

**STEWART MILNE (WEST) LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

COMPANY NUMBER SC 192726



SCT 8JSH59WU 0144  
COMPANIES HOUSE 28/10/05

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**REPORT OF THE DIRECTORS**Directors

J. K. Cruickshank

G. F. W. Allison

J. C. O'Neil

G. C. Loudon

The Directors have pleasure in submitting their report and statement of accounts of the Company for the year ended 31 December 2004.

Activity and Review of Business

The Company's principal activity is the acquisition and sale of land for development.

The Company made a loss after taxation in the year of £185,451 (profit - period ended 31 December 2003 - £337,500). The Directors do not recommend the payment of a dividend, (period ended 31 December: nil).

Directors and their interests

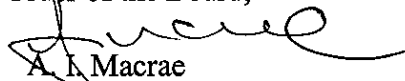
The Directors at the date of this report are as stated above and served throughout the year.

No Director had a beneficial interest in the shares of the Company during the year.

Auditors

In accordance with s.386 of the Companies Act 1985 (as amended), the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors.

By Order of the Board,

  
A. I. Macrae  
Secretary

Registered Office

18<sup>th</sup> October 2005

Level 1  
Citymark  
150 Fountainbridge  
Edinburgh  
EH3 9PE

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

		<u>2004</u>	<u>Period from 1</u> <u>March 2003 to</u> <u>31 December</u>
	<u>Notes</u>	<u>£</u>	<u>2003</u> <u>£</u>
Turnover		–	700,000
Cost of Sales		–	(414,000)
Gross Profit		–	286,000
Operating expenses		(11,845)	(6,272)
Operating (loss) / profit		(11,845)	279,728
Interest receivable		16,053	35,592
Other operating income		6,000	6,000
Interest payable and similar charges		(275,133)	(21,055)
(Loss) / profit on ordinary activities before taxation	2	(264,925)	300,265
Taxation	3	79,474	37,235
(Loss) / profit on ordinary activities after taxation		(185,451)	337,500
Profit and Loss Account at 1 January 2004		(382,351)	(719,851)
Profit and Loss Account at 31 December 2004		<u>(567,802)</u>	<u>(382,351)</u>

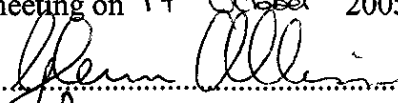

All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the Company.

The notes on pages 4 to 7 form part of these accounts.

**BALANCE SHEET**  
**As at 31 December 2004**

	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
<u>Current Assets</u>			
Stock of land for development		4,897,861	4,897,861
Taxation Recoverable		98,308	41,979
Deferred Taxation	4	72,948	37,326
Cash at bank		372,785	376,654
Other debtors		175	
		<u>5,442,077</u>	<u>5,353,820</u>
<u>Creditors: amounts falling due within one year</u>			
Loans	5,8	(5,733,647)	(5,733,647)
Accrued expenses		(276,132)	(2,424)
		<u>(6,009,779)</u>	<u>(5,736,071)</u>
<u>Net Liabilities</u>		<u>(567,702)</u>	<u>(382,251)</u>
<u>Share Capital and Reserves</u>			
Share Capital	6	100	100
Profit and Loss Account		(567,802)	(382,351)
<u>Equity Shareholders' Funds</u>	7	<u>(567,702)</u>	<u>(382,251)</u>

Approved by the Board at a meeting on 17<sup>th</sup> October 2005 and signed on its behalf by:

  
 ..... Director  
  
 ..... Director

The notes on pages 4 to 7 form part of these accounts.

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NOTES TO THE ACCOUNTS
1. Accounting policies1.1 Accounting convention

The accounts have been prepared under the historical cost convention. The accounts have been prepared in accordance with applicable accounting standards and pronouncements of the Urgent Issues Task Force ("UITF"). Accounting policies are reviewed regularly to ensure they are the most appropriate to the circumstances of the company for the purposes of giving a true and fair view.

1.2 Basis of preparation

The accounts have been prepared on a going concern basis because facilities are currently made available by the holders of the "A" and "B" Ordinary shares which are sufficient to meet the Company's obligations as they fall due.

1.3 Stocks

Stock is stated at lower of cost and net realisable value. Cost includes the cost of land and direct development costs.

1.4 Turnover

Turnover relates to land sales in the United Kingdom and is stated net of value added tax and trade discounts.

1.5 Cash Flow Statement

The company qualifies as a small company under s.247 of the Companies Act 1985. Accordingly the company is exempt from preparing a cash flow statement under FRS 1.

1.6 Deferred Tax

Deferred tax is recognised at the standard rate of corporation tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date, (except as otherwise required by FRS 19) based on corporation tax rate expected when timing differences reverse.

1.7 Interest receivable and payable

Interest receivable and payable is recognised in the profit and loss account on an accruals basis.

2. (Loss) / profit on ordinary activities before taxation

	<u>2004</u>	<u>2003</u>
(Loss)/profit on ordinary activities before taxation is stated after charging :-	£	£
Audit fees	<u>1,000</u>	<u>1,000</u>

The Company has no employees and none of the Directors receive any emoluments from the Company.

## NOTES TO THE ACCOUNTS (continued)

3. Taxation

The credit for taxation which is based on the loss on ordinary activities comprises:

	<u>Year ended</u> <u>31 December</u> <u>2004</u> <u>£</u>	<u>Period ended</u> <u>31 December</u> <u>2003</u> <u>£</u>
UK Corporation tax for the period at a rate of 30%	(43,852)	12,478
Prior year adjustment in respect of consortium relief	—	(12,387)
	<u>(43,852)</u>	<u>91</u>
<u>Deferred Tax</u>		
Deferred tax (credit)/charge for the period at a rate of 30%	(35,626)	77,602
Deferred tax charge /(credit) in respect of previous periods	4	(114,928)
	<u>(79,474)</u>	<u>(37,235)</u>

Factors Affecting the Current Tax (Credit)/Charge for the Year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%

The differences are explained below:

(Loss) / profit on ordinary activities before taxation	<u>(264,925)</u>	<u>300,265</u>
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	(79,478)	90,080

Effects of:

Current losses brought / carried forward	35,626	(77,602)
Adjustments to tax charge in respect of previous periods	4	(12,387)
Current corporation tax (credit)/charge for the year	<u>(43,852)</u>	<u>91</u>

4. Deferred Tax

	<u>2004</u> <u>£</u>	<u>2003</u> <u>£</u>
Deferred tax asset at 1 January 2004	(37,326)	-
Current year (credit) / charge	(35,626)	77,602
Prior year charge / (credit)	4	(114,928)
Deferred tax asset at 31 December 2004	<u>(72,948)</u>	<u>(37,326)</u>

Deferred taxation comprises:

Tax losses carried forward	(72,948)	(32,326)
Deferred tax asset	<u>(72,948)</u>	<u>(37,326)</u>

## NOTES TO THE ACCOUNTS (continued)

5. Loans

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
"A" Loan Stock due to Horizon Capital 2000 Limited	5,250,000	5,250,000
"C" Loan Stock due to Horizon Capital 2000 Limited	182,566	182,566
"B" Loan Stock due to Stewart Milne Homes (Southern) Limited	250,000	250,000
"D" Loan Stock due to Stewart Milne Homes (Southern) Limited	51,081	51,081
	<u>5,733,647</u>	<u>5,733,647</u>

6. Share capital

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
<u>Authorised</u>		
5,800,000 "A" ordinary shares of £1 each	5,800,000	5,800,000
1,000,000 "B" ordinary shares of £1 each	1,000,000	1,000,000
	<u>6,800,000</u>	<u>6,800,000</u>
<u>Allotted, Called up and Fully Paid</u>		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

## NOTES TO THE ACCOUNTS (continued)

7. Reconciliation of Equity Shareholders' Funds

	<u>2004</u> £	<u>2003</u> £
Equity Shareholders' Funds at 1 January 2004	(382,251)	(719,751)
(Loss) / profit attributed to Equity Shareholders	(185,451)	337,500
Equity Shareholders' Funds at 31 December 2004	<u>(567,702)</u>	<u>(382,251)</u>

8. Related party transactions

The Company has been given loan facilities by Horizon Capital 2000 Limited, the holder of the "A" Ordinary shares and Stewart Milne Homes (Southern) Limited, the holder of the "B" Ordinary shares. The loan from Horizon Capital 2000 Limited consists of £5,250,000 (2003 - £5,250,000) Unsecured Redeemable "A" Loan Stock. The loan is repayable from land sales. A fee of £275,000 was payable annually in February to the holder of the "A" Loan Stock. Horizon Capital 2000 Limited has also provided £182,566 (2003 - £182,566) of Unsecured, Redeemable "C" Loan Stock. In addition the company has been charged £10,000 (2003 - £nil) from Horizon Resources Limited (a subsidiary of the holder of the "A" Ordinary shares) for administration services. The loan from Stewart Milne Homes (Southern) Limited consists of £250,000 (2003 - £250,000) Unsecured Redeemable "B" Loan Stock and £51,081 (2003 - £51,081) Unsecured Redeemable "D" Loan Stock.

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
STEWART MILNE (WEST) LIMITED**

We have audited the accounts on pages 2 to 7.

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 8, the accounts 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 accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2004 and of its loss for the year then ended and the accounts have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**

*Chartered Accountants*

*Registered Auditor*

*Saltire Court*

*20 Castle Terrace*

*Edinburgh EH1 2EG*

27 October 2005