

KELVIN HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

Company Registration Number 208552



KELVIN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

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KELVIN HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 MARCH 2003

The board of directors	T Walker R Earlie
Company secretary	D F Gillespie
Registered office	Kelvin House 87 Calder Street Coatbridge ML5 4EY
Independent auditors	Blueprint Audit Limited Registered Auditor 2 Blythwood Square Glasgow G2 4AD
Accountants	Tenon Limited Accountants and Business Advisers 2 Blythwood Square Glasgow G2 4AD

KELVIN HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 March 2003.

Principal activity and business review

The principal activity of the company during the year was that of a holding company. The company has not yet commenced trading.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year 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 year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2003	At 1 April 2002
T Walker	Ordinary	16,667	16,667
R Earlie	Ordinary	<u>8,833</u>	<u>8,833</u>

Statement of 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 on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. 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.

KELVIN HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

Independent Auditors

A resolution to reappoint Blueprint Audit Limited 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
Company Secretary

Kelvin House
87 Calder Street
Coatbridge
ML5 4EY

21 January 2004

KELVIN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Kelvin Holdings Limited which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the independent auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 March 2003 and have been properly prepared in accordance with the Companies Act 1985.



Blueprint Audit Limited
Registered Auditor
2 Blythwood Square
GLASGOW G2 4AD

22 January 2004

KELVIN HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
Turnover	—	—
Administrative expenses	—	—
	—	—
Profit on ordinary activities before taxation	—	—
Tax on profit on ordinary activities	—	—
	—	—
Retained profit for the financial year	—	—

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

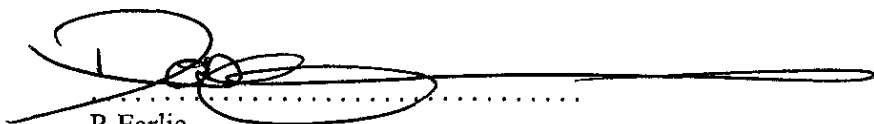
The company has no recognised gains or losses other than the results for the year as set out above.

KELVIN HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 2003

	Note	2003 £	2002 £
Fixed assets			
Investments	2	989,411	989,411
Creditors: Amounts falling due within one year	3	1	1
Total assets less current liabilities		<u>989,410</u>	<u>989,410</u>
Capital and reserves			
Share capital	6	989,410	989,410
Profit and Loss account		-	-
Shareholders' funds (Including non-equity interests)	7	<u>989,410</u>	<u>989,410</u>



R Earlie
Director

The financial statements were approved by the board of directors on 21 January 2004

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

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

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

2. Investments

	Total £
Cost	
At 1 April 2002 and 31 March 2003	989,411
Net book value	
At 31 March 2003	989,411
At 31 March 2002	989,411

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

Aggregate capital and reserves

	2003 £	2002 £
Kelvin Homes Limited	2,700,771	2,627,719
Dundas Development Company Limited	1	1

Profit for the year

Kelvin Homes Limited	73,052	45,910
Dundas Development Company Limited	—	—

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

3. Creditors: Amounts falling due within one year

	2003 £	2002 £
Other creditors	1	1

4. Contingencies

There is an unlimited multilateral guarantee between the company and its two subsidiaries, arising from a bank loan to Dundas Development Company Limited of £1,655,000 (2002 - £1,835,000). The loan is secured over the assets of Dundas Development Company Limited.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

5. Related party transactions

The company was under the control of the directors throughout the current and prior years.

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

6. Share capital

Authorised share capital:

	2003	2002
	£	£
50,000 Ordinary shares of £1 each	50,000	50,000
139,410 "A" Redeemable Preference shares of £1 each	139,410	139,410
800,000 "B" Redeemable Preference shares of £1 each	800,000	800,000
	<u>989,410</u>	<u>989,410</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
"A" Redeemable Preference shares of £1 each	139,410	139,410	139,410	139,410
"B" Redeemable Preference shares of £1 each	800,000	800,000	800,000	800,000
	<u>989,410</u>	<u>989,410</u>	<u>989,410</u>	<u>989,410</u>

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 shares 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 the shares due for redemption. No such entitlement existed at the balance sheet date.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

7. Reconciliation of movements in shareholders' funds

Equity shareholders' funds

	2003	2002
	£	£
Opening and closing shareholders' equity funds	<u>50,000</u>	<u>50,000</u>

Non-equity shareholders' funds

Opening and closing shareholders' non-equity funds	<u>939,410</u>	<u>939,410</u>
Total shareholders' funds	<u>989,410</u>	<u>989,410</u>