

KILMARTIN PPG (STRAND) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2006
TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITORS' REPORTS
REGISTERED NUMBER: SC192018



KILMARTIN PPG (STRAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2006

The directors present their annual report on the affairs of the Company together with the financial statements and independent auditors' report for the year ended 31 January 2006

PRINCIPAL ACTIVITY

The principal activity of the company during the year has been dealing with residual matters arising from previous property transactions

RESULTS AND DIVIDENDS

Results and dividends for the year were as follows

Retained profit at 31 January 2005	£	7,969
Retained profit for the financial year		533
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Retained profit at 31 January 2006	£	8,502
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Dividends paid or proposed in respect of the year are £Nil (2005 £Nil)

FINANCIAL RISK MANAGEMENT

The Company is not exposed to any significant financial risks as a result of its limited activities

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report were

I B Tudhope
R J Wotherspoon
D M Rudolph

At 31 January 2006 none of the directors had any interests in the share capital of the Company (2005 – Nil)

The interests in the share capital of the controlling companies (Note 13) of the Company of those directors of the Company who are also directors of the controlling companies are disclosed in the directors' report accompanying those companies financial statements

KILMARTIN PPG (STRAND) LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Financial Statements. The directors have chosen to prepare the financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with United Kingdom Generally Accepted Accounting Practice and the Companies Act 1985. 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, 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 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.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re appoint them as Auditors of the Company will be proposed at the forthcoming Annual General Meeting.

9 Charlotte Square
Edinburgh
EH2 4DR

2 June 2006

BY ORDER OF THE BOARD



D Horne
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILMARTIN PPG (STRAND) LIMITED

We have audited the financial statements of Kilmartin PPG (Strand) Limited for the year ended 31 January 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILMARTIN PPG
(STRAND) LIMITED (continued)**

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2006 and of its profit for the year then ended, and

the financial statements have been properly prepared in accordance with the Companies Act 1985

Deloitte & Touche W

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh
United Kingdom

7 June 2006

KILMARTIN PPG (STRAND) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Other operating expenses	2	£	£ (1,004)
		<hr/>	<hr/>
OPERATING LOSS			(1,004)
Investment income	4	533	870
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	533	(134)
Tax on profit/(loss) on ordinary activities	6		
		<hr/>	<hr/>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10	£ 533	£ (134)
		<hr/>	<hr/>

The current and prior year results have been derived wholly from continuing operations

The Company has no recognised gains or losses in either year other than the reported profit/(loss) for each year and therefore no Statement of Total Recognised Gains and Losses is presented

The reported profit/(loss) on ordinary activities before taxation for each year equates to the historical cost profit/(loss) on ordinary activities before taxation

The accompanying notes form an integral part of this profit and loss account

KILMARTIN PPG (STRAND) LIMITED

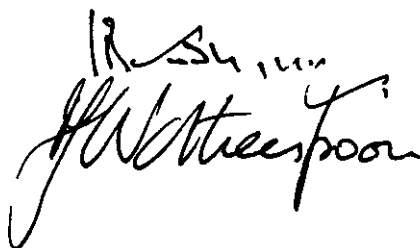
BALANCE SHEET 31 JANUARY 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
CURRENT ASSETS			
Debtors	7	£ 86	£ 102
Cash at bank and in hand		20,920	20,206
		<u>21,006</u>	<u>20,308</u>
CREDITORS Amounts falling due within one year			
	8	(12,404)	(12,239)
		<u></u>	<u></u>
NET ASSETS		<u>£ 8,602</u>	<u>£ 8,069</u>
CAPITAL AND RESERVES			
Called up share capital	9	£ 100	£ 100
Profit and loss account	10	8,502	7,969
		<u></u>	<u></u>
SHAREHOLDERS' FUNDS	11	<u>£ 8,602</u>	<u>£ 8,069</u>

The accompanying notes form an integral part of this balance sheet

SIGNED ON BEHALF OF THE BOARD ON 2 JUNE 2006

I B Tudhope)
) Directors
R J Wotherspoon)



KILMARTIN PPG (STRAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently throughout the year and the preceding year are

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from including a cash flow statement in the financial statements on the grounds that the Company is small

(b) Taxation

Current tax, including UK corporation, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non discounted basis

2 OTHER OPERATING EXPENSES

	<u>2006</u>	<u>2005</u>
The following are included in other operating expenses		
Administrative expenses	£	£ 1,004
	<hr/>	<hr/>

KILMARTIN PPG (STRAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 STAFF COSTS

The Company had no employees during the year and the prior year

During the current and the prior year none of the directors received any remuneration from the Company, or from other undertakings in respect of services to it

4 INVESTMENT INCOME

The following is included in investment income

	<u>2006</u>	<u>2005</u>
Bank interest receivable	£ 533	£ 870
	<u> </u>	<u> </u>

5 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging

	<u>2006</u>	<u>2005</u>
Auditors' remuneration for audit services	£	£ 1,000
	<u> </u>	<u> </u>

KILMARTIN PPG (STRAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) is based on the profit/(loss) for the year and comprises

	<u>2006</u>	<u>2005</u>
Current tax		
UK corporation tax	£	£
Total tax charge for the year	<u>£</u>	<u>£</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows

	<u>2006</u>	<u>2005</u>
Profit/(loss) on ordinary activities before tax	£ 533	£ (134)
Tax on profit/(loss) on ordinary activities at standard UK Corporation tax rate of 0% (2005 30%)		(40)
Effects of		
Unrelieved tax losses and other deductions		40
Current tax charge for year	<u>£</u>	<u>£</u>

The Company earns its profits in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 0% (2005 – 30%)

7 DEBTORS

The following amounts are included in the net book value of debtors

	<u>2006</u>	<u>2005</u>
Amounts falling due within one year		
Prepayments and accrued income	£ 86	£ 102

KILMARTIN PPG (STRAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 CREDITORS Amounts falling due within one year.

The following amounts are included in creditors falling due within one year

	<u>2006</u>	<u>2005</u>
Accruals and deferred income	£ 12,404	£ 12,239
	<hr/>	<hr/>

9 CALLED UP SHARE CAPITAL

	<u>2006</u>	<u>2005</u>
Authorised		
500 A ordinary shares of £1 each	£ 500	£ 500
500 B ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	£ 1,000	£ 1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
50 A ordinary shares of £1 each	£ 50	£ 50
50 B ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	£ 100	£ 100
	<hr/>	<hr/>

A and B ordinary shares rank pari passu in all respects

10 PROFIT AND LOSS ACCOUNT

The movement in the year was as follows

	<u>2006</u>
Balance at 1 February 2005	£ 7,969
Profit for the financial year	533
	<hr/>
Balance at 31 January 2006	£ 8,502
	<hr/>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2006</u>	<u>2005</u>
Profit/(loss) for the financial year	£ 533	£ (134)
Opening shareholders' funds	8,069	8,203
	<hr/>	<hr/>
Closing shareholders' funds	£ 8,602	£ 8,069
	<hr/>	<hr/>

KILMARTIN PPG (STRAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

There were no capital commitments at 31 January 2006 (2005 – £Nil)

13 OWNERSHIP OF COMPANY

The share capital of the Company is held by Kilmartin Property Group Limited (25%), Annfield Limited (25%) and PPG (Lothian) Limited (50%), all incorporated in Scotland

14 RELATED PARTY TRANSACTIONS

There were no transactions with related parties during the year and no amounts due from or to related parties at 31 January 2006