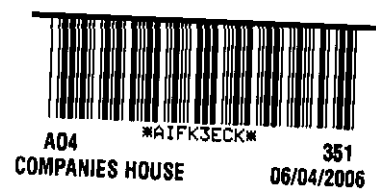


SCOTHERN DEVELOPMENTS LIMITED
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005



SCOTHERN DEVELOPMENTS LIMITED

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FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

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SCOTHERN DEVELOPMENTS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER 2005

DIRECTORS:

P A Scothern
Mrs J K Scothern
I H Scothern
M Scothern

SECRETARY:

Mrs J K Scothern

REGISTERED OFFICE:

The Old Vicarage
Sand Hutton
YORK
NORTH YORKSHIRE
YO4 1LB

REGISTERED NUMBER:

3040058 (England and Wales)

ACCOUNTANTS:

David Wilkinson & Co
Bolton House
19A Front Street
Acomb
York
YO2 3BW

SCOTHERN DEVELOPMENTS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

The directors present their report with the financial statements of the company for the year ended 30th September 2005.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of development work in the property sector, including holding the developments as investments.

DIRECTORS

The directors during the year under review were:

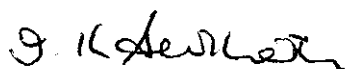
P A Scothern
Mrs J K Scothern
I H Scothern
M Scothern

The beneficial interests of the directors holding office on 30th September 2005 in the issued share capital of the company were as follows:

| | | |
|----------------------------------|---------|---------|
| | 30.9.05 | 1.10.04 |
| Ordinary shares £1 shares | | |
| P A Scothern | 55,000 | 55,000 |
| Mrs J K Scothern | - | - |
| I H Scothern | - | - |
| M Scothern | 45,000 | 45,000 |

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Mrs J K Scothern - Secretary

16th March 2006

SCOTHERN DEVELOPMENTS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

| | | <u>2005</u> | <u>2004</u> |
|------------------------------------------------------|-------|------------------------|------------------------|
| | Notes | £ | £ |
| TURNOVER | | 7,086 | 7,086 |
| Administrative expenses | | <u>1,753</u> | <u>1,197</u> |
| | | 5,333 | 5,889 |
| Other operating income | | <u>1</u> | <u>-</u> |
| OPERATING PROFIT | 2 | 5,334 | 5,889 |
| Interest receivable and similar income | | <u>22,623</u> | <u>13,106</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 27,957 | 18,995 |
| Tax on profit on ordinary activities | 3 | <u>5,312</u> | <u>3,324</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 22,645 | 15,671 |
| Retained profit brought forward | | <u>215,405</u> | <u>199,734</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u><u>£238,050</u></u> | <u><u>£215,405</u></u> |

The notes form part of these financial statements

SCOTHERN DEVELOPMENTS LIMITED

**BALANCE SHEET
30TH SEPTEMBER 2005**

| | | 2005 | | 2004 | |
|-------------------------------------------------------|-------|----------------|-----------------|----------------|-----------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 4 | | 320,860 | | 320,860 |
| CURRENT ASSETS: | | | | | |
| Debtors | 5 | - | | 202 | |
| Cash at bank and in hand | | <u>537,861</u> | | <u>419,669</u> | |
| | | 537,861 | | 419,871 | |
| CREDITORS: Amounts falling due within one year | 6 | <u>520,671</u> | | <u>425,326</u> | |
| NET CURRENT ASSETS/(LIABILITIES): | | | <u>17,190</u> | | <u>(5,455)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | <u>£338,050</u> | | <u>£315,405</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 7 | | 100,000 | | 100,000 |
| Profit and loss account | | | <u>238,050</u> | | <u>215,405</u> |
| SHAREHOLDERS' FUNDS: | | | <u>£338,050</u> | | <u>£315,405</u> |

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30th September 2005.

The members have not required the company to obtain an audit of its financial statements for the year ended 30th September 2005 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


114 Scothern - Director

Approved by the Board on 16th March 2006

The notes form part of these financial statements

SCOTHERN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings - not provided

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT

The operating profit is stated after charging:

| | 2005 £ | 2004 £ |
|----------------------------------------------|-----------|-----------|
| Directors' emoluments and other benefits etc | - | - |

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

| | 2005 £ | 2004 £ |
|--------------------------------------|---------------------|---------------------|
| Current tax: | | |
| UK corporation tax | <u>5,312</u> | <u>3,324</u> |
| Tax on profit on ordinary activities | <u><u>5,312</u></u> | <u><u>3,324</u></u> |

4. TANGIBLE FIXED ASSETS

| | <u>Land and buildings</u> £ |
|------------------------------------------------|------------------------------------|
| COST: | |
| At 1st October 2004 and 30th September 2005 | <u>320,860</u> |
| NET BOOK VALUE: | |
| At 30th September 2005 | <u><u>320,860</u></u> |
| At 30th September 2004 | <u><u>320,860</u></u> |

SCOTHERN DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2005**

**5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2005 | 2004 |
|-------------|----------|------------|
| | £ | £ |
| VAT account | <u>-</u> | <u>202</u> |

**6. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2005 | 2004 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Scothern Construction Limited | 381,692 | 288,778 |
| Directors' current accounts | 132,674 | 132,674 |
| Taxation | 5,312 | 3,324 |
| Accrued expenses | <u>993</u> | <u>550</u> |
| | <u>520,671</u> | <u>425,326</u> |

7. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2005 | 2004 |
|---------|-----------------|-------------------|----------------|----------------|
| | | | £ | £ |
| 100,000 | Ordinary shares | £1 | <u>100,000</u> | <u>100,000</u> |

SCOTHERN DEVELOPMENTS LIMITED

**REPORT OF THE ACCOUNTANTS TO THE DIRECTORS OF
SCOTHERN DEVELOPMENTS LIMITED**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30th September 2005 set out on pages three to six and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

David Wilkinson & Co.

David Wilkinson & Co
Bolton House
19A Front Street
Acomb
York
YO2 3BW

16th March 2006