

REGISTRAR

KELVIN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

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KELVIN HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8

KELVIN HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

T Walker
R Earlie

Company secretary

D F Gillespie

Registered office

Kelvin House
87 Calder Street
Coatbridge ML5 4EY

Auditors

Blueprint Audit Limited
Registered Auditor
7 Park Quadrant
Glasgow G3 6BS

Accountants

Tenon Limited
Accountants and Business Advisers
7 Park Quadrant
Glasgow G3 6BS

KELVIN HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2002

The directors have pleasure in presenting their report and the audited financial statements of the company for the year ended 31 March 2002.

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 2002	At 1 April 2001
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 8, 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.

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

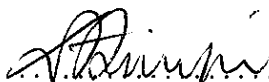
THE DIRECTORS' REPORT (continued)

YEAR ENDED 31 MARCH 2002

INDEPENDENT AUDITORS

The auditors, H L Bloom & Co have transferred their audit business to Blueprint Audit Limited. 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

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D F Gillespie
Secretary

Kelvin House
87 Calder Street
Coatbridge
ML5 4EY

29 January 2003

KELVIN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2002

We have audited the financial statements of Kelvin Holdings Limited for the year ended 31 March 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 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 THE DIRECTORS AND THE INDEPENDENT AUDITORS

As described in the Statement of Directors Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 implication for our report if we become aware of any apparent misstatements within it.

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 company's state of affairs as at 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.



Blueprint Audit Limited
Registered Auditor
7 Park Quadrant
Glasgow G3 6BS

30 January 2003

KELVIN HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2002

	Year to 31 Mar 02 £	Period from 27 Jun 00 to 31 Mar 01 £
TURNOVER	-	-
Administrative expenses	-	-
OPERATING PROFIT	-	-
Tax on profit on ordinary activities	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	-	-

The company has no recognised gains or losses.

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

The notes on pages 8 to 10 form part of these financial statements.

KELVIN HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

		2002	2001
	Note	£	£
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	5	989,410	989,410
Profit and loss account		-	-
SHAREHOLDERS' FUNDS (INCLUDING NON-EQUITY INTERESTS)	6	<u>989,410</u>	<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 29 January 2003

The notes on pages 8 to 10 form part of these financial statements.

KELVIN HOLDINGS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2002

	Year to 31 Mar 02 £	£	Period from 27 Jun 00 to 31 Mar 01 £
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		-	1

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31 Mar 02 £	Period from 27 Jun 00 to 31 Mar 01 £
Increase in creditors	-	1
Net cash inflow from operating activities	-	1

The notes on pages 8 to 10 form part of these financial statements.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

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

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	
At 1 April 2001 and 31 March 2002	<u>989,411</u>
NET BOOK VALUE	
At 31 March 2002	<u>989,411</u>
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

	2002 £	2001 £
Kelvin Homes Limited	2,627,719	2,581,809
Dundas Development Company Limited	<u>1</u>	<u>1</u>

Profit and (loss) for the year

Kelvin Homes Limited	71,856	50,668
Dundas Development Company Limited	<u>-</u>	<u>-</u>

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.

KELVIN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

3. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Other creditors	<u>1</u>	<u>1</u>

4. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current year and prior 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:

	2002 £	2001 £
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:

	2002		2001	
	No.	£	No.	£
Ordinary shares	50,000	50,000	50,000	50,000
"A" Redeemable Preference shares	139,410	139,410	139,410	139,410
"B" Redeemable Preference shares	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 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

YEAR ENDED 31 MARCH 2002

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS

	Year to 31 Mar 02 £	Period from 27 Jun 00 to 31 Mar 01 £
New equity share capital subscribed	-	50,000
Net addition to funds	-	50,000
Opening shareholders' equity funds	50,000	-
Closing shareholders' equity funds	<u>50,000</u>	<u>50,000</u>

NON-EQUITY SHAREHOLDERS' FUNDS

Opening shareholders' non-equity funds	939,410	-
New non-equity share capital subscribed	-	939,410
Closing shareholders' non-equity funds	<u>939,410</u>	<u>939,410</u>

TOTAL SHAREHOLDERS' FUNDS	<u>989,410</u>	<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 £1,835,000 (2001 - £2,055,000). The loan is secured over the assets of Dundas Development Company Limited.