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**GFS (Motherwell) Limited**

Report and Financial Statements

Year Ended

29 February 2004

**BDO**  
BDO Stoy Hayward  
Chartered Accountant



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**Directors**

R.B. Clapham  
R. Mintz

**Secretary and registered office**

Secretar Securities Limited, 249 West George Street, Glasgow, G2 4RB

**Company number**

SC146523

**Auditors**

BDO Stoy Hayward LLP, Ballantine House, 168 West George Street, Glasgow, G2 2PT

**Bankers**

Ahli United Bank (UK) plc, 7 Baker Street, London, W1U 8EG

Bank of Scotland, Gordon Street, Glasgow, G1 3RS

**Report of the directors for the year ended 29 February 2004**

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The directors present their report together with the audited financial statements for the year ended 29 February 2004.

**Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend and the profit for the year has been transferred to reserves.

**Principal activities, review of business and future developments**

The company's principal activity is that of property developers.

In July 2004, the company sold its property for a consideration in excess of its carrying value and repaid the outstanding bank loans.

The directors intend to continue with the company's existing activities by looking for new property development opportunities.

**Directors**

The directors of the company during the year were:

R.B. Clapham  
R. Mintz

No director had any beneficial interest in the share capital of the company.

**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 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; and
- 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 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.


**Report of the directors for the year ended 29 February 2004 (*Continued*)**

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**Auditors**

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

**On behalf of the board**

  
R.B. Clapham

**Director**

20 December 2004

## **GFS (Motherwell) Limited**

### **Report of the independent auditors**

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#### **To the shareholders of GFS (Motherwell) Limited**

We have audited the financial statements of GFS (Motherwell) Limited for the year ended 29 February 2004 on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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.

**GFS (Motherwell) Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 February 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO STOY HAYWARD LLP**

*Chartered Accountants*

*and Registered Auditors*

Glasgow

20 December 2004

**GFS (Motherwell) Limited**

**Profit and loss account for the year ended 29 February 2004**

	<b>Note</b>	<b>2004 £</b>	<b>2003 £</b>
<b>Turnover</b>	2	<b>225,000</b>	225,000
Administrative expenses		<b>57,860</b>	8,935
<b>Operating profit</b>	3	<b>167,140</b>	216,065
Other interest receivable and similar income		<b>809</b>	1,006
Interest payable and similar charges	4	<b>(147,352)</b>	(154,073)
<b>Profit on ordinary activities before taxation</b>		<b>20,597</b>	62,998
Taxation on profit on ordinary activities	5	<b>3,996</b>	-
<b>Profit on ordinary activities after taxation</b>		<b>16,601</b>	62,998

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 11 form part of these financial statements.

**GFS (Motherwell) Limited**

**Balance sheet at 29 February 2004**

	Note	2004 £	2004 £	2003 £	2003 £
<b>Current assets</b>					
Stocks	6	2,470,966		2,470,966	
Debtors	7	1,387		13,462	
Cash at bank and in hand		136,161		100,080	
		<u>2,608,514</u>		<u>2,584,508</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>550,020</u>		<u>820,115</u>	
<b>Total assets less current liabilities</b>			<b>2,058,494</b>		<b>1,764,393</b>
<b>Creditors: amounts falling due after more than one year</b>	9		<u>2,352,291</u>		<u>2,074,791</u>
			<u>(293,797)</u>		<u>(310,398)</u>
<b>Capital and reserves</b>					
Called up share capital	10		1,000		1,000
Profit and loss account	11		(294,797)		(311,398)
<b>Equity shareholders' funds</b>			<u>(293,797)</u>		<u>(310,398)</u>

The financial statements were approved by the Board on 20 December 2004.

  
R.B. Clapham  
Director

The notes on pages 7 to 11 form part of these financial statements.



## 1 Accounting policies

The financial statements have been prepared under the historical cost convention on a going concern basis, which assumes the continued financial support of the loan creditors, and in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

### *Turnover*

Turnover represents property rental income, net of value added tax.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost represents the purchase price of property plus direct costs of development work.

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### *Interest*

Interest payable on loans to finance the property held in stock is charged to the profit and loss account.

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

**3 Operating profit**

	2004 £	2003 £
This is arrived at after charging:		
Audit services	900	850
	<u>          </u>	<u>          </u>

**4 Interest payable and similar charges**

	2004 £	2003 £
Bank loans and overdrafts	114,608	117,565
Shareholders' loans	32,744	36,508
	<u>          </u>	<u>          </u>
	147,352	154,073
	<u>          </u>	<u>          </u>

**5 Taxation on profit on ordinary activities**

	2004 £	2003 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	3,996	-
	<u>          </u>	<u>          </u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	20,597	62,998
	<u>          </u>	<u>          </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	6,179	18,899
Effect of:		
Utilisation of tax losses	-	(18,899)
Marginal relief	(2,183)	-
	<u>          </u>	<u>          </u>
Current tax charge for the year	3,996	-
	<u>          </u>	<u>          </u>

At 29 February 2004, there are trading losses available for carry forward amounting to £79,583 (2003 - £79,583).

**6 Stocks**

	2004 £	2003 £
Property held for resale	2,470,966	2,470,966
	<u>2,470,966</u>	<u>2,470,966</u>

**7 Debtors**

	2004 £	2003 £
Trade debtors	-	12,075
Prepayments and accrued income	1,387	1,387
	<u>1,387</u>	<u>13,462</u>
	<u>1,387</u>	<u>13,462</u>

All amounts shown under debtors fall due for payment within one year.

**8 Creditors: amounts falling due within one year**

	2004 £	2003 £
Shareholders' loans	329,137	525,025
Trade creditors	9,189	499
Corporation tax	3,996	-
Other taxation and social security	10,494	10,308
Accruals and deferred income	197,204	284,283
	<u>550,020</u>	<u>820,115</u>
	<u>550,020</u>	<u>820,115</u>

**9 Creditors: amounts falling due after more than one year**

	2004 £	2003 £
Bank loan	2,265,000	1,987,500
Shareholders' loans	87,291	87,291
	<u>2,352,291</u>	<u>2,074,791</u>
	<u>2,352,291</u>	<u>2,074,791</u>

**9 Creditors: amounts falling due after more than one year (Continued)**

Maturity of debt:

	Loans and overdrafts 2004 £	Loans and overdrafts 2003 £
In one year or less, or on demand	329,137	525,025
In more than one year but not more than two years	2,265,000	1,987,500
In more than two years but not more than five years	87,291	87,291
	<u>2,352,291</u>	<u>2,074,791</u>

The bank loan is secured by a standard security over the company's property and a floating charge over the assets of the company.

Anglo Scottish Properties PLC hold a second ranking standard security and a bond and floating charge over the assets of the company to secure its shareholder loan amounting to £90,351 (2003 - £299,450).

**10 Share capital**

	2004 £	Authorised 2003 £	Allotted, called up and fully paid 2004 £	2003 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**11 Reserves**

	Profit and loss account £
At 1 March 2003	(311,398)
Profit for the year	16,601
	<u>16,601</u>
At 29 February 2004	<u>(294,797)</u>

**12 Post balance sheet events**

In July 2004, the company sold its property for a consideration in excess of its carrying value and repaid its outstanding bank loans.

**13 Related party transactions**

During the year, the company had the following transactions with related parties:

- (i) Interest charges of £14,909 (2003 - £17,920) payable to Anglo Scottish Properties PLC (a 55% shareholder) on its shareholder loan. The loan outstanding at 29 February 2004 was £90,351 (2003 - £299,450), falling due within one year.
- (ii) Interest charges of £17,835 (2003 - £18,588) payable to Credential Holdings Limited (a 45% shareholder) on its shareholder loans. The loan outstanding at 29 February 2004 was £238,786 (2003 - £225,575) falling due within one year and £87,291 (2003 - £87,291) falling due after more than one year.

**14 Ultimate parent company**

The directors consider that Anglo Scottish Properties PLC is the company's ultimate parent company and the ultimate controlling party.