

COMPANY REGISTRATION NUMBER 190868

BOURTREE INVESTMENTS LIMITED
FINANCIAL STATEMENTS
30 NOVEMBER 2004



DAND CARNEGIE & CO.
Chartered Accountants & Registered Auditors
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

BOURTREE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

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BOURTREE INVESTMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Gregor Robb Norman Morrice William Roberts Martin Leiper Gary Campbell Gordon Hutcheon
Company secretary	Gregor Robb
Registered office	Bourtrees House Minto Drive Altens Industrial Estate Aberdeen AB12 3LW
Auditors	Dand Carnegie & Co. Chartered Accountants & Registered Auditors Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB
Bankers	Royal Bank of Scotland plc 12 Golden Square Aberdeen AB9 8DU
Solicitors	Iain Smith & Company 18 - 20 Queen's Road Aberdeen AB15 4ZT

BOURTREE INVESTMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 NOVEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company during the year were the provision of management services and the lease of motor vehicles to its subsidiary company. The principal activities of the company's subsidiary, Hutcheon Services Limited, were those of general electrical and plumbing contractors, and sheet metal workers.

The directors are satisfied with the results for the year, and the prospects for the company and of its subsidiary.

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 not recommended a dividend.

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:

		At 30 November 2004	At 1 December 2003 or later date of appointment
Gregor Robb	Ordinary	—	—
Norman Morrice	Ordinary	—	19,841
	'A' Ordinary	—	200
	'B' Ordinary	—	20
William Roberts	Ordinary	—	4,995
Martin Leiper	Ordinary	—	4,995
Gary Campbell	Ordinary	—	9,910
Gordon Hutcheon	Ordinary	—	40,639

During the year the company was the subject of a management buy out where its whole share capital was purchased by HSB Holdings Limited. HSB Holdings Limited is considered to be the ultimate parent company of the group.

At 30 November 2004 the following directors had the following beneficial interests in shares of HSB Holdings Limited:

William Roberts	4,625 Ordinary shares
Martin Leiper	4,625 Ordinary shares
Gary Campbell	9,250 Ordinary shares
Gregor Robb	1,500 Ordinary shares

Gregor Robb was appointed as a director on 16 April 2004.

Lorraine Hutcheon retired as a secretary on 16 April 2004.

BOURTREE INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 NOVEMBER 2004

AUDITORS

A resolution to re-appoint Dand Carnegie & 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:
Bourtree House
Minto Drive
Altens Industrial Estate
Aberdeen
AB12 3LW

Signed on behalf of the directors



GARY CAMPBELL
Director

Approved by the directors on 22 August 2005

BOURTREE INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 NOVEMBER 2004

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; 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.

BOURTREE INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED
YEAR ENDED 30 NOVEMBER 2004

We have audited the financial statements on pages 7 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

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

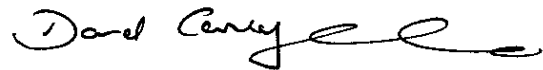
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

BOURTREE INVESTMENTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED *(continued)*
YEAR ENDED 30 NOVEMBER 2004

OPINION

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



DAND CARNEGIE & CO.
Chartered Accountants
& Registered Auditors

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee DD5 1NB

22 August 2005

BOURTREE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2004**

	Note	2004 £	2003 £
TURNOVER	2	757,783	795,624
Administrative expenses		605,358	599,847
OPERATING PROFIT	3	152,425	195,777
Interest payable	6	5,571	2,826
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		146,854	192,951
Tax on profit on ordinary activities	7	36,813	50,783
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		110,041	142,168
Dividends	8	–	50,600
RETAINED PROFIT FOR THE FINANCIAL YEAR		110,041	91,568
Balance brought forward		303,290	211,722
Balance carried forward		<u>413,331</u>	<u>303,290</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 17 form part of these financial statements.

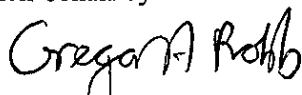
BOURTREE INVESTMENTS LIMITED

BALANCE SHEET

30 NOVEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	9	1,267	1,450
Tangible assets	10	347,024	332,734
Investments	11	100,200	100,200
		<u>448,491</u>	<u>434,384</u>
CURRENT ASSETS			
Debtors	12	229,001	52,620
Cash at bank		4,767	15,211
		<u>233,768</u>	<u>67,831</u>
CREDITORS: Amounts falling due within one year	13	117,807	81,122
NET CURRENT ASSETS/(LIABILITIES)		<u>115,961</u>	<u>(13,291)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		564,452	421,093
CREDITORS: Amounts falling due after more than one year	14	50,921	17,603
		<u>513,531</u>	<u>403,490</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	100,200	100,200
Profit and loss account		413,331	303,290
SHAREHOLDERS' FUNDS	19	<u>513,531</u>	<u>403,490</u>

These financial statements were approved by the directors on the 22 August 2005 and are signed on their behalf by:



GREGOR ROBB
Director

The notes on pages 11 to 17 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 NOVEMBER 2004**

	2004	2003
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	119,853	313,500
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest element of hire purchase	<u>(5,571)</u>	<u>(2,826)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(5,571)	(2,826)
TAXATION	(50,782)	(25,021)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(138,171)	(235,849)
Receipts from sale of fixed assets	<u>21,500</u>	<u>–</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(116,671)	(235,849)
EQUITY DIVIDENDS PAID	–	(50,600)
CASH OUTFLOW BEFORE FINANCING	(53,171)	(796)
FINANCING		
Capital element of hire purchase	<u>42,727</u>	<u>(21,446)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	42,727	(21,446)
DECREASE IN CASH	<u>(10,444)</u>	<u>(22,242)</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2004	2003
	£	£
Operating profit	152,425	195,777
Amortisation	183	181
Depreciation	99,141	93,001
Loss on disposal of fixed assets	3,240	–
(Increase)/decrease in debtors	(176,381)	56,597
Increase/(decrease) in creditors	<u>41,245</u>	<u>(32,056)</u>
Net cash inflow from operating activities	<u>119,853</u>	<u>313,500</u>

The notes on pages 11 to 17 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 NOVEMBER 2004

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	2003 £
Decrease in cash in the period	(10,444)	(22,242)
Cash outflow in respect of hire purchase	(42,727)	21,446
	<u>(53,171)</u>	<u>(796)</u>
Change in net debt	(53,171)	(796)
Net debt at 1 December 2003	(23,188)	(22,392)
Net debt at 30 November 2004	<u>(76,359)</u>	<u>(23,188)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2003 £	Cash flows £	At 30 Nov 2004 £
Net cash:			
Cash in hand and at bank	<u>15,211</u>	<u>(10,444)</u>	<u>4,767</u>
Debt:			
Hire purchase agreements	<u>(38,399)</u>	<u>(42,727)</u>	<u>(81,126)</u>
Net debt	<u>(23,188)</u>	<u>(53,171)</u>	<u>(76,359)</u>

The notes on pages 11 to 17 form part of these financial statements.

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

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

Amortisation

Amortisation 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:

Vehicle Registration Plates - 10% straight line

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:

Fixtures & Fittings - 25% reducing balance

Motor Vehicles - 25% reducing balance

Investment properties

The investment property is held for long term investment. In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment properties. This represents a departure from the Companies Act 1985 requirements to provide for a systematic annual depreciation of fixed assets. However the directors consider that, since this property is held for investment, rather than consumption, adoption of this policy is necessary to give a true and fair view.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Assets held for rental to customers under operating leases are recorded as fixed assets and depreciated over their useful lives.

Rentals received or paid under operating leases are recognised in the profit and loss account on a straight line basis over the lease term.

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the company. Turnover was generated 100% in the United Kingdom (2003 - 100%).

3. OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£	£
Amortisation	183	181
Depreciation of owned fixed assets	3,080	4,107
Depreciation of assets held under hire purchase agreements	96,061	88,894
Loss on disposal of fixed assets	3,240	—
Auditors' remuneration		
- as auditors	1,500	1,000

4. PARTICULARS OF EMPLOYEES

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

	2004	2003
	No	No
Number of administrative staff	4	6

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	41,459	147,216
Social security costs	4,607	16,485
Other pension costs	9,379	3,000
	55,445	166,701

5. DIRECTORS' EMOLUMENTS

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

	2004	2003
	£	£
Emoluments receivable	49,084	165,722
Value of company pension contributions to money purchase schemes	9,379	3,000
	58,463	168,722

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

5. DIRECTORS' EMOLUMENTS *(continued)*

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

	2004	2003
	No	No
Money purchase schemes	<u>4</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Finance charges	<u>5,571</u>	<u>2,826</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 25.58% (2003 - 26%)	<u>36,813</u>	<u>50,783</u>
Total current tax	<u>36,813</u>	<u>50,783</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 25.58% (2003 - 26%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	<u>146,854</u>	<u>192,951</u>
Profit/(loss) on ordinary activities by rate of tax	37,566	50,167
Movement in deferred tax	(804)	575
Disallowable expenses	<u>51</u>	<u>41</u>
Total current tax (note 7(a))	<u>36,813</u>	<u>50,783</u>

8. DIVIDENDS

No dividend has been recommended for the year ended 30 November 2004.

BOURTREE INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2004****9. INTANGIBLE FIXED ASSETS**

	Registration Plates £
COST	
At 1 December 2003 and 30 November 2004	<u>1,830</u>
AMORTISATION	
At 1 December 2003	380
Charge for the year	183
At 30 November 2004	<u>563</u>
NET BOOK VALUE	
At 30 November 2004	<u>1,267</u>
At 30 November 2003	<u>1,450</u>

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 December 2003	49,600	21,901	489,546	561,047
Additions	—	—	138,171	138,171
Disposals	—	—	(72,641)	(72,641)
At 30 November 2004	<u>49,600</u>	<u>21,901</u>	<u>555,076</u>	<u>626,577</u>
DEPRECIATION				
At 1 December 2003	—	9,582	218,731	228,313
Charge for the year	—	3,080	96,061	99,141
On disposals	—	—	(47,901)	(47,901)
At 30 November 2004	<u>—</u>	<u>12,662</u>	<u>266,891</u>	<u>279,553</u>
NET BOOK VALUE				
At 30 November 2004	<u>49,600</u>	<u>9,239</u>	<u>288,185</u>	<u>347,024</u>
At 30 November 2003	<u>49,600</u>	<u>12,319</u>	<u>270,815</u>	<u>332,734</u>

Operating lease agreements

Included in motor vehicles above are assets held for the purpose of letting under operating leases. At 30 November 2004 the cost of these assets was £555,076 (2003 - £489,546) and the accumulated depreciation was £266,891 (2003 - £218,731).

Hire purchase agreements

Included within the net book value of £347,024 is £288,185 (2003 - £270,815) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £96,061 (2003 - £88,894).

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

11. INVESTMENTS

	Investments in Subsidiary Undertakings £
COST	
At 1 December 2003 and 30 November 2004	<u>100,200</u>
NET BOOK VALUE	
At 30 November 2004	<u>100,200</u>
At 30 November 2003	<u>100,200</u>

Bourtree Investments Limited owns 100% of the issued share capital of Hutcheon Services Limited.

At 30 November 2004, Hutcheon Services Limited had aggregate capital and reserves of £589,187 (2003 - £538,360) and its retained profit for that year was £50,827 (2003 - £8,908).

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

12. DEBTORS

	2004 £	2003 £
Amounts owed by group undertakings	179,815	2,480
Amounts due from related party	49,186	49,186
Prepayments and accrued income	—	954
	<u>229,001</u>	<u>52,620</u>

13. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	—	1,273
Amounts owed to group undertakings	37,240	—
Corporation tax	36,814	50,783
PAYE and social security	6,599	4,074
Hire purchase agreements	30,205	20,796
Other creditors	3,196	3,196
Accruals and deferred income	3,753	1,000
	<u>117,807</u>	<u>81,122</u>

14. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Hire purchase agreements	<u>50,921</u>	<u>17,603</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2004

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	30,533	20,796
Amounts payable between 2 to 5 years	50,593	17,603
	<u>81,126</u>	<u>38,399</u>

16. CONTINGENCIES

The company guarantees the bank borrowings of its holding company, HSB Holdings Limited, to a maximum of £400,000. The amount due to the bank by HSB Holdings Limited at 30 November 2004 was £356,554.

17. RELATED PARTY TRANSACTIONS

Bourtree Investments Limited provided management services, computer hire and car/van rental services during the year to Hutcheon Services Limited, a wholly owned subsidiary, to a value of £757,784 (2003 - £795,624).

Amounts due to Hutcheon Services Limited at 30 November 2004 amounted to £37,241 (2003 - amounts due from Hutcheon Services Limited £2,480).

During the year, following a management buy out, the entire share capital of the company was acquired by HSB Holdings Limited.

Transactions during the year with HSB Holdings Limited were as follows;

- The company advanced funds to HSB Holdings Limited totalling £318,450.
- The company was charged £250,000 for management services by HSB Holdings Limited.
- The company recharged directors payroll costs of £111,365 to HSB Holdings Limited.

As at 30 November 2004, the amount due from HSB Holdings Limited amounted to £179,815.

During the year, Bourtree Investments Limited paid management charges to HGL Group Limited, a company under the control of Gordon Hutcheon and Norman Morrice, directors of this company, amounting to £186,724 (2003 - £330,260).

Amounts due from HGL Group Limited at 30 November 2004 were £49,186 (2003 - £49,186) and are disclosed in the disclosure note on debtors.

BOURTREE INVESTMENTS LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 NOVEMBER 2004

	2004 £	2003 £
18. SHARE CAPITAL		
Authorised share capital:		
	2004 £	2003 £
100,200 Ordinary shares of £1 each	100,200	99,100
1,000 'A' Ordinary shares of £1 each	—	1,000
100 'B' Ordinary shares of £1 each	—	100
	<u>100,200</u>	<u>100,200</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	100,200	100,200	99,100	99,100
'A' Ordinary shares of £1 each	—	—	1,000	1,000
'B' Ordinary shares of £1 each	—	—	100	100
	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>

During the year, the 'A' and 'B' Ordinary shares were reclassified as Ordinary shares.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	110,041	142,168
Dividends	—	(50,600)
	<u>110,041</u>	<u>91,568</u>
Opening shareholders' equity funds	403,490	311,922
Closing shareholders' equity funds	<u>513,531</u>	<u>403,490</u>

20. ULTIMATE PARENT COMPANY

The ultimate parent company is HSB Holdings Limited, a company incorporated in Scotland.