

192466

LAND OPTIONS (WEST) LIMITED

(formerly 'Lothian Fifty (558) Limited')

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1999

R



DIRECTORS:

James McCubbin Rowney - Chairman
Robert Henry Beattie
Robert Earlie
Terrence Walker

SECRETARY:

Shirley Margaret MacGillivray

REGISTERED OFFICE:

42 St Andrew Square
Edinburgh EH2 2YE

TELEPHONE:

0131 556 8555

Registered in Scotland No. 192466

1. **Report of the Directors**

The directors present their report for the first accounting period from 11 January 1999 to 30 September 1999.

2. **Incorporation**

The company was incorporated in Scotland on 11 January 1999.

3. **Registered Office**

- The company was incorporated with its first Registered Office at 50 Lothian Road, Festival Square, Edinburgh.
- On 25 August 1999 the company changed its Registered Office to 42 St Andrew Square, Edinburgh.

4. **Change of Name**

On 24 August 1999 the company changed its name from 'Lothian Fifty (558) Limited' to 'Land Options (West) Limited'.

5. **Business Review**

The principal activity of the Company is that of a development company. The directors are satisfied with the results for the year.

6. **Share Capital**

- The company was incorporated with an authorised share capital of 100 ordinary shares of £1 each and 2 ordinary shares of £1 each were issued and fully paid up.
- On 25 August 1999 the 2 issued and 98 unissued ordinary shares of £1 each were redesignated as 'B' shares of £1 each.
- On 25 August 1999 the authorised share capital of the company was increased from 100 'B' shares of £1 each to £1,200 by the creation of 500 'B' shares of £1 each, 300 'A' shares and 300 'C' shares of £1 each; and 498 'B' shares of £1 each, 250 'A' shares of £1 each and 250 'C' shares of £1 each were issued at par and fully paid up.

7. **Directors**

The present directors of the company are listed on page 1.

- On 11 January 1999 Burness (Directors) Limited were appointed as first director of the company.
- On 31 March 1999 Burness (Directors) Limited resigned as director of the company.
- On 31 March 1999 James McCubbin Rowney and Robert Henry Beattie were appointed as directors of the company.
- On 25 August 1999 Robert Earlie and Terrence Walker were appointed as directors of the company.

8. **Secretary**

- On 11 January 1999 Burness Solicitors were appointed as first Secretary of the company.
- On 31 March 1999 Burness Solicitors resigned as Secretary of the company.
- On 31 March 1999 Shirley Margaret MacGillivray was appointed as Secretary of the company.

9. **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 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 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. The directors confirm that these financial statements comply with the aforementioned requirements.

10. **Directors' Interests**

No director had an interest in the shares of the company.

11 **Year 2000 Statement**

Year 2000 is an important issue which has been given considerable resource and attention by the Company and The Royal Bank of Scotland plc. The directors of the company have taken all reasonable steps to achieve Year 2000 compliance in all the information systems which will be critical to the adequate continuity of the company's business before, on and after 1 January 2000, whether supplied and maintained by us or by third parties.

The costs of addressing the Year 2000 issue have been absorbed in the on-going IT development expenditure of the company's holding company.

12. **Auditors**

Messrs PricewaterhouseCoopers, the company's Auditors, were appointed as first Auditors to the company at a Meeting of the Directors on 25 August 1999. They have indicated their willingness to continue in office and a resolution to appoint them and authorise the directors to fix the remuneration of the Auditors will be proposed at the first Annual General Meeting of the company.

By Order of the Board

A handwritten signature in cursive script, reading "Shirley M. MacGillivray".

Shirley Margaret MacGillivray

Secretary

18 November 1999

Auditors' report to the members of Land Options (West) Limited

We have audited the financial statements on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Annual Report 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 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 at 30 September 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

18 November 1999

LAND OPTIONS (WEST) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 1999

	<u>Note</u>	<u>1999</u> £
TURNOVER		-
Cost of Sales		-
		<hr/>
GROSS PROFIT		-
Administrative Expenses		(56,953)
		<hr/>
Operating loss		(56,953)
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(56,953)
Tax on Loss on Ordinary Activities	3	-
		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(56,953)</u>

All items on the profit and loss account relate to continuing operations.

The Company has no recognised gains and losses in the period ended 30 September 1999 other than the loss for the period. Therefore a separate statement of total recognised gains and losses has not been presented. There is no difference between the loss on ordinary activities after taxation and the retained loss for the period stated above and their historical cost equivalents.

LAND OPTIONS (WEST) LIMITED
BALANCE SHEET
AT 30 SEPTEMBER 1999

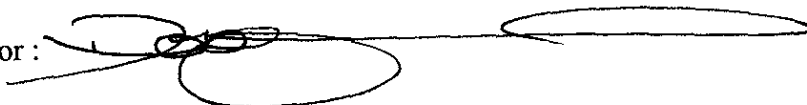
	<u>Note</u>	<u>1999</u> £
CURRENT ASSETS		
Development Assets	4	1,743,703
		<hr/>
CREDITORS:		
AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(300,656)
		<hr/>
NET CURRENT ASSETS		1,443,047
		<hr/>
CREDITORS:		
AMOUNTS FALLING DUE AFTER ONE YEAR		(1,499,000)
		<hr/>
NET ASSETS		<u>(55,953)</u>
CAPITAL AND RESERVES		
Called up Share Capital	6	1,000
Profit and Loss Account		(56,953)
DEFICIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS	7	<u>(55,953)</u>

The financial statements on pages 6 to 10 were approved by the Board of Directors on 18 November 1999 and signed on its behalf by:

Director :



Director :



LAND OPTIONS (WEST) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. **PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

(a) **Basis of accounting**

The financial statements are prepared under the historical cost convention and in compliance with the Companies Act 1985.

(b) **Taxation**

Provision is made for taxation at the current rates on taxable profits.

(c) **Deferred Taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(d) **Development assets**

Development assets are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of land, building developments and options over land.

(e) **Turnover**

Turnover represents the proceeds from the sale of development assets, together with rents receivable, exclusive of value added tax.

LAND OPTIONS (WEST) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

2. **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after charging the following:

	<u>Period ended</u> <u>30 September</u> <u>1999</u> £
Auditors' Remuneration	<u>3,000</u>

The directors received no emoluments from the Company during the period.

The Company has no employees.

3. **TAXATION**

Losses of £56,953 are carried forward to offset against future taxable profits.

4. **INVESTMENTS**

	<u>1999</u> £
At 11 January	-
Acquisitions	1,743,703
At 30 September	<u><u>1,743,703</u></u>

5. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>1999</u> £
Due to Joint Venturers	194,953
Accruals	105,703
	<u><u>300,656</u></u>

LAND OPTIONS (WEST) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

6. SHARE CAPITAL

	<u>Authorised</u>	<u>Share capital allotted, Called up And fully paid</u>
'A' Ordinary Shares of £1 each	300	250
'B' Ordinary Shares of £1 each	600	500
'C' Ordinary Shares of £1 each	300	250
At 30 September 1999		
Ordinary Shares of £1 each	<u>1,200</u>	<u>1,000</u>

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>Period ended 30 September 1999 £</u>
Opening shareholders' funds	-
Share capital issued and fully paid up	1,000
Retained loss for the year	(56,953)
Closing shareholders' funds	<u>(55,953)</u>

8. RELATED PARTY TRANSACTIONS

On 25 August 1999 Land Options (West) Limited acquired a portfolio of options over land for a consideration of £1,688,000. The options were acquired from various directors of Land Options (West) Limited and from Kelvin Homes Limited, a shareholder in the company.

At 30 September 1999 the balance of purchase consideration due to the vendors of the options was £188,000.

9. PARENT COMPANIES

The Company is a joint venture whose immediate parent companies are KUC Properties Limited and Kelvin Homes Limited, both of which are incorporated in Great Britain and registered in Scotland.