Caledonia Homes (Blackburn) Limited

Directors' Report and Financial Statements

31 December 2005
Registered Number SC263304

Directors' Report and Financial Statements

Contents

Directors' Report

The Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2005

Results and Dividends

The result for the year is set out in the profit and loss account on page 4

Activity

The principal activity of the company is that of property development The directors consider the year end financial position to be satisfactory

Directors and Directors' Interests

The Directors of the company during the year were

Ewan T Anderson
Ian W McMurdo
Ronnie A Jacobs

None of the Directors had any interest in the share capital of the company

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the Board

Ewan T Anderson
Director

11 September 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to 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 period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditors' report to the members of Caledonia Homes (Blackburn) Limited

We have audited the financial statements of Caledonia Homes (Blackburn) Limited for the year ended 31 December 2005 which comprise of the Profit and Loss Account and the Balance Sheet, and the related notes 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 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 directors and 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 UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the stateof the company's affairs as at 31 December 2005 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

30 September 2006

Profit and loss account
For the year ended 31 December 2005

	Note	**2005**	2004
		£	£
Turnover		**4,384,010**	40,000
Cost of sales		**(3,498,547)**	(33,440)
Gross profit		**885,463**	6,560
Administrative expenses		**(704,876)**	
Operating profit	*3*	**180,586**	6,560
Net interest payable	*4*	**(118,940)**	(68,206)
Profit/(loss) on ordinary activities before taxation		**61,646**	(61,646)
Tax on profit/(loss) on ordinary activities	5	**(18,494)**	18,494
Retained profit/(loss) for the year		**43,152**	(43,152)

There are no recognised gains or losses other than those disclosed above

Balance sheet
As at 31 December 2005

	Note	**2005**	2004
		£	£
Current assets			
Stocks	*6*	**1,608,699**	2,278,534
Debtors	*7*	**108,513**	75,862
		1,717,212	2,354,396
Creditors: amounts falling due within one year	*8*	**(1,717,112)**	(2,397,448)
Net assets/(liabilities)		**100**	(43,052)
Capital and reserves			
Called up share capital	*10*	**100**	100
Profit and loss account			(43,152)
Equity shareholders' funds/(deficit)	*11*	**100**	(43,052)

These financial statements were approved by the board of directors on 11 September 2006 and were signed on its behalf by

Ewan T Anderson
Director

Notes

(Forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements In these financial statements the following new standards have been adopted for the first time

FRS 21 'Events after the balance sheet date',
The presentation requirements for FRS25 'Financial instruments presentation and disclosure', and
FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985 FRS 21 'Events after the balance sheet date' has had no impact on the financial statements The presentation requirements for FRS 25 result in dividends no longer being presented on the face of the profit and loss account The corresponding amounts in these financial statements are restated in accordance with the new policies

Basis of accounting

The accounts are prepared under the historical cost basis and in accordance with applicable Accounting Standards

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the invoiced value of sales and other services provided to third parties during the period, exclusive of value added tax

Dividend on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Development work in progress

Development work in progress has been valued at cost plus attributable overheads or net realisable value if lower

Notes *(continued)*

2. Staff numbers and costs

The company has no employees and no emoluments were paid to the Directors of the company during the year

3 Operating profit

This is stated after charging

	2005	2004
	£	£
Auditors' remuneration audit fee	**580**	565

4. Net interest payable

	2005	2004
	£	£
Bank interest payable	**118,940**	68,206

5. Tax on ordinary activities

Analysis of charge in the period	**2005**	2004
	£	£
UK Corporation tax:		
Current tax on income for the period	**(45,700)**	45,700
Deferred tax (origination)/reversal of timing differences	**64,194**	(64,194)
Tax on ordinary activities	**18,494**	(18,494)

Factors affecting the tax charge for the current period.

The current tax charge for the period is higher than (2004 higher than) the standard rate of corporation tax in the UK (30%) The differences are explained below

Current tax reconciliation

	2005	2004
	£	£
Profit/(loss) on ordinary activities before tax	**61,646**	(61,646)
Current tax at 30%	**18,494**	(18,494)
Effect of		
Deferred tax (reversal)/origination of timing differences	**(64,194)**	64,194
Adjustment re transfer pricing	**(148,056)**	45,700
Balancing payment re transfer pricing adjustment	**148,056**	(45,700)
Total current tax charge (see above)	**(45,700)**	45,700

Notes *(continued)*

6 Stocks

	2005	2004
	£	£
Land work in progress	**602,220**	1,535,791
Development work in progress	**1,006,479**	742,743
	1,608,699	2,278,534

7. Debtors

	2005	2004
	£	£
Unpaid share capital	**100**	100
Amounts owed by parent undertakings	**5,000**	
Deferred tax asset (note 9)	-	64,194
Shareholder tax balancing payment	**102,356**	
Other debtors	**1,057**	11,568
	108,513	75,862

8. Creditors. amounts falling due within one year

	2005	2004
	£	£
Amounts owed to parent undertaking	**704,876**	
Bank loan	**842,780**	2,321,198
Shareholder tax balancing payment		45,700
Corporation tax	**102,356**	
Accruals and deferred income	**67,100**	30,550
	1,717,112	2,397,448

The bank loan which is repayable by 30 June 2006, is guaranteed in part by Miller Residential Development Services Limited, and secured over all the company's property and assets The bank loan is subject to interest at the bank's base rate plus an interest margin of 1 75%

9. Deferred tax

	2005	2004
	£	£
At beginning of year	**64,194**	
Transferred to profit and loss account	**(64,194)**	64,194
At end of year (see note 7)		64,194

Notes *(continued)*

10 Called up share capital

	2005 £	2004 £
Authorised, Allotted and fully paid		
50 Ordinary 'A' shares of £1 each	**50**	50
50 Ordinary 'B' shares of £1 each	**50**	50
	100	100

Both "A" and "B" shares have the same voting rights and rank pari passu as set out in the Memorandum and Articles of Association of the company

11. Reconciliation of movement in shareholders funds

	2005 £	2004 £
Profit/(loss) for the year	**43,152**	(43,152)
New shares issued		100
Total movements during the year	**43,152**	(43,052)
Shareholders' funds at start of year	**(43,052)**	
Shareholders' funds at end of year	**100**	(43,052)

12 Related party disclosures

The company is controlled jointly by Miller Residential Developments Services Limited and Caledonia Homes Limited

During the year the company paid management fees and reimbursed construction costs and fees of £nil (2004 £1,593) to Miller Residential Development Services Limited and £2,778,051 (2004 £723,868) to Caledonia Homes Limited At the year end £269,590 (2004 £15,613) and £327,930 (2004 £30,087) was owed to Miller Residential Development Services Limited and Caledonia Homes Limited