NATIONSPACES DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2005

COMPANY REGISTRATION NUMBER SC 044033



NELSON GILMOUR SMITH & CO.
CHARTERED ACCOUNTANTS
GLASGOW

NATIONSPACES DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2005

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NATIONSPACES DEVELOPMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J.R.W. Syme Mrs P.J. Syme R.D.A. Syme B.G.W. Syme
Company secretary	R.D.A. Syme
Registered office	Joyfields House Douglas Avenue Giffnock Glasgow G46 6NX
Auditors	Nelson Gilmour Smith & Co. Chartered Accountants & Registered Auditors *Mercantile Chambers* 53 Bothwell Street Glasgow G2 6TB
Bankers	Clydesdale Bank PLC Newton Mearns Glasgow G77
Solicitors	Campbell Riddell Breeze Paterson Solicitors 21 Park Road *Milngavie* Glasgow G62 9PJ

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 28 February 2005.

Principal activities and business review
The company's principal activities during the year continued to be property management and ownership.

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

The directors consider the state of the company's affairs to be satisfactory.

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 recommended the following dividends:

	2005	2004
	£	£
Proposed dividends on ordinary shares	**3,750**	7,500
Dividends paid on ordinary shares	**3,750**	1,200
	7,500	8,700

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:

	Ordinary Shares of £1 each	
	At	At
	28 February 2005	1 March 2004
J.R.W. Syme	**40**	1
Mrs P.J. Syme	**40**	1
R.D.A. Syme	**20**	–

B.G.W. Syme was appointed as a director on 13 March 2005.

On the 29 March 2004 the company undertook a capital restructuring with a bonus issue of 49 ordinary £1 shares for every ordinary £1 share held.

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, as described on page 10, 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. 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 Nelson Gilmour Smith & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Joyfields House
Douglas Avenue
Giffnock
Glasgow
G46 6NX

Signed by order of the directors

R.D.A. Syme
Company Secretary

Approved by the directors on 16th August 2005

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONSPACES DEVELOPMENTS LIMITED

YEAR ENDED 28 FEBRUARY 2005

We have audited the financial statements of Nationspaces Developments Limited for the year ended 28 February 2005 on pages 6 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 10 .

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIONSPACES DEVELOPMENTS LIMITED *(continued)*

YEAR ENDED 28 FEBRUARY 2005

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Nelson Gilmour Smith & Co

NELSON GILMOUR SMITH & CO.
Chartered Accountants
& Registered Auditors

Mercantile Chambers
53 Bothwell Street
Glasgow
G2 6TB

15th August 2005

NATIONSPACES DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 28 FEBRUARY 2005

	Note	2005 £	2004 £
Turnover	2	**89,851**	67,398
Administrative expenses		**65,085**	48,075
Operating profit	3	**24,766**	19,323
Interest receivable		**658**	5
Interest payable and similar charges	6	**(179)**	(320)
Profit on ordinary activities before taxation		**25,245**	19,008
Tax on profit on ordinary activities	7	**3,484**	2,128
Profit on ordinary activities after taxation		**21,761**	16,880
Dividends	8	**7,500**	8,700
Retained profit for the financial year		**14,261**	8,180

All of the activities of the company are classed as continuing.

The notes on pages 10 to 17 form part of these financial statements.

NATIONSPACES DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 28 FEBRUARY 2005

	2005 £	2004 £
Profit for the financial year attributable to the shareholders	**21,761**	16,880
Unrealised profit on revaluation of tangible fixed assets: Investment Properties - Cost Brought Forward	**72,677**	–
Total gains and losses recognised since the last annual report	**94,438**	16,880

The notes on pages 10 to 17 form part of these financial statements.

NATIONSPACES DEVELOPMENTS LIMITED

BALANCE SHEET

28 FEBRUARY 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	9		220,581		119,337
Investments	10		12,540		12,540
			233,121		131,877
Current assets					
Debtors	11	3,807		1,467	
Cash at bank and in hand		12,303		11,611	
		16,110		13,078	
Creditors: Amounts falling due within one year	12	15,615		14,771	
Net current assets/(liabilities)			495		(1,693)
Total assets less current liabilities			233,616		130,184
Creditors: Amounts falling due after more than one year	13		16,494		–
			217,122		130,184
Capital and reserves					
Called-up equity share capital	16		100		2
Revaluation reserve	17		72,677		–
Other reserves	18		5,215		5,215
Profit and loss account	19		139,130		124,967
Shareholders' funds	20		217,122		130,184

These financial statements were approved by the directors on the 16/8/2005 and are signed on their behalf by:

J.R.W. Syme

The notes on pages 10 to 17 form part of these financial statements.

NATIONSPACES DEVELOPMENTS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 28 FEBRUARY 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow from operating activities	21		**25,773**		15,599
Returns on investments and servicing of finance	21		**479**		(315)
Taxation	21		**(2,255)**		(540)
Capital expenditure and financial investment	21		**(29,867)**		(7,405)
Equity dividends paid			**(11,250)**		(1,200)
Cash (outflow)/inflow before financing			**(17,120)**		6,139
Financing	21		**17,812**		(6,133)
Increase in cash	21		**692**		6

The notes on pages 10 to 17 form part of these financial statements.

1. Accounting policies

Basis of accounting
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Turnover
The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets
All fixed assets are initially recorded at cost.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles	-	20% reducing balance
Equipment	-	25% reducing balance

Investments
Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2. Turnover

The turnover and profit before tax are attributable to the two principal activties of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	**89,851**	67,398

3. Operating profit

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	**2,182**	2,527
Profit on disposal of fixed assets	**(882)**	–
Auditors' remuneration		
- as auditors	**1,250**	–

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of administrative staff	1	1
Number of management staff	3	3
	4	4

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	42,710	24,699
Social security costs	–	827
Other pension costs	1,200	–
	43,910	25,526

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	31,450	18,883
Value of company pension contributions to money purchase schemes	1,200	–
	32,650	18,883

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	1	–

6. Interest payable and similar charges

	2005 £	2004 £
Other similar charges payable	179	320

7. Taxation on ordinary activities

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year	3,484	2,128
Total current tax	3,484	2,128

8. Dividends

The following dividends have been paid or proposed in respect of the year:

	2005 £	2004 £
Proposed dividend on ordinary shares	3,750	7,500
Dividend paid on ordinary shares	3,750	1,200
	7,500	8,700

9. Tangible fixed assets

	Freehold Property £	Motor Vehicles £	Equipment £	Investment Properties £	Total £
Cost or valuation					
At 1 March 2004	3,000	6,457	9,440	107,521	126,418
Additions	38,001	–	946	–	38,947
Disposals	–	–	–	(8,198)	(8,198)
Revaluation	–	–	–	72,677	72,677
At 28 February 2005	41,001	6,457	10,386	172,000	229,844
Depreciation					
At 1 March 2004	–	1,291	5,790	–	7,081
Charge for the year	–	1,033	1,149	–	2,182
At 28 February 2005	–	2,324	6,939	–	9,263
Net book value					
At 28 February 2005	41,001	4,133	3,447	172,000	220,581
At 29 February 2004	3,000	5,166	3,650	107,521	119,337

The Investment properties were revalued by DM Hall, on the basis of open market value and current use, in the sum of £172,000.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005 £	2004 £
Net book value at end of year	172,000	–
Historical cost	99,322	–

10. Investments

Other investments

	£
Cost	
At 1 March 2004 and 28 February 2005	**12,540**
Net book value	
At 28 February 2005	**12,540**
At 29 February 2004	12,540

11. Debtors

	2005 £	2004 £
Other debtors	**2,000**	–
Prepayments and accrued income	**1,807**	1,467
	3,807	1,467

12. Creditors: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	**3,134**	1,816
Other creditors including taxation and social security:		
Corporation tax	**3,357**	2,128
PAYE and social security	**1,867**	1,979
Dividends payable	**3,750**	7,500
Directors current accounts	**3**	3
	12,111	13,426
Accruals and deferred income	**3,504**	1,345
	15,615	14,771

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	**799**	1,816

13. Creditors: Amounts falling due after more than one year

	2005 £	2004 £
Bank loans and overdrafts	**16,494**	–

13. Creditors: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	**19,630**	–

14. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	**799**	–
In more than one year but not more than two years	**853**	–
In more than two years but not more than five years	**2,934**	–
In more than five years	**15,414**	–
	20,000	–

The bank loan is secured by a fixed charge on 2 Main Street, Stewarton and 77 Hyndland Street, Glasgow.

15. Related party transactions

Control:-

In the directors' opinion no one party had ultimate control of the company at the balance sheet date.

Transactions:-

During the year the company paid commission of £5,518 to A. Ralph & Co., a partnership 50% owned by Mrs P.J. Syme, a director of the company (2004: £0).

16. Share capital

Authorised share capital:

	2005 £	2004 £
100 Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid:

	2005 No	2005 £	2004 No	2004 £
Ordinary shares of £1 each	**100**	**100**	2	2

On the 29 March 2004 the company undertook a capital restructuring with a bonus issue of 49 ordinary £1 shares for every ordinary £1 share held.

17. Revaluation reserve

	2005 £	2004 £
Revaluation of fixed assets	**72,677**	–
Balance carried forward	**72,677**	–

18. Other reserves

	2005 £	2004 £
Capital redemption reserve	**5,215**	5,215

19. Profit and loss account

	2005 £	2004 £
Balance brought forward	**124,967**	116,787
Retained profit for the financial year	**14,261**	8,180
Capitalisation of reserves (equity)	**(98)**	–
Balance carried forward	**139,130**	124,967

20. Reconciliation of movements in shareholders' funds

	2005 £	2005 £	2004 £	2004 £
Profit for the financial year		**21,761**		16,880
Dividends		**(7,500)**		(8,700)
		14,261		8,180
Other net recognised gains and losses		**72,677**		–
New equity share capital subscribed	**98**		–	
Less capitalised from reserves	**(98)**		–	
		–		–
Net addition to shareholders' equity funds		**86,938**		8,180
Opening shareholders' equity funds		**130,184**		122,004
Closing shareholders' equity funds		**217,122**		130,184

21. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	24,766	19,323
Depreciation	2,182	2,527
Profit on disposal of fixed assets	(882)	–
Increase in debtors	(2,340)	(1,467)
Increase/(decrease) in creditors	2,047	(4,784)
Net cash inflow from operating activities	25,773	15,599

Returns on investments and servicing of finance

	2005 £	2004 £
Interest received	658	5
Interest paid	(179)	(320)
Net cash inflow/(outflow) from returns on investments and servicing of finance	479	(315)

Taxation

	2005 £	2004 £
Taxation	(2,255)	(540)

Capital expenditure and financial investment

	2005 £	2004 £
Payments to acquire tangible fixed assets	(38,947)	(7,405)
Receipts from sale of fixed assets	9,080	–
Net cash outflow for capital expenditure and financial investment	(29,867)	(7,405)

Financing

	2005 £	2004 £
New bank loans	20,000	–
Repayment of bank loans	(2,188)	(6,133)
Net cash inflow/(outflow) from financing	17,812	(6,133)

21. Notes to the statement of cash flows *(continued)*

Reconciliation of net cash flow to movement in net debt

	2005		2004	
	£	£	£	£
Increase in cash in the period	692		6	
Net cash (inflow) from/outflow from bank loans	(17,812)		6,133	
		(17,120)		6,139
Change in net debt		(17,120)		6,139
Net funds at 1 March 2004		9,795		3,655
Net debt at 28 February 2005		(7,325)		9,795

Analysis of changes in net debt

	At 1 Mar 2004	Cash flows	At 28 Feb 2005
	£	£	£
Net cash:			
Cash in hand and at bank	11,611	692	12,303
Debt:			
Debt due within 1 year	(1,816)	(1,318)	(3,134)
Debt due after 1 year	–	(16,494)	(16,494)
	(1,816)	(17,812)	(19,628)
Net debt	9,795	(17,120)	(7,325)