Kenmore Capital Ashbourne Limited

Annual report and financial statements

for the 17 months to 31 July 2005
Registered number 05077114

Contents

Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the 17 months to 31 July 2005.

Principal activities

The principal activity of the company is property trading.

Results and dividends

The profit for the period, after taxation, amounted to £446,705. A dividend of £440,000 was paid during the period.

Review of the period

The company was incorporated on 18 March 2004 and acquired a property during the period.

Directors and directors' interests

The directors who served during the period were as follows:

JAB Kennedy	(Appointed 18 March 2004)
RWM Brook	(Appointed 18 March 2004)
AE White	(Appointed 18 March 2004)
PA Bradley	(Appointed 1 February 2005)
KM Bothwell	(Appointed 1 April 2004, resigned 1 November 2004)

The directors have no disclosable interests in the shares of the company.

Political and charitable contributions

The company made no political contributions or charitable donations during the period.

Auditors

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

By order of the board

J K Brown

J K Brown
Secretary

33 Castle Street
Edinburgh
6 December 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

Independent auditors' report to the members of Kenmore Capital Ashbourne Limited

We have audited the financial statements on pages 4 to 9.

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 2, 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 July 2005 and of its profit for the period from 18 March 2004 (date of incorporation) to 31 July 2005 and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh
6 DECEMBER 2005

Profit and loss account
for the 17 months to 31 July 2005

	Notes	2005 £
Turnover	2	**831,691**
Cost of sales		**(57,807)**
Gross profit		**773,884**
Administrative Expenses		**(18,652)**
Operating profit	3-4	**755,232**
Interest receivable	5	**54,027**
Interest payable and similar charges	6	**(297,964)**
Profit on ordinary activities before taxation		**511,295**
Tax on ordinary activities	7	**(64,590)**
Profit on ordinary activities after taxation		**446,705**
Dividends – interim paid		**(440,000)**
Retained profit for the financial period	13	**6,705**

Other than the result recorded there have been no other recognised gains or losses.

The profit for the financial period has been derived from continuing activities.

There is no material difference between results as stated and results prepared on a historical cost basis.

Balance sheet
as at 31 July 2005

	Note	2005 £
Current assets		
Stocks	*8*	**3,648,336**
Debtors	*9*	**355,826**
Cash at bank		**8,638**
		4,012,800
Creditors: amounts falling due within one year	*10*	**(4,006,093)**
Net assets		**6,707**
Capital and reserves		
Called up share capital	*11*	**2**
Profit and loss account	*12*	**6,705**
Equity shareholders' funds	*13*	**6,707**

These financial statements were approved by the board of directors on 6 December 2005 and were signed on its behalf by:

P Bradley

PA Bradley
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.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards.

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

As the company is a wholly owned subsidiary of Kenmore Capital Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Kenmore Capital Limited, within which the company is included, can be obtained from the address given in note 14.

Trading properties and developments

These assets are valued at the lower of cost or net realisable value. Cost includes the purchase cost of land and buildings, development expenditure and attributable finance costs including interest. Net realisable value is based on the estimated selling price less cash expected to be incurred to completion and disposal.

Deferred taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No deferred tax is provided on capital allowances in respect of assets not subject to depreciation. No provision is made in the financial statements for taxation which may become payable if investment properties held for long term retention were disposed of at their revalued amounts.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

2 Turnover

Turnover is attributable to the receipt of rental income.

Notes *(continued)*

3 Operating profit

	2005
	£
Operating profit is stated after charging	
Auditors' remuneration	**1,500**

4 Staff costs and numbers

The directors received no remuneration for their services to the company. Apart from the directors, there were no employees during the period.

5 Interest receivable

	2005
	£
Bank interest	**230**
Group interest receivable	**53,797**
	54,027

6 Interest payable and similar charges

	2005
	£
Interest payable on bank loans and overdrafts	**297,964**

7 Tax charge on profit on ordinary activities

	2005
UK corporation tax	£
Current tax on income for the period	**64,590**

Factors affecting the tax charge for the current period
The current tax charge is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2005
Current tax reconciliation	£
Profit on ordinary activities before tax	**511,295**
Current tax at 30%	**153,389**
Effects of:	
Group relief	**(88,799)**
Current tax charge (see above)	**64,590**

Notes *(continued)*

8 Stocks

	2005
	£
Trading properties	3,648,336

9 Debtors

	2005
	£
Amounts due from parent undertaking	355,826

10 Creditors: amounts falling due within one year

	2005
	£
Bank and shareholder loans due under one year	3,830,828
Corporation tax	64,590
Accruals and deferred income	110,675
	4,006,093

The maturity analysis of bank and shareholder loans is set out below:

	2005
Amounts falling due:	£
In one year or less on demand	3,830,828

The bank loans are secured by standard securities over assets of the group and a legal charge over all the properties held in the Kenmore Capital Limited group. Interest is payable at rates varying from 1.5% to 4% above LIBOR. The loans are repayable on the earlier of completion of the sale of the property and 5 years from the date of advance.

11 Called up share capital

	Authorised	Allotted, called up and fully paid
	£	£
As at 31 July 2005 ordinary shares of £1 each	100	2

Two ordinary shares of £1 each were issued at par in the period to 31 July 2005.

Notes *(continued)*

12 Profit and loss account

	2005
	£
Retained profit for the period	6,705

13 Reconciliation of movements in shareholders' funds

	2005
	£
Issue of share capital	2
Profit for the period	446,705
Dividends	(440,000)
Closing shareholders' funds	6,707

14 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Kenmore Capital Limited, incorporated in Scotland. Kenmore Capital Limited is a joint venture between Kenmore Investments Limited and Uberior Ventures Limited. The consolidated financial statements of Kenmore Capital Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

15 Related party transactions

Kenmore Capital Limited ('KCL') is a joint venture between Kenmore Investments Limited ('KIL') and Uberior Ventures Limited ('UVL'). Kenmore Investments Limited, Uberior Ventures Limited and the Governor and Company of Bank of Scotland (the ultimate parent company of Uberior Ventures Limited) have all contributed loans to the company. The aggregate outstanding amounts of these loans and interest payments arrangements are contained in note 10.

	2005
	£
Outstanding loan balances due to related parties are:	
Governor and Company of Bank of Scotland	3,830,828
Kenmore Investments Limited	-
Uberior Ventures Limited	-
Interest paid on the above loans was:	
Governor and Company of Bank of Scotland	2665,953
Kenmore Investments Limited	16,006
Uberior Ventures Limited	16,006