

Fred Hill Properties Limited

Directors' report and financial statements

Registered Number SC31613

31 March 2002



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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2002.

Principal activity

The principal activity of the company is that of property investment.

Results and dividend

The profit for the year after taxation was £212,000 (2001: £88,000). The directors recommend that no dividend be paid for the year and that the balance on the profit and loss account of £3,108,000 be carried forward to the next financial year.

Directors and directors' interests

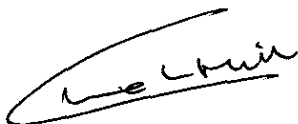
The directors who held office during the year and their holdings in the company's share capital were as follows:

	Ordinary shares of £1 each fully paid			
	2002		2001	
	Beneficial interest	Non-beneficial interest	Beneficial interest	Non-beneficial interest
Lewis S Hill	10,000	6,020	10,000	6,020
Clive L Hill	16,200	-	16,200	-
Lynne Hamme	10,180	-	10,180	-
Jacqueline Hill	9,940	27,660	9,940	27,660

Auditors

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually. However, since the last financial year end the company's auditors KPMG transferred their audit practice to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 31 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

On behalf of the board



Clive L Hill
Director

19 Queen Street
Glasgow
G1 3ED

3 January 2003

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 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;
- 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.



24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Report of the independent auditors to the members of Fred Hill Properties Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 audit 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 31 March 2002 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

6 January 2003

Profit and loss account
for the year ended 31 March 2002

	<i>Note</i>	2002 £000	2001 £000
Rents receivable		268	83
Operating costs		(23)	(5)
Operating profit		245	78
Gain on sale of investment properties		-	21
Profit before interest and taxation		245	99
Interest receivable		64	20
Profit on ordinary activities before taxation		309	119
Tax on profit on ordinary activities	<i>2</i>	(97)	(31)
Retained profit for the financial year	<i>8</i>	212	88

There were no acquisitions or discontinued operations in the year or the previous year.

No gains or losses have been recognised since the last annual report other than as disclosed above.

A statement of movements on reserves is given in note 8.

Balance sheet
at 31 March 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible assets	3	4,408	4,408
Current assets			
Debtors	4	433	200
Cash at bank		2,172	2,081
		2,605	2,281
Creditors: amounts falling due within one year	5	(118)	(33)
Total net current assets		2,487	2,248
Due within one year		2,054	2,048
Debtors due after one year		433	200
Creditors: amounts falling due after one year	6	(27)	-
Net assets		6,868	6,656
Capital and reserves			
Called up share capital	7	80	80
Revaluation reserve	8	3,680	3,680
Profit and loss account	8	3,108	2,896
Equity shareholders' funds		6,868	6,656

These financial statements were approved by the board of directors on 3 January 2003 and were signed on its behalf by:



Clive L Hill
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2002

	2002 £000	2001 £000
Profit for the financial year	212	88
Opening shareholders' funds	6,656	6,568
Closing shareholders' funds	6,868	6,656

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually, the aggregate surplus or deficit being transferred to a revaluation reserve. The valuation of the properties is carried out by the directors on the basis of open market value.

No depreciation is provided on freehold properties. This treatment 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 is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Rental income

Gross rents received on properties are taken into account when the rents are receivable.

Cash flow statement

Companies which are entitled to the filing exemptions for small companies, under sections 246 to 249 of the Companies Act 1985, are granted exemption by FRS1 (revised) from the requirements to prepare a cash flow statement. Fred Hill Properties Limited is a small company under those sections.

Notes (continued)

2 Taxation

Analysis of charge in the year

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current corporation tax on income for the year	97	31

Factors affecting the corporation tax charge for the current year

The current corporation tax charge for the year is higher (2001: lower) than the standard rate of corporation tax in the UK (30%) (2001: 30%). The differences are explained below:

	2002 £000	2001 £000
<i>Current corporation tax reconciliation</i>		
Profit on ordinary activities before tax	309	119
Current corporation tax at 30% (2001: 30%)	93	36
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	1
Increase in capital losses carried forward	-	(6)
Total current corporation tax charge (see above)	97	31
<i>Factors that may affect future tax charges</i>		

There are unused capital losses which will reduce the amount of future capital gains.

Notes *(continued)*

3 Tangible fixed assets

	Open market value £000
<i>Investment properties</i>	
At beginning and end of year	4,408

The properties were valued by the directors at their estimate of open market value as at 31 March 2002. Such values are based on estimated current market rents which are not in all cases reflected in the company's rental income (see note 10).

The historic cost of these assets was £728,000 (2001: £728,000).

4 Debtors

	2002 £000	2001 £000
Other debtors - amounts due from related parties (see note 10)	433	200

No fixed repayment terms exist for the repayment of other debtors.

5 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Corporation tax	97	31
Accruals and deferred income	21	2
	118	33

6 Creditors: amounts falling due after one year

	2002 £000	2001 £000
Rent deposit	27	-

Notes (continued)

7 Share capital

	2002 £000	2001 £000
<i>Authorised, allotted, issued and fully paid</i>		
Ordinary shares of £1 each	80	80

8 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of year	3,680	2,896
Retained profit for year	-	212
At end of year	3,680	3,108

9 Deferred taxation

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the properties were sold. At present, it is not envisaged that any tax will become payable in the foreseeable future.

10 Related party transactions

During the year £174,000 was received from Fraser Hart Limited in respect of rental of properties owned by the company. Mr Lewis Hill, Mrs Jacqueline Hill, Mr Clive Hill and Mrs Lynne Hamme, who are directors of Fred Hill Properties Limited, have an interest in Fraser Hart Limited.

An interest free loan of £233,000 (2001: £Nil) was made to Fraser Hart Limited. No fixed repayment terms have been agreed in respect of this loan. As noted above, the directors of the company are also directors of, and have an interest in, Fraser Hart Limited.

An interest free loan of £200,000 (2001: £200,000) was made to Fred Hill (Glasgow) Limited. The directors of the company are also directors of, and have an interest in, Fred Hill (Glasgow) Limited.