

KIELBURN HOMES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2001**

REGISTERED NO: SC 173538



KIELBURN HOMES LTD

DIRECTORS

B J Leith
E W Mackay

SECRETARY

John Morrison

AUDITORS

KPMG
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

BANKERS

Bank of Scotland
41 South Gyle Crescent
Edinburgh EH12 9BF

SOLICITORS

Fyfe Ireland WS
Orchard Brae House
30 Queensferry Road
Edinburgh EH4 7NS

REGISTERED OFFICE

Morrison House
12 Atholl Crescent
Edinburgh EH3 8HA

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KIELBURN HOMES LTD
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2001

- 1 The directors submit their report and the financial statements for the year ended 31 March 2001. The contents of this report and the format of the accounts have been prepared to comply with the provisions of the Companies Act 1985.

2 **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company was that of house construction. The directors intend to continue with this activity in the forthcoming year.

3 **RESULTS AND DIVIDEND**

The result for the period was nil. No dividends were paid or proposed in the year.

4 **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year were:

| | |
|-------------|--------------------------|
| L Henderson | (resigned 4 April 2000) |
| B J Leith | |
| E W Mackay | (appointed 5 May 2000) |
| I H Mackay | (resigned 21 April 2000) |
| I Veale | (resigned 4 April 2000) |

In accordance with the Company's Articles of Association, none of the directors are required to retire. None of the directors who held office at the end of the year had any interest in the shares of the company.

**KIELBURN HOMES LTD
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2001 CONTINUED**

5 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.

6 AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Brian Leith
Director

14 November 2001

Registered in Scotland No. SC173538

REPORT OF THE AUDITORS TO THE MEMBERS OF KIELBURN HOMES LTD

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1, 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. 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 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

15 November 2001

KIELBURN HOMES LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2001

| | <u>2001</u> | <u>2000</u> |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Turnover from Ordinary Activities | - | 120,000 |
| Cost Of Sales | - | (120,000) |
| | <hr/> | <hr/> |
| Profit before Taxation | - | - |
| Taxation | - | - |
| | <hr/> | <hr/> |
| Profit for Year | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

Other than the result for the period, the company has no other recognised gains or losses. All income and expenditure relate to continuing operations.

KIELBURN HOMES LTD
BALANCE SHEET
AS AT 31 MARCH 2001

| | Notes | <u>2001</u> £ | <u>2000</u> £ |
|--|-------|------------------|------------------|
| Current assets | | | |
| Debtors | 3 | 8,502 | 8,502 |
| Bank and Cash | | 6,719 | 22,517 |
| | | <hr/> | <hr/> |
| | | 15,221 | 31,019 |
| Creditors: amounts falling due within one year | 4 | (15,219) | (31,017) |
| | | <hr/> | <hr/> |
| Net Current Assets | | 2 | 2 |
| | | <hr/> | <hr/> |
| Capital and Reserves | | | |
| Called up share capital- ordinary | 5 | 2 | 2 |
| | | <hr/> | <hr/> |
| Equity Shareholders' Funds | | 2 | 2 |
| | | <hr/> | <hr/> |

The notes on pages 6 to 8 form part of these financial statements.

The financial statements were approved by the Board of Directors on 14 November 2001 and were signed on its behalf by:



B J LEITH
DIRECTOR

KIELBURN HOMES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

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.

(a) BASIS OF PREPARATION

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

The company is exempt from the requirement of Financial Reporting Standard (FRS) 1 (revised 1996) to prepare a cash flow statement as it is a small company by definition.

(b) STOCKS

Property Developments are valued at the lower of cost and net realisable value. Cost comprises direct expenditure and production overheads incurred in the normal course of the business less applicable payments on account. Net realisable value is the estimated selling price less all costs to be incurred. Provision is made for the foreseeable losses on contracts.

(c) TURNOVER

Turnover represents the value of property development activities, for properties where legal contracts have been completed during the year, wholly within the UK excluding value added tax.

(d) ACCOUNTING FOR PROFITS

No profit is included in the financial statements in connection with property sales unless a legally binding contract for sale of the development has been entered into and completion has taken place before or shortly after the year end.

2 AUDITORS RENUMERATION

| | <u>2001</u> £ | <u>2000</u> £ |
|--|------------------|------------------|
| Auditors remuneration for the year was | <u>1,500</u> | <u>1,500</u> |

3 DEBTORS

| | <u>2001</u> £ | <u>2000</u> £ |
|-----------------------|------------------|------------------|
| Other Debtors | 8,500 | 8,500 |
| Due from shareholders | <u>2</u> | <u>2</u> |
| | <u>8,502</u> | <u>8,502</u> |

KIELBURN HOMES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001 - CONTINUED

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>2001</u> £ | <u>2000</u> £ |
|-----------------------------|------------------|------------------|
| Other Creditors | - | 29,517 |
| Amounts due to shareholders | 13,719 | - |
| Accruals | <u>1,500</u> | <u>1,500</u> |
| | <u>15,219</u> | <u>31,017</u> |

5 SHARE CAPITAL

| | <u>2001</u> £ | <u>2000</u> £ |
|--|------------------|------------------|
| Authorised | | |
| ‘A’ Ordinary shares of £1 each | 1 | 1 |
| ‘B’ Ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| | <u>2</u> | <u>2</u> |
| Allotted, Called Up, and Unpaid | | |
| ‘A’ Ordinary shares of £1 each | 1 | 1 |
| ‘B’ Ordinary shares of £1 each | <u>1</u> | <u>1</u> |
| | <u>2</u> | <u>2</u> |

Both “A” and “B” shares have the same voting rights and rank *pari passu* as set out in the Memorandum and Articles of Association of the company.

6 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS’ FUNDS

| | <u>2001</u> £ | <u>2000</u> £ |
|--------------------------------------|------------------|------------------|
| Opening shareholder’s funds | 2 | - |
| Result for the period | - | - |
| Share capital issued during the year | <u>-</u> | <u>2</u> |
| Closing shareholders’ funds | <u>2</u> | <u>2</u> |

KIELBURN HOMES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001 - CONTINUED

7 RELATED PARTY TRANSACTIONS

Morrison Residential Investments Limited control the company. Morrison Homes Limited own Morrison Residential Investments Limited.

During the year, the company incurred development costs of £16,485 which were paid to Morrison Homes Ltd. Development costs of £13,719 for Morrison Residential Investments Ltd have been accrued as at 31 March 2001.

At the year end a balance of £13,719 was owing to Morrison Residential Investments Limited and a balance of nil owing to Morrison Homes Limited.