

**TEESMARTIN HIGH WYCOMBE
LIMITED (FORMERLY
TEESMARTIN PERTH LIMITED)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
29 FEBRUARY 2004**



**TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)**

FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

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**TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)**

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors Robert J Wotherspoon

Company Secretary Neil McGuinness

Registered Office 11 Glenfinlas Street
Edinburgh
EH3 6AQ

Auditors Chiene & Tait, CA
61 Dublin Street
Edinburgh
EH3 6NL

Bankers Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

TEESMARTIN HIGH WYCOMBE LIMITED (FORMERLY TEESMARTIN PERTH LIMITED)

THE DIRECTORS' REPORT

YEAR ENDED 29 FEBRUARY 2004

The directors present their report and the financial statements of the company for the year ended 29 February 2004.

Principal activities and business review

The principal activity of the company during the year was property development.

The company changed its name to Teesmartin High Wycombe Limited on 12 June 2003. The company acquired a development property on 8 July 2003. The directors are pleased to report that the property was sold profitably on 9 March 2004.

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 profit for the year is £207,214 (2003 - loss £1,815,658)

Directors

The directors who served the company during the year were as follows:

Robert J Wotherspoon

Cesidio M Di Ciacca (resigned 1 May 2004)

No director had a direct interest in the shares of the company. The interests of R J Wotherspoon in the joint venture partner Kilmartin Estates Limited are shown in the financial statements of Kilmartin Holdings Limited.

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 6, 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.

Auditors

A resolution to re-appoint Chiene & Tait, CA as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



Neil McGuinness
Company Secretary

25 MAY 2004

**TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)**



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 29 FEBRUARY 2004

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 6.

This report is made solely to the company's shareholder 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 shareholder 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 shareholder, 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 the Directors' Report and consider the implications 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.

In forming our opinion we have considered the fact that the financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support from the joint venture partners and the company's bankers. The circumstances of the uncertainty are described in note 12. The financial statements do not include any adjustments which would result from a failure to receive that support and our opinion is not qualified in this matter.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 29 February 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Chiene & Tait

CHIENE & TAIT, CA

Registered Auditors

61 Dublin Street

Edinburgh

EH3 6NL

30 July 2004

TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 FEBRUARY 2004

	Note	Year to 29 Feb 04 £	Period from 30 Aug 01 to 28 Feb 03 £
Turnover	1	824,166	7,114,796
Cost of sales		(9,779)	(8,530,457)
Gross profit/(loss)		814,387	(1,415,661)
Administrative expenses		(5,806)	(9,268)
Operating profit/(loss)	2	808,581	(1,424,929)
Interest receivable		1,558	244
Interest payable	4	(531,019)	(390,973)
Profit/(loss) on ordinary activities before taxation		279,120	(1,815,658)
Tax on profit/(loss) on ordinary activities	5	(71,906)	–
Retained profit/(loss) for the financial year		207,214	(1,815,658)

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.

The notes on pages 6 to 9 form part of these financial statements.

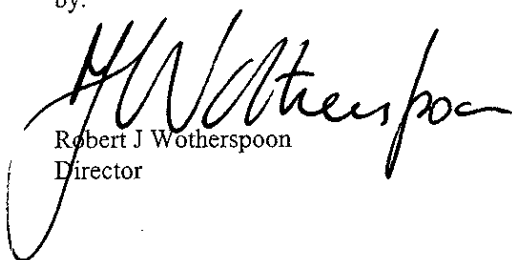
TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)

BALANCE SHEET

29 FEBRUARY 2004

	Note	2004 £	2003 £
Current assets			
Work in progress	6	14,607,469	—
Creditors: amounts falling due within one year	7	16,215,912	1,815,657
Total assets less current liabilities		<u>(1,608,443)</u>	<u>(1,815,657)</u>
Capital and reserves			
Called-up equity share capital	8	1	1
Profit and loss account	9	<u>(1,608,444)</u>	<u>(1,815,658)</u>
Equity shareholder's funds	9	<u>(1,608,443)</u>	<u>(1,815,657)</u>

These financial statements were approved by the directors on the ^{25TH MAY 2004} and are signed on their behalf by:


 Robert J Wotherspoon
 Director

The notes on pages 6 to 9 form part of these financial statements.

TEESMARTIN HIGH WYCOMBE LIMITED (FORMERLY TEESMARTIN PERTH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities within the United Kingdom, stated net of value added tax.

Work in progress

Development properties are stated at the lower of cost and net realisable value. Cost is computed on the total consideration paid. Net realisable value is based on estimated selling price less the estimated costs of disposal.

Deferred taxation

Deferred tax is provided on 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 is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

2. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year to 29 Feb 04 £	Period from 30 Aug 01 to 28 Feb 03 £
Auditors' remuneration		
- as auditors	1,850	1,750
- for other services	750	500
	<u>2,600</u>	<u>2,250</u>

3. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year.

4. Interest payable

	Year to 29 Feb 04 £	Period from 30 Aug 01 to 28 Feb 03 £
Interest payable on bank borrowing	531,019	125,809
Teesland Developments Limited loan	—	265,164
	<u>531,019</u>	<u>390,973</u>

TEESMARTIN HIGH WYCOMBE LIMITED
(FORMERLY TEESMARTIN PERTH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

5. Tax on profit/(loss) on ordinary activities

(a) Analysis of charge in the year

	Year to 29 Feb 04 £	Period from 30 Aug 01 to 28 Feb 03 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	71,906	—
Total current tax	<u>71,906</u>	<u>—</u>

The company has an unrecognised deferred tax asset of £463,765. This has arisen from tax losses carried forward. Its recoverability is dependent upon future trading taxable profits arising and its utilisation within the group, the likelihood of which cannot at this stage be determined with reasonable certainty.

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	Year to 29 Feb 04 £	Period from 30 Aug 01 to 28 Feb 03 £
Profit/(loss) on ordinary activities before taxation	<u>279,120</u>	<u>(1,815,658)</u>
Profit/(loss) on ordinary activities by rate of tax	83,736	(544,697)
Group relief (claimed) / surrendered	(11,830)	80,932
Tax losses carried forward	—	463,765
Total current tax (note 6(a))	<u>71,906</u>	<u>—</u>

6. Work in progress

	2004 £	2003 £
Development properties	<u>14,607,469</u>	<u>—</u>

TEESMARTIN HIGH WYCOMBE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

7. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	15,784,613	1,236,686
Trade creditors	2,685	19,442
Amounts owed to related undertakings	1,322	—
Corporation tax	71,906	—
Other tax and social security	59,990	355,109
Other creditors	145,005	164,133
Accruals and deferred income	150,391	40,287
	<u>16,215,912</u>	<u>1,815,657</u>

The bank overdraft is secured by a standard security, bond and floating charge over the assets of the company.

8. Share capital

Authorised share capital:

	2004 £	2003 £
1,000 'A' Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004 No	2004 £	2003 No	2003 £
'A' Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	1	—	1
Loss for the period	—	(1,815,658)	(1,815,658)
Balance brought forward	<u>1</u>	<u>(1,815,658)</u>	<u>(1,815,657)</u>
Retained profit for the year	—	207,214	207,214
Balance carried forward	<u>1</u>	<u>(1,608,444)</u>	<u>(1,608,443)</u>

10. Post balance sheet events

After the year end the development property was sold to The Chilterns Shopping Centre LP.

TEESMARTIN HIGH WYCOMBE LIMITED (FORMERLY TEESMARTIN PERTH LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 FEBRUARY 2004

11. Ultimate parent company

During the year the company was a 100% subsidiary of Teesmartin Developments Limited which is a joint venture between Kilmartin Estates Limited and SDG Scotia Limited (formerly Teesland Scotia Limited). Both companies hold 50% of the issued share capital and share any profits or losses equally. All operational decisions are made jointly.

During the period accountancy fees of £6,125 (2003: £6,000) were payable to Kilmartin Property Group Limited, a company controlled by R J Wotherspoon. At the year end a balance of £1,322 was due to be paid to Kilmartin Property Group.

In the period ended 28 February 2003 the company sold land at St Catherine's Retail park to KW Scotland a company which RJ Wotherspoon holds a 50% interest. Teesmartin High Wycombe Limited is entitled to a 50% share of any "super profits" generated by KW Scotland limited in the development of this land.

On 1 May 2004, Teesmartin Developments limited sold all of the shares in the Company to K W Scotland Limited.

12. Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis, the validity of which is dependant upon financial support from the joint venture partners and the company's bankers in order to meet its day to day working capital.