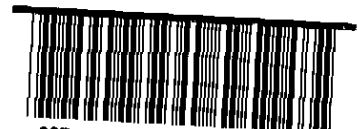


TEESMUIR LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2002



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TEESMUIR LIMITED

REPORTS AND FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2002

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TEESMUIR LIMITED

COMPANY INFORMATION

DIRECTORS: K C McCabe
C Di Ciacca
J L Burnley - appointed 7 December 2001
R W Muir - appointed 12 February 2001
J W Muir - appointed 12 February 2001

SECRETARIES: S McCabe (joint)
C Di Ciacca (joint)

REGISTERED OFFICE: Forsyth House
93 George Street
Edinburgh
EH2 3ES

REGISTRATION NO: 184813

AUDITORS: Ernst & Young LLP
P O Box 61
Cloth Hall Court
14 Kings Street
Leeds
LS1 2JN

BANKERS: Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

TEESMUIR LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year to 28 February 2002.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is the development and refurbishment of commercial, industrial and residential properties. Both the level of business for the year and financial position were as anticipated, and the directors expect that the financial position of the company will improve in the future.

RESULTS AND DIVIDENDS

The results for the company for the year ended 28 February 2002 are set out in the financial statements on pages 3 to 6. The directors do not recommend the payment of any dividend.

DIRECTORS AND THEIR INTERESTS

The directors who have held office for the whole of the period under review, unless otherwise stated, are as follows:

K C McCabe

C Di Ciaffa

J L Burnley - appointed 7 December 2001

R W Muir - appointed 12 February 2001

J W Muir - appointed 12 February 2001

According to the register maintained as required under the Companies Act 1985, none of the directors had any interest in the share capital of the company.

K C McCabe, J L Burnley and C Di Ciaffa are directors of Scarborough Development Co Ltd, which owns 50% of the share capital of the company, and in whose accounts their interests in the share capital of that company are shown.

R W Muir and J W Muir are directors of J W Muir Group plc which owns 50% of the share capital of the company, and in whose accounts their interests in the share capital of that company are shown. There were no other interests notifiable under Section 324 of the Companies Act 1985.

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 of the company 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;
- comply with applicable accounting standards, 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 the company will continue in business.

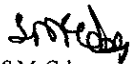
The directors confirm that the financial statements comply with the above requirements.

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 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

Ernst & Young LLP have signified their willingness to continue in office, and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



S McCabe

Secretary (joint)

9th December 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TEESMUIR LIMITED**

We have audited the company's financial statements for the year ended 28 February 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the 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.

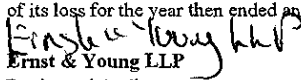
Basis of opinion

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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28th February 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
Leeds

9th December 2002

TEESMUIR LIMITED

PROFIT & LOSS ACCOUNT
Year Ended 28 February 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
TURNOVER	3	135,304	-
Cost of Sales		<u>(144,187)</u>	<u>-</u>
GROSS LOSS		(8,883)	-
Administrative expenses		<u>(9,979)</u>	<u>(1,150)</u>
LOSS FROM OPERATIONS		(18,862)	(1,150)
Interest payable	4	<u>(294)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(19,156)	(1,150)
Taxation credit	6	<u>-</u>	<u>345</u>
RETAINED LOSS FOR THE YEAR		<u>(19,156)</u>	<u>(805)</u>

Movements on reserves are set out on page 6.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses in the year ended 28 February 2002, other than the loss for the year of £19,156 (2001: Loss £805).

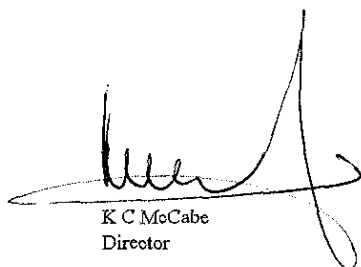
The notes on pages 5 to 6 form part of these financial statements

TEESMUIR LIMITED

BALANCE SHEET
At 28 February 2002

	Notes	<u>2002</u> £	<u>2001</u> £
CURRENT ASSETS			
Stocks and work in progress	7	570,234	199,077
Debtors	8	145,193	28,917
		<u>715,427</u>	<u>227,994</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
	9	<u>(734,388)</u>	<u>(227,799)</u>
NET (LIABILITIES)/ASSETS		<u>(18,961)</u>	<u>195</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit & loss account	11	<u>(19,961)</u>	<u>(805)</u>
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(18,961)</u>	<u>195</u>

Approved by the Board on 9th December 2002 and signed on its behalf by:


K C McCabe
Director

The notes on pages 5 to 6 form part of these financial statements.

TEESMUIR LIMITED
NOTES TO THE ACCOUNTS
Year Ended 28 February 2002

1 GOING CONCERN

The accounts have been prepared on a going concern basis as the parent company has agreed to assist the company to meet the company's liabilities as they fall due.

2 ACCOUNTING POLICIES

(a) *Accounting convention*

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

(b) *Turnover*

Turnover represents :

- (i) The amounts invoiced, excluding value added tax in respect of amounts receivable from sales of developed land during the period.
- (ii) Rental income, excluding value added tax, earned from let properties and accrued on a daily basis.
- (iii) All turnover is derived from the principal continuing activity of the business and is all from the UK.

(c) *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost or net realisable value.

Cost is based on the cost of the land and the costs incurred to date including any demolition costs and interest paid in respect of borrowings to finance the relevant development.

(d) *Expenditure capitalised*

Interest which can fairly be attributed to properties held for, or in the course of, development is considered to be part of the cost. Interest is calculated by reference to specific borrowings where relevant and otherwise by reference to the average rate paid on funding the assets employed by the group.

Once a development becomes substantially let, interest is capitalised only on the unlet part of the property, but limited to a period of six months after practical completion.

(e) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- *Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3 TURNOVER

The turnover and loss before taxation, which arises wholly within the UK, is attributable to the principal continuing activity. Rental income included within turnover totals £135,304 (2001: £nil).

4 INTEREST PAYABLE

	<u>2002</u>	<u>2001</u>
	£	£
Bank Interest	294	-
	<u>294</u>	<u>-</u>

5 LOSS BEFORE TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
The loss on ordinary activities is stated after charging:-		
Auditors' remuneration - audit services	2,000	850
- other services	2,750	300
	<u>2,750</u>	<u>300</u>

None of the directors received any remuneration in the year (2001: £nil).

The company has no employees (2001 - none).

6 TAXATION

	<u>2002</u>	<u>2001</u>
	£	£
a) Tax charge comprises:		
Corporation tax - current year	-	(345)
Prior year adjustment	-	-
	<u>-</u>	<u>(345)</u>
b) Reconciliation of tax charge:		
Loss on ordinary activities	(19,156)	(1,150)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%).	(5,747)	(345)
Loss at 30% not deducted	5,747	-
Tax (credit) for the year	<u>-</u>	<u>(345)</u>

TEESMUIR LIMITED

NOTES TO THE ACCOUNTS

Year Ended 28 February 2002

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
7 STOCKS AND WORK IN PROGRESS		
Development work in progress	570,234	199,077

Interest included in development work in progress amounts to £26,118 (2001: £10,114).

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
8 DEBTORS		
Trade debtors	63,254	-
Other taxation and social security	4,719	28,572
Corporation tax	-	345
Other debtors	77,220	-
	<u>145,193</u>	<u>28,917</u>

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		

Bank overdraft (secured)	175	-
Trade creditors	49,767	75,127
Accruals and deferred income	136,364	850
Amount owed to joint holding companies	548,082	151,822
	<u>734,388</u>	<u>227,799</u>

The bank overdraft is secured by a bond and a floating charge over the property assets of the company.

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
10 CALLED UP SHARE CAPITAL		
Authorised:		
Ordinary shares		
500 A shares of £1 each	500	500
500 B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

	<u>£</u>	<u>£</u>
Allotted, called up and fully paid		
Ordinary shares		
500 A shares of £1 each	500	500
500 B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

A shares and B shares rank pari passu in all respects.

	Share Capital £	Profit & Loss Account £	Total £
Balance at 1 March 2000	1,000	-	1,000
Loss for year	-	(805)	(805)
Balance at 28 February 2001	1,000	(805)	195
Loss for the year	-	(19,156)	(19,156)
Balance at 28 February 2002	<u>1,000</u>	<u>(19,961)</u>	<u>(18,961)</u>

12 RELATED AND CONTROLLING PARTIES

The company is jointly owned and controlled by Scarborough Development Company Ltd (50%) and JW Muir Group plc (50%).

The company has received interest free loans from its joint holding companies with no fixed date for repayment. The amount of the loans outstanding at 28 February 2002 was £548,082 (2001: £nil).

K C McCabe is a director of a company that charged management fees of £5,875 (2001: £nil), to the company during the year. At the year end £nil (2001: £nil) was outstanding.