

REGISTRAR

KELVIN HOLDINGS LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001



KELVIN HOLDINGS LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

The directors have pleasure in presenting their report and the audited financial statements of the company for the period from 27 June 2000 (date of incorporation) to 31 March 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company was incorporated on 27 June 2000, but has not yet commenced trading. The principal activity of the company during the period was that of holding company.

RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2001	At 27 June 2000 or later date of appointment
T Walker	Ordinary	16,667	-
R Earlie	Ordinary	8,833	-
Lycidas Nominees Limited			
Lycidas Secretaries Limited			
		<hr/>	<hr/>

T Walker was appointed as a director on 5 July 2000.

R Earlie was appointed as a director on 5 July 2000.

Lycidas Nominees Limited was appointed as a director on 27 June 2000.

Lycidas Secretaries Limited was appointed as a director on 27 June 2000.

Lycidas Nominees Limited resigned as a director on 5 July 2000.

Lycidas Secretaries Limited resigned as a director on 5 July 2000.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KELVIN HOLDINGS LIMITED

THE DIRECTORS' REPORT (continued)

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

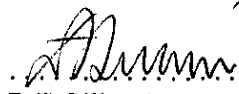
DIRECTORS' RESPONSIBILITIES (continued)

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. The directors 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

A resolution to re-appoint H L Bloom & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



D F Gillespie
Secretary

Kelvin House
87 Calder Street
Coatbridge
ML5 4EY

28 January 2002

KELVIN HOLDINGS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 company's state of affairs as at 31 March 2001 and have been properly prepared in accordance with the provisions of the Companies Act 1985.



H L Bloom & Co
Chartered Accountants
and Registered Auditors
7 Park Quadrant
Glasgow G3 6BS

29 January 2002

KELVIN HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

	£
TURNOVER	-
Administrative expenses	-
OPERATING PROFIT	-
Tax on profit on ordinary activities	-
RETAINED PROFIT FOR THE FINANCIAL PERIOD	-

The company has no recognised gains or losses for the period.

All of the activities of the company are classed as continuing.

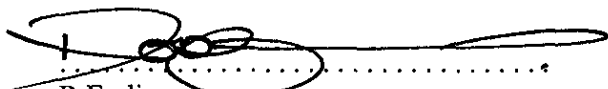
The notes on pages 7 to 9 form part of these financial statements.

KELVIN HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Note	£
FIXED ASSETS		
Investments	2	989,411
CREDITORS: Amounts falling due within one year	3	(1)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>989,410</u>
CAPITAL AND RESERVES		
Share capital	5	989,410
Profit and loss account		-
SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)	6	<u>989,410</u>

Signed on behalf of
the board of directors


.....
R Earlie
Director

The financial statements were approved by the board of directors on 28 January 2002

The notes on pages 7 to 9 form part of these financial statements.

KELVIN HOLDINGS LIMITED

CASH FLOW STATEMENT

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1
ACQUISITIONS AND DISPOSALS		
Net outflow from shares in group undertakings	(989,411)	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(989,411)
CASH OUTFLOW BEFORE FINANCING		(989,410)
FINANCING		
Issue of equity share capital	50,000	
Issue of non-equity share capital	939,410	
NET CASH INFLOW FROM FINANCING		989,410
MOVEMENT IN CASH		-
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
		£
Operating profit		-
Increase in creditors		1
Net cash inflow from operating activities		1

The notes on pages 7 to 9 form part of these financial statements.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group financial statements.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Investments

Investments are stated at cost less provision for diminution of value, if such reduction is deemed to be of a permanent nature.

2. INVESTMENTS

	Total £
COST	
Additions	989,411
At 31 March 2001	<u>989,411</u>
NET BOOK VALUE	
At 31 March 2001	<u>989,411</u>

The company owns 100% of the issued share capital of the companies listed below,

Aggregate capital and reserves

	£
Kelvin Homes Limited	2,580,962
Dundas Development Company Limited	<u>1</u>

Profit for the year

	£
Kelvin Homes Limited	28,821
Dundas Development Company Limited	<u>-</u>

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated financial statements. The financial statements show information about the company as an individual entity.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

3. CREDITORS: Amounts falling due within one year

	£
Other creditors	<u>1</u>

4. RELATED PARTY TRANSACTIONS

The company was under the control of the current directors throughout the period.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

5. SHARE CAPITAL

Authorised share capital:

	£
50,000 Ordinary shares of £1 each	50,000
139,410 "A" Redeemable Preference shares of £1 each	139,410
800,000 "B" Redeemable Preference shares of £1 each	800,000
	<u>989,410</u>

Allotted, called up and fully paid:

	No.	£
Ordinary shares	50,000	50,000
"A" Redeemable Preference shares	139,410	139,410
"B" Redeemable Preference shares	800,000	800,000
	<u>989,410</u>	<u>989,410</u>

On 27 June 2000 2 ordinary shares of £1 each were issued for cash at £1 each.

On 28 July 2000 the following shares were issued in a share for share exchange with the shareholders of Kelvin Homes Limited:

49,998 ordinary shares of £1 each
139,410 "A" redeemable preference shares of £1 each
800,000 "B" redeemable preference shares of £1 each

Both the "A" and "B" preference shares are redeemable at the preference shareholder's option at dates and values determined by reference to the sale of plots of the development land for which the preference shares were issued as consideration. If the shareholder does not exercise this option then the company is entitled to redeem the shares at the equivalent value or alternatively they are redeemed automatically on the date or dates falling two years after the date of settlement of the relevant plot.

The only income entitlement under the "A" and "B" preference share arises where the shareholder is entitled to serve but has not served a redemption notice pursuant to the terms detailed above. This entitlement is to a cash dividend of 5p per annum on the amount of shares due for redemption. No such entitlement existed at the balance sheet date.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JUNE 2000 TO 31 MARCH 2001

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	£
New equity share capital subscribed and closing shareholders' equity funds	50,000

NON-EQUITY SHAREHOLDERS' FUNDS

New non-equity share capital subscribed and closing shareholders' equity funds	<u>939,410</u>
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TOTAL SHAREHOLDERS' FUNDS	<u>989,410</u>
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7. CONTINGENT LIABILITIES

There is an unlimited multilateral guarantee between the company and its two subsidiaries, arising from a bank loan to Dundas Development Company Limited of £2,055,000. The loan is secured over the assets of Dundas Development Company Limited.