

**Arma Developments Limited**

Directors' report and financial statements

Registered number 116213

31 March 2003



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## Directors' report

The directors present their report and the audited financial statements for the fifteen month period ended 31 March 2003.

### Principal activity

The principal activity of the company is property development.

### Review of business and future developments

During the period the company received rental income from leasehold land. On 30 April 2002, the company sold its only asset to the parent company Glasgow Harbour Limited. The company has not traded since that date.

### Results and dividends

The profit after tax amounted to £405,000 (*31 December 2001: loss £14,000*). The directors do not recommend payment of a dividend and the retained profit for the period will be transferred to reserves.

### Directors and directors' interests

The directors of the company during the period were:

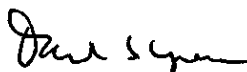
T Allison  
P Cummings  
D Green  
G Mitchell

The directors have no beneficial interests in the share capital of the company.

### Auditors

Pursuant to a shareholders resolution, the company is not obliged to reappoint auditors and KPMG LLP will therefore continue in office.

By order of the board

  
David Green  
Company Secretary

16 Robertson Street  
Glasgow  
G2 8DS  
11 September 2003

## **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.



KPMG LLP

24 Blythswood Square  
Glasgow  
G2 4QS  
United Kingdom

## **Report of the independent auditors to the members of Arma Developments 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 March 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP  
Chartered Accountants  
Registered Auditors

11 September 2003

# **Profit and loss account**

*for the fifteen month period ended 31 March 2003*

	<i>Note</i>	<b>15 month period ended 31 March 2003 £000</b>	<b>Year ended 31 December 2001 £000</b>
<b>Turnover</b>	<b>2</b>	<b>2,450</b>	<b>73</b>
Cost of sales		(1,884)	(37)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>566</b>	<b>36</b>
Administrative expenses		-	(2)
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest and taxation</b>	<b>3</b>	<b>566</b>	<b>34</b>
Interest payable and similar charges		(17)	(48)
		<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>		<b>549</b>	<b>(14)</b>
Taxation	<b>4</b>	(144)	-
		<hr/>	<hr/>
<b>Profit/(loss) for the financial period</b>	<b>10</b>	<b>405</b>	<b>(14)</b>
		<hr/>	<hr/>

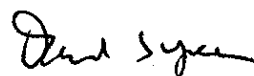
There were no recognised gains or losses in the period other than the above retained profit.

All amounts relate to discontinued activities.

**Balance sheet**  
*at 31 March 2003*

	<i>Note</i>	<b>31 March 2003</b>		<b>31 December 2001</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current assets</b>					
Land held for development	5	-		1,876	
Debtors	6	583		9	
		<u>583</u>		<u>1,885</u>	
<b>Creditors: amounts falling due within one year</b>	7	(56)		(10)	
		<u>527</u>		<u>1,875</u>	
<b>Total assets less current liabilities</b>			<b>527</b>		<b>1,875</b>
<b>Creditors: amounts falling due after more than one year</b>	8		-		(1,753)
			<u>527</u>		<u>122</u>
<b>Net assets</b>			<b>527</b>		<b>122</b>
<b>Capital and reserves</b>					
Called up share capital	9		255		255
Profit and loss account	10		272		(133)
			<u>527</u>		<u>122</u>
<b>Shareholders' funds - all equity</b>	11		<b>527</b>		<b>122</b>

These financial statements were approved by the board of directors on 11 September 2003 and were signed on its behalf by:



**David Green**  
*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 consolidated financial statements.

#### *Basis of preparation*

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

#### *Development properties*

Development properties are included in the balance sheet at the lower of cost and net realisable value. Cost includes interest on borrowings, net of applicable income earned from the temporary rental of properties, and other direct costs specifically attributable to the development.

#### *Taxation*

Provision is made for deferred taxation arising from all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

### 2 Turnover

Turnover represents rental income from leasehold property.

### 3 Operating profit

Operating profit is stated after charging :

	15 month period ended 31 March 2003 £000	Year ended 31 December 2001 £000
Directors' emoluments	-	-
Auditors' remuneration	-	2
	<hr/>	<hr/>

The company has no employees other than the directors. Audit fees are borne by the parent company.



## Notes

(forming part of the financial statements)

### 4 Taxation

	15 month period ended 31 March 2003 £000	Year ended 31 December 2001 £000
Based on the profit for the year:		
Group relief payable	92	-
Corporation tax payable	52	-
	<u>144</u>	<u>-</u>

#### Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are reconciled below:

	15 month period ended 31 March 2003 £000	Year ended 31 December 2001 £000
Profit on ordinary activities before taxation	549	(14)
Profit on ordinary activities before taxation at 30%	<u>165</u>	<u>4</u>
Effects of:		
Tax losses	(21)	(4)
Total current tax	<u>144</u>	<u>-</u>

### 5 Stocks

	31 March 2003 £000	31 December 2001 £000
Development land - long leasehold	-	1,707
Interest	-	169
	<u>-</u>	<u>1,876</u>

## Notes

(forming part of the financial statements)

### 6 Debtors

	31 March 2003 £000	31 December 2001 £000
Amounts due by parent undertaking	583	-
Trade debtors	-	5
Prepayments	-	4
	<u>583</u>	<u>9</u>

### 7 Creditors amounts falling due within one year

	31 March 2003 £000	31 December 2001 £000
Amounts owed to fellow subsidiary undertaking	4	-
Other creditors	-	6
Accruals	-	4
Corporation tax payable	52	-
	<u>56</u>	<u>10</u>

### 8 Creditors amounts falling due after more than one year

	31 March 2003 £000	31 December 2001 £000
Amount owed to fellow subsidiary undertaking	-	1,753
	<u>-</u>	<u>1,753</u>

### 9 Share capital

	31 March 2003 £	31 December 2001 £
<i>Authorised</i>		
255,004 ordinary shares of £1 each	255,004	255,004
	<u>255,004</u>	<u>255,004</u>
<i>Issued</i>		
255,004 ordinary share of £1 each	255,004	255,004
	<u>255,004</u>	<u>255,004</u>

## Notes

*(forming part of the financial statements)*

### 10 Profit and loss account

	31 March 2003 £000	31 December 2001 £000
Balance at beginning of period	(133)	(119)
Profit/(loss) for period	405	(14)
	<hr/>	<hr/>
Balance at end of period	272	(133)
	<hr/>	<hr/>

### 11 Reconciliation of movements in shareholders' funds

	31 March 2003 £000	31 December 2001 £000
Opening shareholders' funds	122	136
Profit/(loss) for the period	405	(14)
	<hr/>	<hr/>
Closing shareholders' funds	527	122
	<hr/>	<hr/>

### 12 Ultimate parent company

The smallest and largest group in which the results of the company are consolidated is that headed by Glasgow Harbour Limited, incorporated in Great Britain and registered in Scotland. At 31 March 2003, Glasgow Harbour Limited was jointly owned and controlled by Uberior Ventures Limited and Clydeport Properties Limited, wholly owned subsidiary undertakings of HBOS plc and Peel Holdings plc, respectively.

The consolidated accounts of Glasgow Harbour Limited are available to the public and may be obtained from 16 Robertson Street, Glasgow, G2 8DS.