

REGISTRAR

KELVIN HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



Company Registration Number 208552

Tenon Limited
Accountants and Business Advisers
2 Blythswood Square
Glasgow
G2 4AD

KELVIN HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the members	4 to 5
Balance sheet	6
Notes to the financial statements	7 to 9

KELVIN HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2005

The board of directors

C Taylor
S Earlie

Company secretary

D F Gillespie

Business address

Kelvin House
87 Calder Street
Coatbridge
ML5 4EY

Registered office

Kelvin House
87 Calder Street
Coatbridge
ML5 4EY

Auditors

Tenon Audit Limited
Registered Auditor
2 Blythswood Square
Glasgow
G2 4AD

Accountants

Tenon Limited
Accountants and Business Advisers
2 Blythswood Square
Glasgow
G2 4AD

KELVIN HOLDINGS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2005

The directors present their report and the financial statements of the company for the year ended 31 March 2005.

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 company did not trade during the year. The company's financial position at the end of the year is 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 2005	At 1 April 2004 or later date of appointment
C Taylor	Ordinary	—	—
S Earlie	Ordinary	—	—
		<u>—</u>	<u>—</u>

C Taylor was appointed as a director on 11 February 2005.
S Earlie was appointed as a director on 11 February 2005.

T Walker resigned as a director on 11 February 2005.
R Earlie resigned as a director on 11 February 2005.

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 and of the profit or loss of the company for that year. 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
- 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 2005

Auditors

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Signed on behalf of the directors


.....
D F Gillespie

Company Secretary

Approved by the directors on 27 April 2006

KELVIN HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELVIN
HOLDINGS LIMITED
YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Kelvin Holdings Limited for the year ended 31 March 2005 on pages 6 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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.

KELVIN HOLDINGS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELVIN
HOLDINGS LIMITED *(continued)*
YEAR ENDED 31 MARCH 2005

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 2005 and have been properly prepared in accordance with the Companies Act 1985.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
2 Blythswood Square
Glasgow
G2 4AD

28 April 2006

KELVIN HOLDINGS LIMITED

BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
Fixed assets			
Investments	3	989,411	989,411
Creditors: Amounts falling due within one year	4	(1)	(1)
Total assets less current liabilities		<u>989,410</u>	<u>989,410</u>
Capital and reserves			
Called-up share capital	7	989,410	989,410
Profit and loss account		—	—
Shareholders' funds (Including non-equity interests)	8	<u>989,410</u>	<u>989,410</u>

These financial statements were approved by the directors on 27 April 2006 and are signed on their behalf by:

S Farlie

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

KELVIN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

1. Accounting policies

Basis of accounting

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

No cash flow statement has been included in the financial statements as there was no cash movement in the year.

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 accounts.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to 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.

2. Profit and loss account

The company did not trade during the year and has made neither a profit nor a loss. No Profit and Loss Account has therefore been prepared.

3. Investments

	Total £
Cost	
At 1 April 2004 and 31 March 2005	989,411
Net book value	
At 31 March 2005	989,411
At 31 March 2004	989,411

KELVIN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

3. Investments (continued)

The company owns 100% of the issued share capital of the companies listed below, all companies are registered in Scotland. All companies have a year end date of 31 March 2005.

The nature of business, aggregate amount of capital and reserves and the results for these undertakings for the stated year end were as follows:

	2005 £	2004 £
Aggregate capital and reserves		
Kelvin Homes Limited	2,296,628	2,432,530
Dundas Development Company Limited	<u>1</u>	<u>1</u>
(Loss)/profit for the year		
Kelvin Homes Limited	(135,902)	181,759
Dundas Development Company Limited	<u>-</u>	<u>-</u>

Subsidiary company Kelvin Homes Limited has reported a prior year adjustment adjusting the 2004 statutory accounts. The net impact of this adjustment is a £450,000 reduction in capital and reserves from £2,882,530 originally stated to the figure disclosed above.

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.

4. Creditors: Amounts falling due within one year

	2005 £	2004 £
Other creditors	<u>1</u>	<u>1</u>

5. 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 £3,500,000 (2004 - £1,415,000). The loan is secured over the assets of Dundas Development Company Limited. The bank debt of subsidiary companies Dundas Development Company Limited and Kelvin Homes Limited at 31 March 2005 was £3,500,000 and £2,325,000 respectively.

6. Related party transactions

The company was under the control of the shareholders R Earlie and T Walker during the current and previous year by virtue of their majority shareholding.

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

KELVIN HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

7. Share capital

Authorised share capital:

	2005 £	2004 £
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:

	2005 No	£	2004 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.

8. Reconciliation of movements in shareholders' funds

Equity shareholders' funds

	2005 £	2004 £
Opening shareholders' equity funds	50,000	50,000
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>