

BOURTREE INVESTMENTS LIMITED
FINANCIAL STATEMENTS
30 NOVEMBER 2006

FOURM

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



BOURTREE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

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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
Company secretary	Gregor Robb
Registered office	Bourtree House Minto Drive Altens Industrial Estate Aberdeen AB12 3LW
Auditor	FourM 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 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year were the provision of management services and the lease of computers and motor vehicles to its subsidiary company. The principal activities of the company's subsidiary, Hutcheon Services Limited, are 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 profit for the year, after taxation, amounted to £87,803. The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Ordinary in the parent company	
	At 30 November 2006	At 1 December 2005
Gregor Robb	1,500	1,500
Norman Morrice		
William Roberts	4,625	4,625
Martin Leiper	4,625	4,625
Gary Campbell	9,250	9,250
Gordon Hutcheon		

Gordon Hutcheon retired as a director on 29 December 2006

BOURTREE INVESTMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

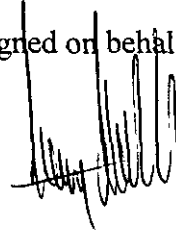
YEAR ENDED 30 NOVEMBER 2006

AUDITOR

A resolution to re appoint FourM 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 26 July 2007

BOURTREE INVESTMENTS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 30 NOVEMBER 2006

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

BOURTREE INVESTMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED
YEAR ENDED 30 NOVEMBER 2006

We have audited the financial statements of Bourtree Investments Limited for the year ended 30 November 2006 on pages 7 to 17, which have been prepared on the basis of the accounting policies set out on pages 11 to 12

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BOURTREE INVESTMENTS LIMITED *(continued)*
YEAR ENDED 30 NOVEMBER 2006

OPINION

In our opinion

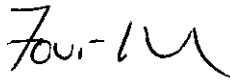
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

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

26 July 2007

FOURM 
Chartered Accountants
& Registered Auditors

BOURTREE INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 NOVEMBER 2006**

	Note	2006 £	2005 £
TURNOVER	2	643,749	652,784
Administrative expenses		530,438	543,215
OPERATING PROFIT	3	113,311	109,569
Interest payable and similar charges	5	7,853	20,467
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		105,458	89,102
Tax on profit on ordinary activities	6	17,655	75,274
PROFIT FOR THE FINANCIAL YEAR		87,803	13,828
Balance brought forward		427,159	413,331
Balance carried forward		<u>514,962</u>	<u>427,159</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 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets	7	901	1,084
Tangible assets	8	343,890	344,262
Investments	9	100,200	100,200
		<u>444,991</u>	<u>445,546</u>
CURRENT ASSETS			
Debtors	10	315,782	303,478
Cash at bank		50,204	16,056
		<u>365,986</u>	<u>319,534</u>
CREDITORS: Amounts falling due within one year	11	117,559	154,992
NET CURRENT ASSETS		<u>248,427</u>	<u>164,542</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		693,418	610,088
CREDITORS: Amounts falling due after more than one year	12	78,256	82,729
		<u>615,162</u>	<u>527,359</u>
CAPITAL AND RESERVES			
Called up equity share capital	16	100,200	100,200
Profit and loss account		514,962	427,159
SHAREHOLDERS' FUNDS	17	<u>615,162</u>	<u>527,359</u>

These financial statements were approved by the directors on the 26 July 2007 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 2006**

	2006	2005
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	132,313	164,189
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	—	(17,120)
Interest element of hire purchase	(7,853)	(3,347)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(7,853)	(20,467)
TAXATION	(14,290)	(94,223)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(119,440)	(121,449)
Receipts from sale of fixed assets	25,200	17,600
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(94,240)	(103,849)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	15,930	(54,350)
FINANCING		
Capital element of hire purchase	18,218	65,639
NET CASH INFLOW FROM FINANCING	18,218	65,639
INCREASE IN CASH	34,148	11,289
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
	2006	2005
	£	£
Operating profit	113,311	109,569
Amortisation	183	183
Depreciation	98,097	98,221
(Profit)/Loss on disposal of fixed assets	(3,485)	8,390
Increase in debtors	(12,304)	(74,477)
(Decrease)/increase in creditors	(63,489)	22,303
Net cash inflow from operating activities	<u>132,313</u>	<u>164,189</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 2006****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2006	2005
	£	£
Increase in cash in the period	34,148	11,289
Cash outflow in respect of hire purchase	(18,218)	(65,639)
	<u>15,930</u>	<u>(54,350)</u>
Change in net debt	15,930	(54,350)
Net debt at 1 December 2005	(130,709)	(76,359)
Net debt at 30 November 2006	<u>(114,779)</u>	<u>(130,709)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 2005	Cash flows	At 30 Nov 2006
	£	£	£
Net cash			
Cash in hand and at bank	<u>16,056</u>	<u>34,148</u>	<u>50,204</u>
Debt			
Hire purchase agreements	<u>(146,765)</u>	<u>(18,218)</u>	<u>(164,983)</u>
Net debt	<u>(130,709)</u>	<u>15,930</u>	<u>(114,779)</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 2006

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.

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

1. ACCOUNTING POLICIES *(continued)*

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

Fixed asset investments

The fixed asset investments are recorded at cost less any provision for the reduction in the value of the stated investment.

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 (2005 100%)

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006	2005
	£	£
Directors' emoluments	—	—
Amortisation	183	183
Depreciation of owned fixed assets	33,156	49,228
Depreciation of assets held under hire purchase agreements	64,941	48,993
(Profit)/Loss on disposal of fixed assets	(3,485)	8,390
Auditor's remuneration as auditor	2,500	1,500
Operating lease income	<u>(250,041)</u>	<u>(259,329)</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Finance charges	7,853	3,347
Other similar charges payable	—	17,120
	<u>7,853</u>	<u>20,467</u>

BOURTREE INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 NOVEMBER 2006****6. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	2006	2005
	£	£
Current tax		
UK Corporation tax based on the results for the year at 19.90% (2005: 19%)	21,231	17,864
Under/(over) provision in prior years	(3,576)	57,410
Total current tax	<u>17,655</u>	<u>75,274</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 19.90% (2005: 19%).

	2006	2005
	£	£
Profit on ordinary activities before taxation	<u>105,458</u>	<u>89,102</u>
Profit/(loss) on ordinary activities by rate of tax	20,986	16,929
Movement in deferred tax	(34)	898
Disallowable expenses	276	37
Under/over provision in previous year	(3,573)	57,410
Total current tax (note 6(a))	<u>17,655</u>	<u>75,274</u>

7. INTANGIBLE FIXED ASSETS

	Registration Plates
	£
COST	
At 1 December 2005 and 30 November 2006	<u>1,830</u>
AMORTISATION	
At 1 December 2005	746
Charge for the year	183
At 30 November 2006	<u>929</u>
NET BOOK VALUE	
At 30 November 2006	<u>901</u>
At 30 November 2005	<u>1,084</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST				
At 1 December 2005	49,600	49,793	555,951	655,344
Additions	—	—	119,440	119,440
Disposals	—	—	(80,560)	(80,560)
At 30 November 2006	<u>49,600</u>	<u>49,793</u>	<u>594,831</u>	<u>694,224</u>
DEPRECIATION				
At 1 December 2005	—	21,945	289,137	311,082
Charge for the year	—	6,962	91,135	98,097
On disposals	—	—	(58,845)	(58,845)
At 30 November 2006	<u>—</u>	<u>28,907</u>	<u>321,427</u>	<u>350,334</u>
NET BOOK VALUE				
At 30 November 2006	<u>49,600</u>	<u>20,886</u>	<u>273,404</u>	<u>343,890</u>
At 30 November 2005	<u>49,600</u>	<u>27,848</u>	<u>266,814</u>	<u>344,262</u>

Operating lease agreements

Included in motor vehicles above are assets held for the purpose of letting under operating leases. At 30 November 2006 the cost of these assets was £594,831 (2005 £555,951) and the accumulated depreciation was £321,427 (2005 £289,137).

Hire purchase agreements

Included within the net book value of £343,890 is £194,823 (2005 £146,979) 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 £64,941 (2005 £48,993).

9. INVESTMENTS

	Investments in Subsidiary Undertakings £
COST	
At 1 December 2005 and 30 November 2006	<u>100,200</u>
NET BOOK VALUE	
At 30 November 2006	<u>100,200</u>
At 30 November 2005	<u>100,200</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

9. INVESTMENTS *(continued)*

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

At 30 November 2006, Hutcheon Services Limited had aggregate capital and reserves of £726,273 (2005 £644,306) and its retained profit for that year was £81,966 (2005 £55,119)

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

10. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	<u>315,782</u>	<u>303,478</u>

11. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Corporation tax	21,230	17,865
PAYE and social security	7,602	7,061
Hire purchase agreements	86,727	64,036
Other creditors	–	64,530
Accruals and deferred income	2,000	1,500
	<u>117,559</u>	<u>154,992</u>

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

	2006 £	2005 £
Hire purchase agreements	<u>78,256</u>	<u>82,729</u>

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2006 £	2005 £
Amounts payable within 1 year	86,727	64,036
Amounts payable between 2 to 5 years	78,256	82,729
	<u>164,983</u>	<u>146,765</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

14. CONTINGENCIES

The company guarantees the bank borrowings of its holding company, HSB Holdings Limited, to a maximum of £400,000 and is supported by a bond and floating charge. The amount due to the bank by HSB Holdings Limited at 30 November 2006 was £209,978.

The company also guarantees the bank borrowings of its subsidiary company, Hutcheon Services Limited and is supported by a bond and floating charge. The amount due to the bank by Hutcheon Services Limited at 30 November 2006 was £364,284.

15. RELATED PARTY TRANSACTIONS

During the year, the company provided management services, computer hire and car/van rental services during the year to Hutcheon Services Limited, a wholly owned subsidiary. The total charge made for all these services was £643,748 (2005 £652,784).

At 30 November 2006, the amount due from Hutcheon Services Limited was £71,098 (2005 £53,707).

During the year, the company obtained management services from its parent company, HSB Holdings Limited. The total charge made for these services was £290,000 (2005 £250,000). Also, the company made bank loan repayments on behalf of its parent company of £91,629 (2005 £91,629) and it met payroll costs of £193,284 (2005 £172,757).

At 30 November 2006, the amount due from HSB Holdings Limited was £244,684 (2005 £249,771).

16. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
100,200 Ordinary shares of £1 each	<u>100,200</u>	<u>100,200</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>	<u>100,200</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	87,803	13,828
Opening shareholders' funds	<u>527,359</u>	<u>513,531</u>
Closing shareholders' funds	<u>615,162</u>	<u>527,359</u>

BOURTREE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 NOVEMBER 2006

18. ULTIMATE PARENT COMPANY

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