

STEWART MILNE (WEST) LIMITED

REPORT AND ACCOUNTS

28 February 2003

COMPANY NUMBER SC 192726



SCT SOA17QDI 1179
COMPANIES HOUSE 26/11/03

REPORT OF THE DIRECTORSDirectors

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 28 February 2003.

Activity and Review of Business

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

The Company made a loss in the year of £238,393 (2002 – loss £3,858). The Directors do not recommend the payment of a dividend.

Directors and their interests

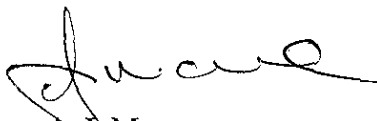
The Directors at the date of this report are as stated above and served throughout the year.

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
2nd Floor
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

13th November 2003

PROFIT AND LOSS ACCOUNT
For the year ended 28 February 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover		-	700,000
Cost of Sales		-	(400,000)
Gross Profit		-	300,000
Operating expenses		(15,405)	(51,796)
Operating (loss)/profit		(15,405)	248,204
Interest receivable		12,399	68,762
Other operating income		4,745	6,000
Interest payable and similar charges		(282,202)	(325,320)
Loss on ordinary activities before taxation	2	(280,463)	(2,354)
Taxation	3	42,070	(1,504)
Loss on ordinary activities after taxation & for the financial year		(238,393)	(3,858)
Profit and Loss Account at 1 March 2002		(481,458)	(477,600)
Profit and Loss Account at 28 February 2003		(719,851)	(481,458)

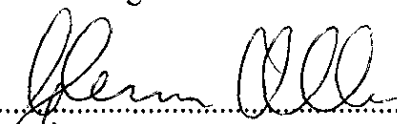
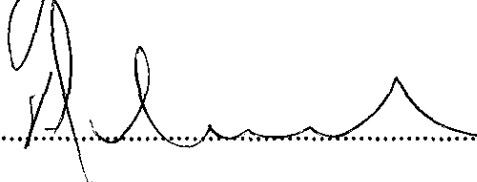
All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the Company.

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

BALANCE SHEETAs at 28 February 2003

	<u>Notes</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
<u>Current Assets</u>			
Stock of land for development		5,297,861	5,297,861
Taxation recoverable		43,870	536
Cash at bank		229,875	854,783
		<u>5,571,606</u>	<u>6,153,180</u>
<u>Creditors: amounts falling due within one year</u>			
Loans	4,8	(5,729,024)	(5,729,024)
Accrued expenses		(562,333)	(905,514)
		<u>(6,291,357)</u>	<u>(6,634,538)</u>
<u>Net Current Liabilities</u>		<u>(719,751)</u>	<u>(481,358)</u>
<u>Net Liabilities</u>		<u>(719,751)</u>	<u>(481,358)</u>
<u>Share Capital and Reserves</u>			
Share Capital	5	100	100
Profit and Loss Account	6	(719,851)	(481,458)
<u>Equity Shareholders' Funds</u>	7	<u>(719,751)</u>	<u>(481,358)</u>

Approved by the Board at a meeting on 13th November 2003 and signed on its behalf by:


.....Director

.....Director

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

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

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with currently applicable accounting standards.

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 construction 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, 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.

2. Loss on ordinary activities before taxation

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
Loss on ordinary activities before taxation is stated after charging :-		
Audit fees	<u>1,000</u>	<u>583</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)/charge for taxation which is based on the loss on ordinary activities comprises:

	<u>2003</u>	<u>2002</u>
	<u>£</u>	<u>£</u>
UK Corporation tax for the period at a rate of 30%	(42,070)	-
Prior year adjustment in respect of consortium relief	-	1,504
	<u>(42,070)</u>	<u>1,504</u>

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

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

The differences are explained below:

Loss on ordinary activities before taxation	<u>(280,463)</u>	<u>(2,354)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK	<u>(84,139)</u>	<u>(706)</u>
Effects of:		
Expenses not deductible for corporation tax purposes	-	30
Adjustments to tax in respect of previous periods	-	1,504
Increase in carried forward trade losses	42,069	676
Current corporation tax (credit)/charge for the year	<u>(42,070)</u>	<u>1,504</u>

A deferred tax asset of £42,070 has not been recognised. The asset will be recoverable when suitable taxable profits arise in the company.

NOTES TO THE ACCOUNTS (continued)

4. Loans

	<u>2003</u>	<u>2002</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	46,458	46,458
	<u>5,729,024</u>	<u>5,729,024</u>

5. Share capital

	<u>2003</u>	<u>2002</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>

6. Reserves

	<u>Profit and Loss</u>
	<u>account</u>
	<u>£</u>
As at 1 March 2002	(481,458)
Retained loss for the year	(238,393)
As at 28 February 2003	<u>(719,851)</u>

NOTES TO THE ACCOUNTS (continued)

7. Reconciliation of Equity Shareholders' Funds

	<u>2003</u> £	<u>2002</u> £
Loss attributed to Equity Shareholders	(238,393)	(3,858)
Equity Shareholders' Funds at 1 March 2002	(481,358)	(477,500)
Equity Shareholders' Funds at 28 February 2003	<u>(719,751)</u>	<u>(481,358)</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 (February 2002 - £5,250,000) "A" Redeemable Loan Stock. This loan is unsecured. The loan is repayable from land sales. A fee of £275,000 is payable annually in February to the holder of the "A" Loan Stock. Horizon Capital 2000 Limited has also provided £182,566 (February 2002 - £182,566) of unsecured, deferred "C" Loan Stock. In addition the company has been charged £10,000 (February 2002 - £10,000) from Horizon Resources Limited (a subsidiary of the holder of the "A" Ordinary shares) for administration services. £10,000 (February 2002 - £10,000) was outstanding at the year end. The loan from Stewart Milne Homes (Southern) Limited consists of £250,000 (February 2002 - £250,000) unsecured "B" Loan Stock and £46,458 (February 2002 - £46,458) unsecured, deferred "D" Loan Stock. In addition, the Company has been charged £nil (February 2002 - £16,450) by Stewart Milne Homes (Southern) Limited for sales services. £nil (February 2002 - £16,450) was outstanding at the year end.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 accounts;
- 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.

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

We have audited the financial statements 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 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 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.

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 affairs of the company as at 28 February 2003 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

KPMG Audit Plc

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

13 November 2003