptions totaling £372,500. At 31 July 2002, the company had £125,000 cash in the bank, net current assets of £484,000 and net assets of £485,000. The investments are held in the books at cost; no profits were taken during the period.

Current trading

Since 31 January 2002, we have reduced the ongoing overheads, including all regulatory costs, to approximately £120,000 per annum. During this time, I have focused on the development of the business of underwriting small company new issues and initial public offerings. We have supported the following:

- Franconia Minerals Corporation, a mineral exploration company registered in Alberta Canada whose shares are quoted on OFEX. The company is prospecting for zinc and platinum in the United States. £112,500 subscribed.
- Hidefield plc, a company which seeks to invest in undervalued mineral exploration projects. The shares are quoted on AIM. £160,000 subscribed.
- Southern African Resources plc, an AIM quoted company seeking mineral exploration projects in southern Africa and which so far has invested in one platinum project. £100,000 subscribed.

It is not your Group's intention to hold these investments for the long term, but to seek an early opportunity to realise a profit and so to establish a cash pool to underwrite further ventures as they become available. The stock market volatility and nervousness during 2002 has so far not allowed us to realise any profits. In the opinion of the Board, the conditions may not be right until the early part of 2003, but we will keep the matter under constant review and act as soon as circumstances permit.

At all times we will seek to maintain a risk profile consistent with the Group's resources and declared objectives.

Based on mid market quotations, at 31 July 2002 the net assets per share were 5.7 pence, fully diluted.

Funding

Because of the cash limitations, we have sought and received approval from Members to raise further funds by way of one or more placings. After an immediate rise in the share price following an announcement on 15 July of a net asset value of 5.28 pence per share, fully diluted, market sentiment has been such that the Company's share price has since drifted down. Accordingly, your Board has decided to delay any such placing until a price of at least 5 pence per share can be achieved.

In conclusion

Finally, I would like to confirm my personal optimism and enthusiasm for the Group's expanded business focus and look forward to managing it during its next stage of development towards profitable trading and increased shareholder value.

R Bruce Rowan

4 October 2002

Web Shareshop (Holdings) Plc and Subsidiary

Board of Directors

R Bruce Rowan – Chairman and Chief Executive

Bruce Rowan joined the Board on 24 October 2001 and has managed the Company's operations since becoming Chairman on 31 January 2002.

Bruce is an entrepreneur who is involved as a major shareholder in a number of companies, particularly in the London AIM and OFEX markets, as well as being a director of some. In addition, he is a majority shareholder and Chairman of Sunvest Corporation Limited, a company quoted on the Australian Stock Exchange.

Mr John Watkins, FCA – Finance Director

John Watkins has been in practice as a chartered accountant for over 30 years. Since retiring from Ernst & Young in 1997, his activities have included a variety of new business and charitable ventures. He is a director of other companies and gives time to the Group as is required.

Web Shareshop (Holdings) Plc and Subsidiary

Directors' Report

The Directors present their second report on the affairs of the Company and Group, together with the accounts and auditors' report, for the year to 31 July 2002.

Principal activities and business review

Until January 2002, the principal activity of the Group was the promotion and facilitation of private investors' participation in new issues and the provision of information to actual and potential new issue investors. The market conditions in the second half of 2001, caused the Directors to seek other ways to generate Shareholder value whilst remaining focused on new issues and pre IPO small company stocks.

Accordingly, the Directors appointed Mr Bruce Rowan as Chief Executive with a view to using his known expertise to underwrite small company new issues and to trade in pre IPO stocks. This activity was commenced in January 2002, when the Group's overheads were significantly reduced and all the previous directors resigned, with the exception of Mr John Watkins.

The Company was incorporated as a public limited company on 20 April 2000. On 30 May 2000 the Company acquired The Web Shareshop Limited by way of a share for share exchange.

On 9 June 2000 the Company made an offer for subscription through which it raised £1,569,540 of new capital. The Company's shares were admitted for trading to the Alternative Investment Market on 5 September 2000. A further 133,330 shares were issued and admitted to the Alternative Investment Market in October 2000.

On 11 January 2002 the Company raised £161,250 by the issue of 6,450,000 shares which were admitted to the Alternative Investment Market in January 2002.

The developments during the period are given in the Chairman's statement.

Results and dividends

The Company's results are set out in the profit and loss account on page 9. The audited accounts for the year ended 31 July 2002 are set out on pages 9 to 21.

The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors who served during the year, together with all their beneficial interests in the shares of the Company at 31 July 2002 are as follows:

			31 July 2002			31 July 2001	
			Ordinary shares of £0.01 each	Percent- age %	Share options	Ordinary shares of £0.01 each	Share options
Ronald Bruce Rowan	Appointed 24 October 2001	Note 1	7,850,000	29.93	1,400,000	-	-
John Watkins		Note 1	500,000	1.91	700,000	500,000	-
Ulick Simon Burke	Appointed 20 April 2000, resigned 11 January 2002	Note 2	260,000	0.99	-	260,000	-
William Jackson	Appointed 14 December 2000; resigned 31 January 2002	Note 3	-	-	1,964,580	-	1,964,580
Eirion Andrew Charles Neubauer	Appointed 20 April 2000; resigned 11 January 2002	Note 4	2,900,000	11.06	-	2,900,000	-
Robert Stephen Wilkinson	Appointed 20 April 2000; resigned 11 January 2002	Note 5	400,000	1.53	-	400,000	-

Note 1: On 27 June 2002, the Company established the 2002 unapproved share option scheme and granted options over a total of 2,100,000 Ordinary shares of £0.01 at an exercise price of £0.05 per share.

Note 2: Of these, 120,000 shares are held by ALPs FS Limited of which Simon Burke is a director and major shareholder.

Note 3: On 21 May 2001, the Company established an unapproved share option scheme and granted options over 1,964,580 Ordinary shares of £0.01 at an exercise price of £0.05 per share.

Note 4: Held in trust for the benefit of minor children.

Web Shareshop (Holdings) Plc and Subsidiary

Directors' Report - Continued

Directors and their interests - continued

Note 5: Of these, 200,000 shares are held by his wife, Nicolctte Ann Wilkinson.

Apart from the interests above, no director held any other interests in the share capital of the Company, during the year. No changes in the interests disclosed above have taken place since the year end.

Non-executive directors

Robert Wilkinson was a non-executive director until he resigned on 11 January 2002. It is the intention of the Directors to appoint a new non-executive director as soon as a suitable candidate is identified.

Substantial shareholdings

On 31 July 2002, the following were registered as being interested in 3% or more of the Company's ordinary share capital, there has been no changes in these shareholdings since that date:

	Ordinary shares of 0.01 each	Percentage of issued share capital
John McNair	1,500,000	5.73%
Eirion Andrew Charles Neubauer	2,900,000	11.06%
Rock (Nominees) Limited	900,000	3.43%
Ronald Bruce Rowan	7,850,000	29.93%

Share capital

Information relating to shares issued during the period is given in note 15 to the accounts.

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 14 days of receipt of an invoice. Trade creditors of the Company at the year-end were equivalent to 10 days based on the average daily amount invoiced by suppliers during the year.

Post balance sheet event

There are no post balance sheet events to be disclosed.

Auditors

The Directors will place a resolution before the annual general meeting to reappoint Smith & Williamson as auditors for the coming year.

Remuneration

The remuneration of the Directors has been fixed by the board as a whole. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Full details of the Directors' remuneration for the year to 31 July 2002 are set out in note 6 to the accounts.

Management incentives

The Company has implemented two unapproved share option schemes as described in note 15. Otherwise, the company has no bonus, share purchase or other management incentive scheme. In accordance with legislation, the Company has introduced a stakeholders pension plan for the benefit of employees.

Web Shareshop (Holdings) Plc and Subsidiary

Directors' Report - Continued

Corporate Governance

It remains the intention of the board to comply with the recommendations of the Combined Code on corporate governance. Bearing in mind the immediate requirement to conserve cash resources, such procedures will be established as are considered to be appropriate for the size of the business as it is developed.

Control procedures

The board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

By order of the board

John Watkins
Director and Company Secretary

4 October 2002

Web Shareshop (Holdings) Plc and Subsidiary

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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 the going concern basis unless it is inappropriate to presume that the group 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 group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Web Shareshop (Holdings) Plc and Subsidiary

Independent Auditors' Report

We have audited the financial statements of Web Shareshop (Holdings) Plc for the year ended 31 July 2002 on pages 9 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Financial Statements and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 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 group's and company's affairs as at 31 July 2002 and of the group's loss for the year ended 31 July 2002 and have been properly prepared in accordance with the Companies Act 1985.

Smith & Williamson
Chartered Accountants and Registered Auditors
Guildford

4 October 2002

Web Shareshop (Holdings) Plc and Subsidiary

Consolidated Profit and Loss Account

for the year ended 31 July 2002

	<u>Notes</u>	Year ended 31 July 2002 £	18 month period ended 31 July 2001 £
Turnover	1	429	3,385
Cost of sales		-	(824)
Gross Profit		<u>429</u>	<u>2,561</u>
Administrative expenses		(360,456)	(1,184,108)
Operating loss on ordinary activities	2	<u>(360,027)</u>	<u>(1,181,547)</u>
Interest receivable	3	10,609	50,456
Interest payable	3	(12)	(223)
Loss on ordinary activities before taxation		<u>(349,430)</u>	<u>(1,131,314)</u>
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	17	<u>(349,430)</u>	<u>(1,131,314)</u>
Retained loss for the year	17	<u>(349,430)</u>	<u>(1,131,314)</u>
Loss per share			
Basic and diluted	8	<u>(1.5p)</u>	<u>(6.5p)</u>

The accompanying notes form an integral part of the consolidated profit and loss account.

There are no other recognised gains or losses in either period other than those included in the above profit and loss account.

All of the operations are considered to be continuing.

Web Shareshop (Holdings) Plc and Subsidiary

Consolidated Balance Sheet

as at 31 July 2002

	Notes	2002 £	2001 £
Fixed assets			
Intangible assets	9	-	9,000
Tangible assets	10	500	31,930
		<u>500</u>	<u>40,930</u>
Current assets			
Debtors	12	15,393	62,454
Trading investments	13	372,500	-
Cash at bank and in hand		125,066	725,097
		<u>512,959</u>	<u>787,551</u>
Creditors: Amounts falling due within one year	14	(28,232)	(155,074)
Net current assets		<u>484,727</u>	<u>632,477</u>
Total assets less current liabilities		<u>485,227</u>	<u>673,407</u>
		=====	=====
Capital and reserves			
Called-up share capital	15	262,291	197,791
Share premium account	16	1,324,515	1,227,765
Profit and loss account	16	(1,525,989)	(1,176,559)
Merger reserve	16	424,410	424,410
Shareholders' funds - equity interest	17	<u>485,227</u>	<u>673,407</u>
		=====	=====

The accompanying notes form an integral part of this consolidated balance sheet.

Web Shareshop (Holdings) Plc and Subsidiary

Company Balance Sheet

as at 31 July 2002

	Note	2002 £	2001 £
Fixed assets			
Investments	11	1,427,573	144,140
Current assets			
Debtors	12	161,017	1,283,433
Net current assets		<u>161,017</u>	<u>1,283,433</u>
Total assets less current liabilities		<u>1,588,590</u>	<u>1,427,573</u>
Capital and reserves			
Called-up share capital	15	262,291	197,791
Share premium account	16	1,324,515	1,227,765
Profit and loss account	16	1,784	2,017
Shareholders' funds - equity interests	17	<u>1,588,590</u>	<u>1,427,573</u>

The accounts on pages 9 to 21 were approved by the board of directors on 4 October 2002 and signed on its behalf by:

R Bruce Rowan
Chairman and Chief Executive

John Watkins
Finance Director

The accompanying notes form an integral part of this balance sheet.

Web Shareshop (Holdings) Plc and Subsidiary

Consolidated Cash Flow Statement

for the year ended 31 July 2002

	<u>Notes</u>	Year ended 31 July 2002 £	18 month period ended 31 July 2001 £
Net cash outflow from operating activities	18	(694,173)	(1,148,747)
Returns on investments and servicing of finance	19	10,597	50,233
Capital expenditure and financial investment	19	15,000	(69,465)
		<hr/>	<hr/>
Cash outflow before management of liquid resources and financing		(668,576)	(1,167,979)
Management of liquid resources	19	585,562	(700,562)
Financing	19	161,250	1,432,016
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year/period		78,236	(436,525)
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of this consolidated cash flow statement.

Web Shareshop (Holdings) Plc and Subsidiary

Statement of Accounting Policies

for the year ended 31 July 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Web Shareshop (Holdings) plc and its Subsidiary drawn up to 31 July 2002.

Intangible fixed assets

Acquired ideas, concepts and intellectual property are written off in equal annual instalments over their estimated useful economic life of 5 years.

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:

Computer equipment	50% straight line
Office equipment	20% straight line

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Current asset investments are stated at the lower of cost or mid-market value.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date.

No timing differences are recognised in respect of (i) property revaluation surpluses where there is no commitment to sell the asset; (ii) gains on sale of assets where those assets have been rolled over into replacement assets; and (iii) additional tax which would arise if profits of overseas subsidiaries are distributed except where otherwise required by accounting standards.

A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Website design and software development costs

Website design and software development costs are written off to the profit and loss account as incurred.

Web Shareshop (Holdings) Plc and Subsidiary

Notes to the Financial Statements

for the year ended 31 July 2002

1. Turnover

The total turnover of the group for the period has been derived from its principal activities and is wholly undertaken in the United Kingdom.

2. Operating loss

Operating loss is stated after charging:

	Year ended 31 July 2002 £	18 month period ended 31 July 2001 £
Auditors remuneration - audit	8,990	15,000
- non-audit services	7,637	12,000
Depreciation of tangible assets	16,430	40,732
Amortisation of intangible assets	9,000	5,400
Website design and software development costs	-	250,000
Loss on disposal of tangible fixed assets	-	445
Directors emoluments	20,862	92,382
	=====	=====

3. Interest

Interest receivable:		
Bank interest	10,609	50,456
	=====	=====
Interest payable:		
Bank loans and overdrafts	12	223
	=====	=====

4. Taxation

	2002 £	2001 £
(a) Domestic current year taxation		
Current tax		
UK corporation tax on profits for the period	-	-
	=====	=====

(b) Factors affecting tax charge for period

The tax losses carried forward are higher than the standard rate of corporation tax for companies in the UK (30%) (2001 : 30%). The differences are explained below:-

	2002 £	2001 £
Loss on ordinary activities before taxation	(349,430)	(1,131,314)
	=====	=====
Loss on ordinary activities multiplied by standard rate of corporation tax for small companies in the UK at 30% (2001 : 30%)	(104,829)	(339,394)
Expenses not deductible for tax purposes	10,964	54,892
Capital allowances for year in excess of depreciation	11,213	(49,133)
Tax losses brought forward	(333,635)	-
Tax losses carried forward	416,287	333,635
	-----	-----
Current tax charge for period (note a)	-	-
	=====	=====

(c) Factors that may affect future tax charges

There are no factors that may affect the future tax charge other than the losses carried forward.

Web Shreshop (Holdings) Plc and Subsidiary

Notes to the Financial Statements

for the year ended 31 July 2002

5. Staff costs

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Management	2	7
Administration	2	3
	4	10
	£	£

Their aggregate remuneration comprised:

Wages and salaries	23,918	120,019
Social security costs	1,436	12,364
	25,354	132,383
	£	£

6. Directors' emoluments

	Year ended 31 July 2002 £	18 month period ended 31 July 2001 £
J Woolgar	-	42,000
R S Wilkinson	1,146	13,958
E A C Neubauer	570	9,250
U S Burke	1,146	3,959
Sums paid to third parties for directors' services	18,000	23,215
	20,862	92,382
	£	£

No other directors received any emoluments in the period. Disclosure of director's related party transactions can be found in note 21 to the accounts.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors.

During the year Bruce Rowan was granted options over 1,400,000 ordinary shares at a price of £0.05 per share and John Watkins was granted options over 700,000 ordinary shares at £0.05 per share. The options are exercisable from 27 June 2002 up to and including 27 June 2007.

During the previous period William Jackson was granted options over 1,964,580 ordinary shares exercisable at a price of £0.05 per share. The options are exercisable from 21 May 2001 and up to and including 31 January 2003, being one year following his resignation as Chairman.

7. Profit attributable to parent undertaking

The loss for the financial year dealt with in the accounts of the parent company was £233 (2001 : profit £2,017). As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

Web Shareshop (Holdings) Plc and Subsidiary

Notes to the Financial Statements

for the year ended 31 July 2002

8. Loss per share

The basic earnings per share is derived by dividing the loss for the year attributable to ordinary shareholders of £349,430 by the weighted average number of shares in issue, calculated as 23,419,404.

There were no diluting factors in the period.

9. Intangible fixed assets - goodwill

	Total £
Group	
Cost	
At 1 August 2001	18,000
Disposals	(18,000)

At 31 July 2002	-

Amortisation	
At 1 August 2001	9,000
Amortisation for the period	9,000
On disposals	(18,000)

At 31 July 2002	-

Net book value	
At 31 July 2002	-
	=====
At 31 July 2001	9,000
	=====

10. Tangible fixed assets

	Office Equipment £	Computer Equipment £	Total £
Group			
Cost			
At 1 August 2001	1,250	70,610	71,860
Disposals	-	(70,610)	(70,610)
	-----	-----	-----
At 31 July 2002	1,250	-	1,250
	=====	=====	=====
Depreciation			
At 1 August 2001	500	39,430	39,930
Charge for the year	250	16,180	16,430
On disposals	-	(55,610)	(55,610)
	-----	-----	-----
At 31 July 2002	750	-	750
	=====	=====	=====
Net book value			
At 31 July 2002	500	-	500
	=====	=====	=====
At 31 July 2001	750	31,180	31,930
	=====	=====	=====

Web Shareshop (Holdings) Plc and Subsidiary

Notes to the Financial Statements

for the year ended 31 July 2002

11. Fixed asset investments

Company	2002	2001
	£	£
Cost		
At 1 August 2001	144,140	-
Additions	1,283,433	144,140
At 31 July 2002	<u>1,427,573</u>	<u>144,140</u>
	=====	=====

The parent company and the group hold more than 20% of the share capital of the following company.

Company	Country of registration	Class	Proportion held by group	Nature of business
The Web Shareshop Limited	England & Wales	Ordinary	100%	Underwriting small company new issues and pre IPO stocks

The following dormant companies were struck off the Companies House register during the year.

New Issues On Line Limited	England & Wales	Ordinary	100%	Dormant
The New Issue Investment Company Limited	England & Wales	Ordinary	100%	Dormant

12. Debtors

	<u>Group</u>		<u>Company</u>	
	2002	2001	2002	2001
	£	£	£	£
Amounts owed by group undertakings	-	-	161,017	1,283,433
Other debtors	-	14,942	-	-
Prepayments and accrued income	15,393	47,512	-	-
	<u>15,393</u>	<u>62,454</u>	<u>161,017</u>	<u>1,283,433</u>
	=====	=====	=====	=====

13. Current asset investments

	2002	2001
	£	£
Other unlisted investments	112,500	-
Listed investments	260,000	-
	<u>372,500</u>	<u>-</u>
	=====	=====

The market value of other unlisted investments which are quoted on OFEX is £434,459 and the market value of investments listed on the Alternative Investment Market is £665,000 as at 31 July 2002.

Web Shareshop (Holdings) Plc and Subsidiary

Notes to the Financial Statements

for the year ended 31 July 2002

13. Current asset investments - continued

Significant shareholders

Via the company's 100% interest in The Web Shareshop Limited it has the following significant shareholdings:

Company	Country of registration or incorporation	Shares held	
		Class	%
Franconia Minerals Corporation	Canada	Ordinary	25
Hidefield plc	England & Wales	Ordinary	16
Southern African Resources plc	England & Wales	Ordinary	14

14. Creditors: amounts falling due within one year

	<u>Group</u>	
	2002 £	2001 £
Bank overdraft	-	92,705
Trade creditors	10,108	31,440
Other creditors	7,920	1,187
Accruals and deferred income	10,204	29,742
	<u>28,232</u> =====	<u>155,074</u> =====

15. Called-up share capital

	2002 £	2001 £
Authorised:		
100,000,000 ordinary shares of £0.01 each	1,000,000	1,000,000
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid		
	Number	£
Subscriber shares	2	0
Total issued at 1 August 2001	19,779,130	197,791
Issued 11 January 2002	6,450,000	64,500
Total issued at 31 July 2002	<u>26,229,130</u> =====	<u>262,291</u> =====

During the year, share capital of 6,450,000 1p ordinary shares were issued for consideration of £161,250.

Options have been granted under the company's unapproved share option schemes to subscribe for ordinary shares of the company as follows:

Number of shares under option	Subscription price per share	Exercise period
1,964,580	£0.05	21 May 2002 to 31 January 2003
2,100,000	£0.05	27 June 2002 to 27 June 2007

Web Shreshop (Holdings) Plc and Subsidiary

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16. Reserves

Group	Share premium account	Profit and loss account	Merger reserve
	£	£	£
As at 1 August 2001	1,227,765	(1,176,559)	424,410
Issue of shares	96,750	-	-
Share issue costs	-	-	-
Loss for the period	-	(349,430)	-
As at 31 July 2002	<u>1,324,515</u> =====	<u>(1,525,989)</u> =====	<u>424,410</u> =====
Company			
	£	£	
As at 1 August 2001	1,227,765	2,017	
Issue of shares	96,750	-	
Retained profit for the period	-	(233)	
As at 31 July 2002	<u>1,324,515</u> =====	<u>1,784</u> =====	

17. Movement on equity shareholders' funds

	2002 £	2001 £
Group		
Loss for the period	(349,430)	(1,131,314)
Proceeds of share issues, net of costs - see note 19	161,250	1,432,016
Net (decrease)/increase in shareholders' funds	<u>(188,180)</u>	<u>300,702</u>
Opening shareholders' funds	673,407	372,705
Closing equity shareholders' funds	<u>485,227</u> =====	<u>673,407</u> =====
Company		
(Loss)/profit for the period	(232)	2,017
Proceeds of share issues, net of costs	161,250	1,425,556
Opening shareholders' funds	<u>161,018</u>	<u>1,427,573</u>
Closing equity shareholders' funds	<u>1,427,573</u> =====	<u>-</u> =====
Closing equity shareholders' funds	<u>1,588,591</u> =====	<u>1,427,573</u> =====

18. Reconciliation of operating loss to operating cash flows

	2002 £	2001 £
Operating loss	(360,027)	(1,181,547)
Depreciation charges	16,430	40,732
Loss on sale of tangible fixed assets	-	445
Amortisation	9,000	5,400
Decrease/(increase) in debtors	47,061	(57,815)
(Decrease)/increase in creditors	(34,137)	44,038
Increase in trading investments	(372,500)	-
Net cash outflow from operating activities	<u>(694,173)</u> =====	<u>(1,148,747)</u> =====

Web Shareshop (Holdings) Plc and Subsidiary

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19. Analysis of cash flows

	Year ended 31 July 2002 £	18 month period ended 31 July 2001 £
Returns on investments and servicing of finance		
Interest received	10,609	50,456
Interest paid	(12)	(223)
Net cash inflow	<u>10,597</u>	<u>50,233</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(70,665)
Sale of tangible fixed assets	15,000	1,200
Net cash inflow/(outflow)	<u>15,000</u>	<u>(69,465)</u>
Management of liquid resources		
Cash withdrawn from/(placed on deposit)	585,562	(700,562)
Net cash inflow/(outflow)	<u>585,562</u>	<u>(700,562)</u>
Financing		
Issue of ordinary share capital	161,250	1,760,139
Expenses paid in connection with share issues	-	(328,123)
Net cash inflow	<u>161,250</u>	<u>1,432,016</u>

20. Analysis and reconciliation of net funds

	31 July 2001 £	Cash flow £	31 July 2002 £
Cash in hand and at bank	725,097	(600,031)	125,066
Overdraft	(92,705)	92,705	-
Cash placed on deposit	(700,562)	585,562	(115,000)
Net funds	<u>(68,170)</u>	<u>78,236</u>	<u>10,066</u>
		2002 £	2001 £
Increase/(decrease) in cash in the year/period		78,236	(436,525)
Movement in net funds in year		78,236	(436,525)
Net funds at 1 August 2001		(68,170)	368,355
Net funds/(debt) at 31 July 2002		<u>10,066</u>	<u>(68,170)</u>

Web Shareshop (Holdings) Plc and Subsidiary

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21. Related party transactions

The director, Bruce Rowan received the sum of £12,000 during the period through his business for normal professional services. 6,450,000 1p ordinary shares were issued to Bruce Rowan during the year for a consideration of £161,250.

The director, John Watkins, FCA received the sum of £9,833 (2001 : £4,233) during the period through his business for normal professional services.

The former director, Andrew Neubauer, is the managing director and a major shareholder of Airtime Interactive Marketing Limited from which the Company made purchases of £153,422 in the year (2001 : £679,597). The balance outstanding at the year end was £nil (2001 : £28,742).

The former director, Simon Burke, is a director and a major shareholder of ALPs FS Limited. By an agreement dated 15 August 1999 The Web Shareshop Limited appointed ALPs FS Limited as its authorised representative for the purpose of compliance with the requirements of the Financial Services Act. This agreement was terminated on 14 January 2002. ALPs FS Limited holds 120,000 ordinary shares of £0.01 each in the company.

The former director, William Jackson, is a director and major shareholder of Panmark Limited from which the company purchased services to the value of £18,000 (2001 : £37,389) in the year. The balance outstanding at the year end was £nil.

The subsidiary, The Web Shareshop Limited, issued 4,278,110 ordinary shares of £0.01 each at a price of £0.30 per share. The consideration of £1,283,433 was satisfied from the inter company loan account balance.