

KILMARTIN HOLDINGS LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 30 April 2004



KILMARTIN HOLDINGS LIMITED

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KILMARTIN HOLDINGS LIMITED

Directors

Robert J Wotherspoon
Neil S McGuinness

Secretary

Roderick M Urquhart, WS
16 Heriot Row
Edinburgh
EH3 6HR

Registered Office

11 Glenfinlas Street
Edinburgh
EH3 6AQ

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Auditors

Chiene & Tait, CA
61 Dublin Street
Edinburgh
EH3 6NL

KILMARTIN HOLDINGS LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 30 April 2004.

Principal activities

The company and group's principal activity is property development.

Review of activities

The group continued its strong performance and increased its turnover to over £50 million for the year. The group continues to seek new property opportunities through joint ventures and has acquired or entered into a number of these new projects during the year. We believe the portfolio contains a number of profitable long term projects which will form the backbone of the group results during the coming 3-4 years.

Results and dividends

The group profit for the year after taxation was £1,921,000 (2003: profit £1,800,000). The directors paid an interim dividend of £750 per share (2003: £Nil). The directors recommend the payment of a final dividend of £125 per share (2003: £Nil).

Donations

During the year the group made charitable donations of £2,367 (2003: £1,025)

Directors

The directors of the company during the year were as follows:

Robert J Wotherspoon
Neil S McGuinness
David H Peck (resigned 1 September 2003)

Robert J Wotherspoon's interest in the share capital of the company is as follows:

	Ordinary Shares	
	2004	2003
	No	No
Robert J Wotherspoon	2,000	2,000

No other director had any interest in the shares of the company.

Statement of 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 group and of the profit or loss of the group for that year. 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

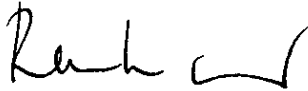
KILMARTIN HOLDINGS LIMITED

DIRECTORS' REPORT (Contd.)

Auditors

Chiene & Tait CA have signified their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Roderick M Urquhart, WS
Secretary

21.9 2004

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
KILMARTIN HOLDINGS LIMITED**



We have audited the financial statements of Kilmartin Holdings Limited for the year ended 30 April 2004 set out on pages 6 to 24. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholder 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 shareholder 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 shareholder for our audit work, for this report, or for the opinion 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 and other members of the group 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 30 April 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CHIENE & TAIT CA
Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL

30/9/ 2004

KILMARTIN HOLDINGS LIMITED

CONSOLIDATED PROFIT and LOSS ACCOUNT

For the year ended 30 April 2004

	Notes	2004 £'000	2003 £'000
Turnover			
Group and share of joint ventures			
Continuing operations		51,996	40,358
Discontinued operations		1	135
Less: share of joint ventures' turnover		(15,875)	(1,753)
Group turnover	2,3	36,122	38,740
Cost of sales	3	(29,950)	(32,370)
Gross profit	3	6,172	6,370
Administrative expenses	3	(1,960)	(2,114)
Group operating profit	3,4	4,212	4,256
Share of operating profit /(loss) in			
Joint ventures		3,754	1,608
Associates		(74)	1,032
Amortisation of goodwill on acquisitions	14	(234)	(179)
<hr/>			
Continuing operations		7,665	6,339
Discontinued operations		(7)	378
<hr/>			
Operating profit of the group, joint ventures and associates	3	7,658	6,717
(Loss)/profit on disposal of fixed assets	6	(271)	2,424
Profit/(loss) on disposal of fixed asset investments	7	468	(116)
Income from fixed asset investments	8	-	(10)
Interest receivable	9	446	264
Interest payable	10	(6,061)	(7,085)
Profit on ordinary activities before tax		2,240	2,194
Tax on profit on ordinary activities	11	(319)	(394)
Profit on ordinary activities after tax	24	1,921	1,800
Dividends paid and proposed	12	(1,750)	-
Retained profit for the financial year		171	1,800

The notes on pages 11 to 24 form part of these financial statements.

KILMARTIN HOLDINGS LIMITED**CONSOLIDATED STATEMENT of TOTAL RECOGNISED GAINS and LOSSES****For the year ended 30 April 2004**

	Note	2004 £'000	2003 £'000
Profit for the financial year		1,921	1,800
Unrealised surplus on revaluation of properties in joint venture and associates	25	-	853
Total recognised gains and losses relating to the year		1,921	2,653

CONSOLIDATED NOTE of HISTORIC COST PROFITS and LOSSES**For the year ended 30 April 2004**

	Note	2004 £'000	2003 £'000
Profit on ordinary activities before taxation		2,240	2,194
Realisation of revaluation gains of previous years in joint ventures	24	127	1,140
Historical cost profit on ordinary activities before taxation		2,367	3,334
Historical cost profit for the year after taxation and dividends		298	2,940

The notes on pages 11 to 24 form part of these financial statements.


KILMARTIN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

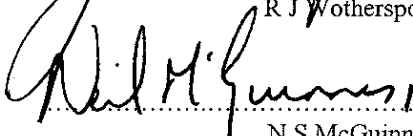
As at 30 April 2004

	Notes	£'000	2004 £'000	2003 £'000
Fixed assets				
Tangible fixed assets	13		2,985	-
Goodwill	14		2,241	1,857
Investments in joint ventures				
Share of Gross Assets		56,803	16,562	
Share of Gross Liabilities		(52,545)	(12,881)	
Share of Net Assets	15	4,258	3,681	
Loans to Joint Ventures	15	9,000	350	
	15	13,258	4,031	
Investments in associates	15	4,660	8,549	
			17,918	12,580
			23,144	14,437
Current assets				
Stocks and work in progress	19	47,381	48,479	
Debtors	20	16,276	5,054	
Cash at bank and in hand		70	10	
		63,727	53,543	
Creditors: amounts falling due within one year	21	(86,244)	(67,542)	
Net current liabilities			(22,517)	(13,999)
Total assets less current liabilities			627	438
Provision for liabilities and charges	22		(18)	-
Net assets			609	438
Capital and reserves				
Share capital	23		2	2
Profit and loss account	24		(119)	(417)
Revaluation reserve	25		726	853
Equity shareholder's funds	26		609	438

Approved by the Board of Directors and signed on its behalf by:



 R J Wotherspoon Director



 N S McGuinness Director

21 SEPT 2004

The notes on pages 11 to 24 form part of these financial statements.


KILMARTIN HOLDINGS LIMITED

COMPANY BALANCE SHEET

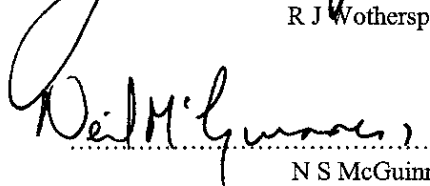
As at 30 April 2004

	Notes	£'000	2004 £'000	£'000	2003 £'000
Fixed assets					
Investments	16		5,390		3,527
Current assets					
Debtors	20	2,037		2,277	
Creditors: amounts falling due within one year	21	(6,121)		(4,174)	
Net current liabilities			(4,084)		(1,897)
Net assets			1,306		1,630
Capital and reserves					
Share capital	23		2		2
Profit and loss account	24		1,304		1,628
Equity shareholder's funds	26		1,306		1,630

Approved by the Board of Directors and signed on its behalf by:



 R J Wotherspoon Director



 N S McGuinness Director

21 SEPT 2004

The notes on pages 11 to 24 form part of these financial statements.

KILMARTIN HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2004

	Notes	£'000	2004 £'000	£'000	2003 £'000
Net cash outflow from operating activities	30		(6,036)		(2,859)
Dividends received from joint ventures and associates		2,175		1,878	
Interest received from joint ventures in respect of long term financing loan		201		-	
		-----	2,376	-----	1,878
Returns on investments and servicing of finance					
Interest received		102		136	
Interest paid		(3,887)		(3,636)	
		-----	(3,785)	-----	(3,500)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(2,985)		-	
Receipts from disposals of tangible fixed assets		8		57	
		-----	(2,977)	-----	57
Acquisitions and disposals					
Payments to acquire interests in joint ventures		(765)		(3,015)	
Loans (advanced to) associates		(168)		(534)	
Loans repaid by/(advanced to) joint ventures		(5,049)		1,981	
Receipts from disposals of subsidiary undertakings		-		19	
Net cash balance disposed of with subsidiary undertaking		1,383		-	
		-----	(4,599)	-----	(1,549)
Equity dividends paid			(1,500)		-
			-----		-----
Decrease in cash	31		<u>(16,521)</u>		<u>(5,973)</u>

The notes on pages 11 to 24 form part of these financial statements.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 April 2004

1. Principal accounting policies

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings and its share of the results and post acquisition reserves of associated undertakings and joint ventures. No profit and loss account is presented for Kilmartin Holdings Limited as provided by S230 of the Companies Act 1985.

Investments

Investments in subsidiary and associated undertakings are shown at the lower of cost and net realisable value in the company balance sheet.

In the consolidated financial statements, shares in associated undertakings and joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the pre tax profits and attributable taxation of the associated undertakings based on audited financial statements for the financial year or management accounts. In the consolidated balance sheet the investment in associated undertakings and joint ventures is shown at the group's share of net assets of the associated undertakings and joint ventures.

Accounting for acquisitions and disposals

The profits and losses of subsidiary and associated undertakings and joint ventures are consolidated from the date of acquisition to the date of disposal. The difference between the cost of acquisition of shares in subsidiaries, associates and joint ventures and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

The goodwill on Parkland Projects Limited and the Cameron Toll LP is being amortised on a straight line basis over the project life of 3 years and that on Tinsley Park Holdings Limited and Bloc Limited over 10 years.

Stocks and work in progress

Development properties and stocks are valued at the lower of cost and net realisable value. Cost is computed on the total consideration paid. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Tangible fixed assets and depreciation

Investment properties are included at valuation on completion of a development. Investment properties under development are included at cost together with construction and/or refurbishment costs. The company has not provided for depreciation on investment properties in accordance with SSAP 19 "Investment Properties". In complying with SSAP 19 the Directors have not fully complied with the Companies Act 1985 but consider that this departure is necessary to provide a "true and fair" view.

2. Turnover

Turnover represents the amounts derived from the provision of services which fall within the group's ordinary activities, within the United Kingdom, stated net of value added tax.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

3. Analysis of continuing, acquired and discontinued operations

	2004	2004	2004	2004	2003	2003	2003
	Continuing	Acquired	Dis-continued	Total	Continuing	Dis-continued	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	36,120	-	2	36,122	38,605	135	38,740
Cost of sales	(29,948)	-	(2)	(29,950)	(32,270)	(100)	(32,370)
Gross profit	6,172	-	-	6,172	6,335	35	6,370
Administrative expenses	(1,953)	-	(7)	(1,960)	(2,044)	(70)	(2,114)
Group operating profit/(loss)	4,219	-	(7)	4,212	4,291	(35)	4,256
Share of operating profit in Joint Ventures and Associates	3,674	6	-	3,680	2,227	413	2,640
Amortisation of goodwill	(228)	(6)	-	(234)	(179)	-	(179)
	7,665	-	(7)	7,658	6,339	378	6,717

4. Operating profit

	2004	2003
	£'000	£'000
This is stated after charging:		
Auditors' remuneration – audit fee	32	25
Auditors' remuneration – fees for non audit services	21	20
Amortisation of goodwill	234	179

5. Directors and employees

	2004	2003
	£'000	£'000
Staff costs including directors' emoluments:		
Wages and salaries	-	38
Social security costs	-	3
	-	41
The average number of employees during the period of trade to June 2002	-	40

In addition to the above, staff costs were recharged to the group by R J Wotherspoon & Associates totalling £4,321 (2003: £8,938).

The directors did not receive any emoluments during the year.

6. (Loss)/profit on disposal of fixed assets

	2004	2003
	£'000	£'000
Profit on disposal of investment properties - associates	13	1,207
(Loss)/profit on disposal of investment - joint ventures	(292)	1,259
Profit/(loss) on disposal of fixed assets - group	8	(42)
	(271)	2,424

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

7. Profit/(loss) on disposal of fixed asset investments	2004	2003
	£'000	£'000
Profit/(loss) on disposal of investments – group	468	(378)
Profit on disposal of investments – associates	-	262
	<u>468</u>	<u>(116)</u>
8. Investment income	2004	2003
	£'000	£'000
Group	-	(10)
9. Interest receivable	2004	2003
	£'000	£'000
Group	429	136
Associates	1	108
Joint ventures	16	20
	<u>446</u>	<u>264</u>
10. Interest payable	2004	2003
	£'000	£'000
Bank interest payable and similar charges – group	3,942	3,467
Bank interest payable and similar charges – associates	703	1,719
Bank interest payable and similar charges – joint ventures	1,416	1,899
	<u>6,061</u>	<u>7,085</u>
11. Taxation	2004	2003
	£'000	£'000
Group – current year	43	135
Group – underprovision in previous years	(136)	-
	<u>(93)</u>	<u>135</u>
Associates – current year	(98)	68
Associates – underprovision in previous years	-	184
	<u>446</u>	<u>7</u>
Joint ventures – current year	446	7
Joint ventures – underprovision in previous years	46	-
	<u>301</u>	<u>394</u>
Current taxation	301	394
Deferred tax – origination and reversal of timing differences	-	-
Group (note 22)	18	-
	<u>319</u>	<u>394</u>
Tax on profit on ordinary activities	319	394

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

11. Taxation (Contd.)

The tax assessed for the period is lower than the expected tax charge as explained below:

	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	2,240	2,194
	-----	-----
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	672	658
Effects of:		
Starting rate tax relief	(1)	-
Expenses not deductible for tax purposes	113	235
Chargeable gain on reserves	-	342
Capital allowances	(20)	(23)
Utilisation of tax losses	(391)	(390)
Tax losses carried forward	159	198
Release of prior year provisions	-	(252)
Non taxable income	(141)	(360)
Adjustments to tax charge in respect of previous periods	(46)	184
	-----	-----
Current tax charge for the period	301	394
	=====	=====

The group, including its share of joint ventures and associates, has an unrecognised deferred tax asset of £1,887,820 (2003: £2,162,394). This has arisen from tax losses carried forward. Its recoverability is dependent upon future taxable profits arising and its utilisation within the group, the likelihood of which cannot at this stage be determined with reasonable certainty.

No provision has been made for deferred tax or gains recognised on revaluing properties to their market value. The group share of the amount unprovided by Joint Venture companies is £1,176,044 (2003: £1,028,714).

No payment is made for group tax losses relieved between subsidiary undertakings.

12. Dividends

	2004	2003
	£'000	£'000
Interim dividend paid - £750 per share	1,500	-
Proposed final dividend - £125 per share	250	-
	-----	-----
	1,750	-
	=====	=====

13. Tangible fixed assets

Valuation

Additions in year

**Investment
Properties
£'000**

2,985

At 30 April 2004

2,985

Net book value

At 30 April 2004

2,985

Historic cost

At 30 April 2004

2,985

Investment properties are revalued by a director (FRICS) of the group, as at 30 April 2004, on the basis of an open market value as defined by the appraisal and valuation manual published by the Royal Institute of Chartered Surveyors.

At 30 April 2004 all investment properties held were freehold properties.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

14. Goodwill – Group	Goodwill on Associates £'000	Goodwill on Joint Ventures £'000	Total £'000
Cost			
At 1 May 2003	2,036	-	2,036
On acquisitions in year (note 18)	-	618	618
	-----	-----	-----
At 30 April 2004	2,036	618	2,654
	-----	-----	-----
Amortisation			
At 1 May 2003	179	-	179
Charge for the year	228	6	234
	-----	-----	-----
At 30 April 2004	407	6	413
	-----	-----	-----
Net book value			
At 30 April 2004	1,629	612	2,241
	=====	=====	=====
At 30 April 2003	1,857	-	1,857
	=====	=====	=====

15. Fixed asset investments – Group

	Interests in associated undertakings £'000	Loans to associated undertakings £'000	Total £'000	Interest in joint ventures £'000	Loan to joint ventures £'000	Total £'000
Value at 1 May 2003	1,694	6,855	8,549	3,681	350	4,031
Reclassification in year	167	(3,505)	(3,338)	(167)	3,505	3,338
Additions in year	-	168	168	816	5,145	5,961
Share of results for the year	(719)	-	(719)	546	-	546
Goodwill on acquisitions	-	-	-	(618)	-	(618)
	-----	-----	-----	-----	-----	-----
Value at 30 April 2004	1,142	3,518	4,660	4,258	9,000	13,258
	=====	=====	=====	=====	=====	=====

Cost of interests in associates and joint ventures at 30 April 2004 was £7,172,872 (2003: £6,357,620).

Additional disclosures required for associates and joint ventures which in aggregate exceed the 15% threshold:

	Associates £'000	Joint Ventures £'000
Share of turnover	478	15,875
	=====	=====
Share of assets		
Fixed assets	3,266	52,269
Current assets	17,443	4,534
	-----	-----
	20,709	56,803
Share of liabilities		
Due within one year or less	(19,567)	(51,095)
Due after more than one year	-	(1,450)
	-----	-----
Share of net assets	1,142	4,258
	=====	=====

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

15. Fixed asset investments – Group (Contd.)

Additional disclosures required for individual associates and joint ventures which exceed the 25% threshold:

	Teesmartin Developments Ltd	Teesmartin Properties Ltd
	£'000	£'000
Share of turnover	8,719	6,443
Share of profit before tax	893	1,004
Share of taxation	(104)	(340)
Share of profit after tax	789	664
Share of assets		
Fixed assets	-	30,243
Current assets	995	291
	995	30,534
Share of liabilities		
Due within one year or less	(919)	(30,281)
Due after more than one year	-	-
Share of net assets	76	253

16. Fixed asset investments – Company

	Loans to Associated Undertakings	Interests in Associated Undertakings	Shares in Subsidiary Undertakings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 May 2003	350	3,177	-	3,527
Additions	1,100	763	-	1,863
At 30 April 2004	1,450	3,940	-	5,390

Other investments at a cost of £447 were disposed of during the year for nil consideration.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

17. Sale of subsidiary undertaking

On 25 April 2004 the group sold its 100% interest in the ordinary share capital of Sovereign House Limited (formerly Kilmartin Properties Central Limited). The loss of Sovereign House Limited up to the date of disposal was £78,508 and for its last financial year was £75,774.

Net assets disposed of and the related sale proceeds were as follows:

	£
Current assets	1,002,469
Creditors	(1,471,417)
Net assets	(468,948)
Profit on sale	468,949
Sale proceeds	1
Satisfied by:	
Loan account	1
Net cash inflows in respect of the sale comprised:	
Bank overdrafts sold	1,383,473

18. Acquisition of associated companies - Group

On 30 April 2004 50% of the issued share capital of Bloc Limited was acquired for a cash consideration of £762,625. This acquisition was accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition is £600,633. This has been capitalised on the group balance sheet and is being amortised over the period that the group will derive economic benefits from the products acquired, considered by the directors to be 10 years.

The book values of the assets acquired are considered to equate to the fair values of the assets.

	Bloc Limited £'000
Net assets acquired	
Tangible fixed assets	2
Debtors	34
Cash at bank and in hand	152
Total assets	188
Other creditors	(11)
Investments in joint ventures	(15)
Net assets	162
Consideration	763
<u>Less: net assets acquired</u>	(162)
Goodwill on acquisition (note 14)	601

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

18. Acquisition of associated companies – Group (Contd.)

On 30 June 2003 an additional 16.6% of the Cameron Toll LP was acquired by the group for a cash consideration of £50,306. This acquisition was accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition is £17,102. This has been capitalised on the group balance sheet and is being amortised over the period that the group will derive economic benefits from the products acquired, considered by the directors to be 3 years.

The book values of the assts acquired are considered to equate to the fair values of the assets.

Net assets acquired	Cameron Toll LP £'000
Tangible fixed assets	21
Debtors	7
Cash at bank and in hand	263
Total assets	291
Other creditors	(258)
Net assets	33
Consideration	50
<u>Less: net assets acquired</u>	<u>(33)</u>
Goodwill on acquisition (note 14)	17

19. Stock and work in progress	2004 £'000	Company 2003 £'000	2004 £'000	Group 2003 £'000
Development properties	-	-	47,381	48,479

20. Debtors	2004 £'000	Company 2003 £'000	2004 £'000	Group 2003 £'000
Trade debtors	-	-	383	630
Other debtors	-	-	1,134	2,146
Prepayments and accrued income	1,500	2,250	14,123	2,121
Amounts due by associated companies	-	-	87	118
Amounts due by group companies	537	27	-	-
Amounts due by related companies	-	-	549	39
	<u>2,037</u>	<u>2,277</u>	<u>16,276</u>	<u>5,054</u>

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

21. Creditors: Amounts falling due within one year	Company		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Bank overdrafts	5,830	4,146	81,873	65,292
Trade creditors	-	-	255	129
Amounts due to associated companies	-	-	-	189
Other taxation and social security	-	-	-	33
Other creditors	-	-	550	525
Accruals and deferred income	41	28	3,273	1,374
Corporation tax	-	-	43	-
Dividends payable	250	-	250	-
	<u>6,121</u>	<u>4,174</u>	<u>86,244</u>	<u>67,542</u>

The company's bankers hold cross company guarantees between companies within the Kilmartin Holdings Group. At 30 April 2004 the amount outstanding on overdrafts within the group facility amounted to £81,844,944 (2003: £65,157,387).

The bank borrowing is secured by a bond, floating charges and standard securities over the assets of the group.

22. Provision for deferred taxation	2004 £'000
Accelerated capital allowances	<u>18</u>
Deferred tax charge for the year (note 11)	<u>18</u>
Provision at 30 April 2004	<u>18</u>

23 Share capital	Authorised		Allotted, called up and fully paid	
	2004 No.	2003 No.	2004 £'000	2003 £'000
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2</u>	<u>2</u>

24 Profit and loss account	Company		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
At 1 May 2003	1,628	(166)	(417)	(3,357)
Profit for the year	1,426	1,794	1,921	1,800
Dividends paid and proposed	(1,750)	-	(1,750)	-
Realisation of revaluation gains of previous years	-	-	127	1,140
At 30 April 2004	<u>1,304</u>	<u>1,628</u>	<u>(119)</u>	<u>(417)</u>

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

25. Revaluation reserve	Company		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
At 1 May 2003	-	-	853	1,140
Share of unrealised surplus on revaluation of properties in joint ventures and associates	-	-	-	853
Realisation of revaluation gains of previous years	-	-	(127)	(1,140)
	-----	-----	-----	-----
At 30 April 2004	-	-	726	853
	=====	=====	=====	=====

26. Reconciliation of movement in shareholders' funds	Company		Group	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
At 1 May 2003	1,630	(164)	438	(2,215)
Profit for the year	1,426	1,794	1,921	1,800
Dividends paid and proposed	(1,750)	-	(1,750)	-
Revaluation in the year	-	-	-	853
	-----	-----	-----	-----
At 30 April 2004	1,306	1,630	609	438
	=====	=====	=====	=====

27. Ultimate controlling party and related party disclosures

For the whole of the year the company's ultimate controlling party was its director and sole shareholder R J Wotherspoon.

£1,689,323 (2003: £1,539,588) of management fees were payable to R J Wotherspoon & Associates, Property Consultants, of which R J Wotherspoon is proprietor.

During the year £975,000 of dividends (2003: £1,200,000) was receivable from Teesmartin Properties Limited and £55,000 (2003: £Nil) was receivable from Kilmartin PPG Strand Limited, both associated companies. In 2004 management fees of £230,000 were receivable from Southside Capital Limited, an associated company.

During the year the group sold a property to R W W Estates Limited for £170,000 of which R J Wotherspoon is a director and purchased a property from Glenlyon Estate, of which R J Wotherspoon is a partner, for £400,000. Both transactions were arm's length transactions.

At 30 April 2004 £43,436 was due to Southside Capital Limited, an associate undertaking of the Kilmartin Holdings Group, in respect of payment for consortium relief.

On 25 April 2004 the group sold its 100% interest in Sovereign House Limited (formerly Kilmartin Properties Central Limited) to KW Scotland Limited for £1. R J Wotherspoon is a director and shareholder of the company.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

27. Ultimate controlling party and related party disclosures (Contd.)

The group provided the following loans to associates and joint ventures:

	Balance at 30 April 2004 £	Interest receivable in year £
Cameron Toll LP	95,286	-
Parkland Projects Limited	350,000	52,725
Southside Capital Limited	3,168,353	-
Teesmartin Properties Limited	7,454,000	273,182
Kilmartin Investments Limited	1,450,034	-

At 30 April 2004 the following balances were due to the group from related companies in which R J Wotherspoon has an interest:

	£
Kilmartin PPG (Strand) Limited	5,000
Caledonian Terminal Securities (Torphichen) Limited	4,047
Annfield Assets Limited	900
R W W Estates Limited	2,826
Glenlyon Estate	1,700
Liberton Properties Limited	61,870
Perth Properties Limited	69,860
Power Developments Limited	327,593
R J Wotherspoon and Associates	53,481
Strathmore Building Services Limited	14,102
Kilmartin Investments Limited	15,238
Sovereign House Limited (formerly Kilmartin Properties Central)	78,697

The company has elected to take advantage of the exemption granted in Financial Reporting Standard 8 – “Related Party Disclosures” available to 90% or more owned subsidiaries and has not disclosed transactions with those companies in the Kilmartin Holdings Group.

28. Contingent liabilities

Kilmartin Developments Limited, a subsidiary undertaking, has a completed contract at the year end to purchase a site for £450,000 subject to obtaining planning permission.

Following the purchase of a property during the year, Kilmartin Estates Limited, a subsidiary undertaking, has a contingent liability to pay the seller an amount up to a maximum of £191,500 if the current tenants assigns or terminates the lease prior to June 2009.

In respect of the shared equity portfolio the group entered into an agreement with Fairbriar Holdings Limited. The terms of this are that any new proceeds over and above £825,000 shall be apportioned between the two parties in equal shares. Net proceeds have now exceeded this amount and this agreement will govern future sales.

29. Post balance sheet events

On 1 May 2004 Teesmartin Developments Limited sold its holding in its subsidiary company, Teesmartin High Wycombe, to K W Scotland Limited for a consideration of £100,000.

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

30. Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
	£'000	£'000
Operating profit	4,212	4,256
Decrease/(increase) in stock and work in progress	96	(4,691)
Increase in debtors	(12,392)	(2,539)
Increase in creditors	2,048	115
	<u>(6,036)</u>	<u>(2,859)</u>
Net cash outflow from operating activities		

31. Reconciliation of cash flow to movement in net funds	2004	2003
	£'000	£'000
Decrease in cash in the period	(16,521)	(5,973)
Movement in net funds for the period	(16,521)	(5,973)
Opening net funds	(65,282)	(59,309)
	<u>(81,803)</u>	<u>(65,282)</u>
Closing net funds		

32. Analysis of changes in net funds	At 1 May 2003 £'000	Cash Flows £'000	At 30 April 2004 £'000
Cash at bank and in hand	10	60	70
Bank overdrafts	(65,292)	(16,581)	(81,873)
	<u>(65,282)</u>	<u>(16,521)</u>	<u>(81,803)</u>

Subsidiary undertakings sold in the year contributed £2,139 to the group's net operating cash out flows and paid £78,508 in respect of net returns on investment and servicing of finance (note 17).

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

33. Additional information on subsidiaries, associated undertakings and joint ventures

Name of Subsidiary Undertaking	Nature of Business	Country of Registration	Class of Share	Proportion Held Group	Parent	Year End
Kilmartin Ardmore Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Cameron Toll Limited	Holding company	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Darlington Limited	Property development	England	Ordinary	100%	-	30.04.04
Kilmartin Developments Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Developments Glasgow Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Estates Limited	Property development	Scotland	Ordinary	100%	100%	30.04.04
Kilmartin Glencairn Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin (GP) Limited	Holding company	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Homes Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Inshes Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Plymouth (70) Limited	Property development	England	Ordinary	100%	-	30.04.04
Kilmartin Plymouth (72) Limited	Property development	England	Ordinary	100%	-	30.04.04
Kilmartin Port Dundas Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Properties (TW) Limited	Property development	Scotland	Ordinary	100%	100%	30.04.04
Kilmartin Property Group Limited	Property development	Scotland	Ordinary	100%	100%	30.04.04
Kilmartin Rochdale Limited	Property investment	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Seafield Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Securities Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Souterhead Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Stratton Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Kilmartin Swansea Limited	Property development	England	Ordinary	100%	-	30.04.04
Lismore Investments Limited	Property development	Scotland	Ordinary	100%	-	30.04.04
Fife Leisure Limited	Non trading	Scotland	Ordinary	100%	-	30.04.04
Robin Gate Wood Limited	Dormant	Scotland	Ordinary	100%	100%	30.04.04
Lomond Shores No.2 Limited	Dormant	Scotland	Ordinary	100%	-	31.05.04
Lomond Shores No.3 Limited	Dormant	Scotland	Ordinary	100%	-	31.05.04
Lomond Shores No.4 Limited	Dormant	Scotland	Ordinary	100%	-	31.05.04
Lomond Shores No.5 Limited	Dormant	Scotland	Ordinary	100%	-	31.05.04

KILMARTIN HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2004

31. Additional information on subsidiaries, associated undertakings and joint ventures (Contd.)

Name of Principal Associates and Joint Ventures	Nature of Business	Country of Registration	Class of Share	Proportion Held		Year End
				Group	Parent	
Bloc Limited	Land partnership development	England	Ordinary	50%	50%	31.03.04
Caledonian Terminal Securities (Torphichen) Limited	Property development	Scotland	Ordinary	50%	-	30.04.04
Kilmartin Investments Limited	Property investment and development	Scotland	Ordinary	50%	50%	30.04.04
Kilmartin PPG Strand Limited	Property development	Scotland	Ordinary	25%	-	31.01.04
Kilmartin SC1 (Hulton House)	Property investment	England	N/A	50%	-	30.04.04
Kilmartin SC1 (Hulton House) Limited	Nominee company	England	Ordinary	50%	-	30.04.04
Parkland Projects Limited	Property trading	England	Ordinary	25%	-	30.09.03
Southside Capital Limited	Property development	Scotland	Ordinary	20%	-	31.12.03
Teesmartin Developments Limited	Property trading	Scotland	Ordinary	50%	-	28.02.04
Teesmartin Properties Limited	Property ownership	England	Ordinary	50%	-	28.02.04
The Cameron Toll GP LLC	Holding company	USA	N/A	50%	-	31.12.03
The Cameron Toll LP	Property investment	USA	N/A	49.95%	-	31.12.03
Tinsley Park Holdings Limited	Holding company	England	Ordinary	50%	50%	31.12.04