

McIntosh 88 Limited

Directors' report and financial statements

Registered number 2172877

31 December 2002



Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities	4
Report of the independent auditors to the members of McIntosh 88 Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

Company information

Directors	RJJ Bell W McColl H Balfour G McSporran
Company secretary	AI Paterson
Registered office	30 Queen Charlotte Street Bristol
Bankers	Bank of Scotland Carberry Road Kirkcaldy
Solicitors	Pagan Business Law 8 Manor Place Edinburgh
Auditors	KPMG Audit Plc 24 Blythswood Square Glasgow G2 4QS

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The profit and loss account for the year is set out on page 6.

The principal activity of the company is that of a group holding company.

Review of business and future developments

No trading activity was conducted during the year.

Dividends and transfer to reserves

A final dividend payment of £4,000,000 was proposed (2001: £3,000,000).

Directors and directors' interests

The directors of the company during the year were:

RJJ Bell
W McColl
H Balfour
G McSporran

The directors, according to the register to be kept under Section 325 of the Companies Act 1985, did not have, at the beginning or end of the year, any interest in the shares of the company. H Balfour and G McSporran are also directors of Havelock Europa PLC and their interests in the shares of that company are disclosed in the annual report of that company. At 31 December 2002 RJJ Bell, family and related trusts held 2,472,003 shares and W McColl, family and related trusts held 277,477 shares in Havelock Europa PLC.

Directors' report *(continued)*

Health and Safety

Strenuous efforts continue to be made throughout the company to improve our good record in this field.

Disabled persons

The company's policy in respect of the employment of disabled persons is:

- a. to give full and fair consideration of all types of vacancies;
- b. to retain newly disabled employees wherever possible for rehabilitation and training; and
- c. to give equal opportunities for training, career development and promotion and, where applicable, to modify equipment and premises to use special equipment aids or to restructure jobs.

Employee involvement

During the year employees have been briefed with information of matters of concern to them regarding the company's activities and progress.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

AI Paterson
Company Secretary



30 Queen Charlotte Street
Bristol
1 July 2003

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 company and of the profit or loss for that period. 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

24 Blythswood Square

Glasgow

G2 4QS

United Kingdom

Report of the independent auditors to the members of McIntosh 88 Limited

We have audited the financial statements on pages 6 to 10.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 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 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants

Registered Auditor

8 July 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Investment income	2	4,000,000	3,000,000
Profit on ordinary activities before taxation		4,000,000	3,000,000
Taxation on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		4,000,000	3,000,000
Dividend paid		(4,000,000)	(3,000,000)
Balance for the financial year	8	-	-

Balance sheet
at 31 December 2002

	<i>Note</i>	2002	2001
		£	£
Fixed assets			
Investments	3	1	1
Current assets			
Debtors	4	4,286,887	286,887
Cash at bank and in hand		111	111
		<u>4,286,998</u>	<u>286,998</u>
Creditors: amounts falling due within one year	5	<u>(4,000,000)</u>	<u>-</u>
Net current assets		<u>286,998</u>	<u>286,998</u>
Total assets less current liabilities		<u>286,999</u>	<u>286,999</u>
Capital and reserves			
Called up share capital		111	111
Capital reserves		220,000	220,000
Profit and loss account	7	66,888	66,888
Equity shareholders' funds	8	<u>286,999</u>	<u>286,999</u>

These financial statements were approved by the board of directors on 1 July 2003 and were signed on its behalf by:



W McColl
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

2 Investment income

	2002 £	2001 £
Dividends received	4,000,000	3,000,000

3 Investments

	2002 £	2001 £
Shares at cost	1	1

Represented by:

<i>Subsidiary undertaking</i>	<i>Nature of business</i>	<i>Description of shares held</i>	<i>Proportion of nominal value held</i>
ESA McIntosh Limited (Scotland)	Manufacture and supply of educational and domestic furniture	Ordinary shares of £1 each	100%

Notes (continued)

4 Debtors

	2002 £	2001 £
Amounts owed by subsidiary undertakings	4,000,000	-

5 Creditors

	2002 £	2001 £
Amounts owed to parent undertaking	4,000,000	-

6 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
111 ordinary shares of £1 each	111	111

7 Profit and loss account

	£
At 1 January 2002	66,888
Balance for the year	-
At 31 December 2002	66,888

Notes *(continued)*

8 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	4,000,000	3,000,000
Dividend paid	(4,000,000)	(3,000,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	-	-
Opening shareholders' funds	286,999	286,999
	<hr/>	<hr/>
Closing shareholders' funds	286,999	286,999
	<hr/>	<hr/>

9 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by Havelock Europa PLC, incorporated in England. The consolidated accounts of this group is available to the public and may be obtained from Mossway, Hillend Industrial Park, Dalgety Bay, Fife, KY11 9JS.