

**DUNEDIN PROPERTY (CAPITAL HOUSE)
LIMITED**

Report and Financial Statements

**For the period 1 May 2003 to 31 December
2003**



DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Barry
S Gibson
I Solley
A Fullerton

SECRETARY

A Fullerton

REGISTERED OFFICE

Shepherd & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Edinburgh

DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the period 1 May 2003 to 31 December 2003.

INCORPORATION

The company was incorporated on 1 May 2003.

CHANGE OF ACCOUNTING REFERENCE DATE

During the course of the period the accounting reference date was shortened from 31 May 2004 to 31 December 2003.

ACTIVITIES

The company is a holding company incorporated in the United Kingdom.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company continues to actively seek investment opportunities.

The directors are satisfied with the company's state of affairs and its future prospects.

RESULTS AND DIVIDENDS

The result for the period after taxation amounted to £nil. The directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors in office during the period were as follows:

	Appointed	Resigned
R Barry	13 May 2003	-
S Gibson	13 May 2003	-
I Solley	13 May 2003	-
A Fullerton	13 May 2003	-
F Fowlie	1 May 2003	13 May 2003
I Barton	1 May 2003	13 May 2003

Directors' interests in shares of the company are as follows:

Ordinary 'A' shares of 10p each 31 December 2003

R Barry	456
S Gibson	344

Ordinary 'B' shares of 10p each 31 December 2003

A Fullerton	100
I Solley	100

AUDITORS

Deloitte & Touche were appointed auditors of the company on incorporation.

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as auditors of the company will be proposed at the next Annual General Meeting.

By order of the Board


A Fullerton
Secretary

24th October 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. 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; 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. They 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

We have audited the financial statements of Dunedin Property (Capital House) Limited for the period 1 May 2003 to 31 December 2003 which comprise the balance sheet and the related notes 1 to 7. These financial statements have been prepared under 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 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 financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 required by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report contained in the annual report for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of 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 circumstances of the company, 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 affairs of the company as at 31 December 2003 and of the result of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh

28 October 2004

DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

BALANCE SHEET 31 DECEMBER 2003

	Note	2003 £000
FIXED ASSETS		
Investments	3	1,211
Creditors: amounts falling due within one year	4	(1,211)
NET ASSETS		<hr/> -
CAPITAL AND RESERVES		<hr/>
Called up share capital	5	-
EQUITY SHAREHOLDERS' FUNDS	6	<hr/> -

The company did not trade during the current period and has made neither profit nor loss, nor any other recognised gains and losses, hence no profit and loss account or statement of total recognised gains and losses is presented.

These financial statements were approved by the Board of Directors on ²¹ October 2004.

Signed on behalf of the Board of Directors



A Fullerton
Director

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2003

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Investments

Investments are included at cost, less impairment.

Consolidated Accounts

The company has not prepared consolidated accounts on the basis that it does not have control over its investment. In accordance with FRS 9, Associates and Joint Ventures, the company has not equity accounted for its investment. Accordingly, relevant information about the investment has been given in a note to the accounts.

Taxation

Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. DIRECTORS AND EMPLOYEES

No director received emoluments from the company during the period.

There were no employees during the current period.

The audit fee was borne by another undertaking in which the company has a participating interest.

DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2003

3. INVESTMENTS

	2003 £
Ordinary Shares in participating interest at cost	50
Preference Shares in participating interest at cost	<u>1,210,845</u>

The Company owns 50% of the issued ordinary share capital of the undertakings set out below:

Participating interest undertakings	Country of incorporation/ registration	Activity
Capital Knaves Property Investment Limited	England	Property Trading

The following information is taken from the Capital Knaves Property Investment Limited audited accounts for the period from incorporation on 1 May 2003 to 31 December 2003 and represents the company's 50% share:

	2003 £000
Turnover	1,433
Operating Profit	1,294
Profit on ordinary activities before taxation	73
Tax on profit on ordinary activities	<u>(22)</u>
Profit on ordinary activities after taxation	51
Dividends accrued on non equity shares	<u>(229)</u>
Deficit after appropriations	<u>(178)</u>
Current assets	51,571
Liabilities due within one year	(6,406)
Liabilities due after one year	<u>(39,060)</u>
Net assets	<u>6,105</u>

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000
Amounts owed to related undertaking	<u>1,211</u>

DUNEDIN PROPERTY (CAPITAL HOUSE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2003

5. SHARE CAPITAL

	2003 £
Authorised:	
800 Ordinary 'A' shares of 10p each	80
200 Ordinary 'B' shares of 10p each	20
	<hr/>
	100
	<hr/>
Called up, allotted and fully paid:	
800 Ordinary 'A' shares of 10p each	80
200 Ordinary 'B' shares of 10p each	20
	<hr/>
	100
	<hr/>

The called up, allotted and fully paid ordinary shares and the preference shares were issued at par in the period. The two classes of ordinary shares have the same rights attached, except in the case of voting rights, whereby only 'A' class shareholders can vote.

6. STATEMENT OF MOVEMENT ON RESERVES AND SHAREHOLDERS' FUNDS

	Share capital £000
As at 1 May 2003	-
Shares issued on incorporation	-
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At 31 December 2003	-
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7. RELATED PARTY TRANSACTIONS

At 31 December 2003 the company had a loan outstanding with Dunedin Property Investment Company Limited of £1,211,000.