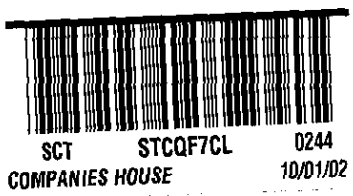
Armitscot Developments Limited

Directors' report and financial statements

Registered number SC053538

30 November 2001





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Directors and advisers

Directors	EM Walker, FRICS Mrs FM Walker BE Walker FM Young CA Walker
Secretaries	Messrs Bell & Scott WS 16 Hill Street Edinburgh EH2 3LD
Registered office	16 Hill Street Edinburgh EH2 3LD
Auditors	KPMG Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Bank of Scotland Head Office The Mound Edinburgh EH1 1YZ

Directors' report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 30 November 2001.

Principal activities

The principal activities of the company are the construction and sale of private houses, both on its own account and on a contract basis.

Business review

The results for the period are set out in the attached financial statements. The directors recommend that no dividends be paid.

The retained profit for the year is £68,170 (*2000: £41,110*).

Directors and directors interests

The directors who were in office throughout the period are noted on page 1. The directors who held office at the end of the financial period had the following interests in ordinary shares of £1 each of the company:

	Interest at end of period		*Interest at start of period or* date of appointment	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
EM Walker	**-**	**470**	-	1,300
Mrs FM Walker	**-**	**-**	-	830
BE Walker	**-**	**170**	-	320
Mrs FM Young	**565**	**150**	150	150
CA Walker	**565**	**150**	150	150

BE Walker and CA Walker retire by rotation and, being eligible, offer themselves for re-election.

Taxation

The company is a close company for taxation purposes.

By order of the board

Bell & Scott WS
Secretaries

Edinburgh
19 December 2001

Statement of directors' responsibilities

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 and of the profit or loss 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;
- 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. 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.

KPMG

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Armitscot Developments Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of opinion

We conducted our audit in accordance with 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 state of the Company's affairs as at 30 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

19 December 2001

Profit and loss account

for the year ended 30 November 2001

	Notes	2001 £	2000 £
Turnover		**443,623**	214,752
Cost of sales		**(358,672)**	(146,913)
Gross profit		**84,951**	67,839
Administrative expenses		**(19,620)**	(24,671)
Other operating income		**5,390**	5,040
Operating profit	*2*	**70,721**	48,208
Interest receivable and similar income	*4*	**19,046**	5,130
Profit on ordinary activities before taxation		**89,767**	53,338
Tax on profit on ordinary activities	*5*	**(21,597)**	(12,228)
Retained profit for the year	*12*	**68,170**	41,110

There were no recognised gains or losses other than the profit for the year and the preceding year.

Balance sheet
at 30 November 2001

	Notes	2001 £	2000 £
Fixed assets			
Investment property	*6*	**92,973**	92,973
Shared equities		**103,221**	103,221
Other unlisted investments	*7*	**6,000**	6,000
		202,194	202,194
Current assets			
Stocks	*8*	**1,038,673**	1,330,972
Debtors	*9*	**5,931**	33,573
Cash at bank		**546,460**	146,364
		1,591,064	1,510,909
Creditors: amounts falling due within one year	*10*	**(42,236)**	(30,251)
Net current assets		**1,548,828**	1,480,658
Total assets less current liabilities		**1,751,022**	1,682,852
Creditors: amounts falling due outwith one year	*10*	**(1,354,249)**	(1,354,249)
Net assets		**396,773**	328,603
Capital and reserves			
Called up share capital	*11*	**1,600**	1,600
Profit and loss account	*12*	**395,173**	327,003
Equity shareholders' funds		**396,773**	328,603

These financial statements were approved by the board of directors on 19 December 2001 and were signed on its behalf by:

EM Walker
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with issues which are considered material in relation to the company's financial statements.

Basis of preparation

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

Cash flow statement

The company is exempt from the requirement to present a cash flow statement under Financial Reporting Standard 1, on the grounds that it qualifies as a small company.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress, cost is taken as production cost which includes an appropriate proportion of overheads less progress payments.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made, using the liability method, if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Investment properties

In accordance with SSAP 19, investment properties are not depreciated or amortised but revalued every three years and the aggregate surplus or deficit is transferred to a revaluation reserve. This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investments

Fixed asset investments in shared equities in land and buildings are stated at cost. Current asset investments which comprise shared equities in land and buildings are stated at the lower of cost and net realisable value.

Turnover

Turnover represents invoiced sales net of VAT arising from the construction and sale of private houses.

Notes *(continued)*

2 Operating profit

Operating profit is stated after charging:

		2001 £	2000 £
Auditors' remuneration	- audit services	2,100	2,000
	- non-audit services	12,287	17,680

3 Remuneration of directors

The directors are the only employees of the company.

Directors' emoluments	-	-

4 Interest receivable and similar income

Income from short term deposits	19,043	5,130
Other interest	3	-
	19,046	5,130

5 Tax on profit on ordinary activities

UK corporation tax at 30% *(2000: 30%)* on the profit for the period	26,930	16,001
Overprovision of taxation in prior years	(5,333)	(3,773)
	21,597	12,228

6 Investment properties

	£
At beginning and end of year	92,973

7 Fixed asset investments

	Other unlisted investments £
Shares or debentures at cost	
At beginning and end of year	6,000

Notes *(continued)*

8 Stocks

	2001 £	2000 £
Building land	-	25,500
Work in progress	**1,038,673**	1,305,472
	1,038,673	1,330,972

9 Debtors

Other debtors	**5,816**	33,448
Prepayments and accrued income	**115**	125
	5,931	33,573

10 Creditors

Amounts falling due within one year

Corporation tax	**26,930**	16,001
Accruals and deferred income	**15,306**	14,250
	42,236	30,251

Amounts falling due after more than one year

Shareholders' loans	**1,354,249**	1,354,249

The shareholders' loans are unsecured, interest free and have no fixed repayment dates.

11 Share capital

	2001 £	2000 £
Authorised		
Ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,600**	1,600

Notes *(continued)*

12 Profit and loss account

	2001 £	2000 £
At beginning of year	**327,003**	285,893
Retained profit for the year	**68,170**	41,110
At end of year	**395,173**	327,003

13 Reconciliation of movements in shareholders' funds

Profit for the financial year	***68,170***	*41,110*
Shareholders' funds at start of year	**328,603**	287,493
Shareholders' funds at end of year	**396,773**	328,603

14 Related party disclosures

During the year the company sold a house to Mrs FM Young, a director, of the company, for £235,498.

During the year the company acquired shared equities for £40,000 from a retirement benefit scheme in which certain of the directors participated.