HOLYROOD SECURITIES LIMITED

Report and Accounts

31 January 2001





Registered Number : SC192541

DIRECTORS
Kenneth Liddell Tough
Kenneth Ross

SECRETARY
Kenneth Ross

REGISTERED OFFICE
Elphinstone House
295 Fenwick Road
Glasgow
G46 6UH

AUDITORS
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

ERNST & YOUNG

DIRECTORS' REPORT

The directors submit their report and accounts for year to 31 January 2001.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company did not trade during the year.

On 19 January 2001 two of the investment property units were let on a 25 year lease. A rent free period was given to 18 September 2001 hence there is no trading income during the period under review.

DIRECTORS AND THEIR INTERESTS

The share capital of Holyrood Securities is owned equally by the Kenneth Ross Inter Vivos Trust and the Kenneth Tough Inter Vivos Trust. The directors of the company are trustees of their respective trust.

The company's Articles of Association do not require the directors to retire by rotation.

CLOSE COMPANY STATUS

The company is a close company within the meaning of the Income and Corporation Tax Act 1988.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 Companies Act 1985.

ERNST & YOUNG

On behalf of the Board

29 November 2001

K. L. Tough

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires directors to prepare accounts 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 period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the accounts 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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REPORT OF THE AUDITORS
to the shareholders of Holyrood Securities Limited

We have audited the accounts on pages 5 to 7, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 at 31 January 2001 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Glasgow

29 November 2001

BALANCE SHEET
at 31 January 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	2	307,269	281,562
CURRENT ASSETS			
Debtors	3	2	2
CREDITORS: amounts falling due within one year	4	(307,269)	(281,562)
NET CURRENT LIABILITIES		(307,267)	(281,560)
TOTAL ASSETS LESS CURRENT LIABILITIES		2	2
CAPITAL AND RESERVES			
Called up share capital	5	2	2
EQUITY SHAREHOLDERS' FUNDS		2	2

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

29 November 2001

K. L. Tough.

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NOTES TO THE ACCOUNTS
at 31 January 2001

1. ACCOUNTING POLICIES

Basis of preparation
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cashflow statement on the grounds that it is a small company.

Investment properties
Certain of the company's properties are held for long term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

(i) investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and

(ii) no depreciation is provided in respect of leasehold investment properties where the lease has over 20 years to run.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

2. TANGIBLE FIXED ASSETS

	Investment property £
Cost:	
At 1 February 2000	281,562
Additions	25,707
At 31 January 2001	307,269

The directors are satisfied that the above costs approximate to the valuation of investment properties at 31 January 2001. Investment property additions include interest capitalised of £17,108.

3. DEBTORS

	2001 £	*2000* £
Other debtors	2	2

There are no amounts due after more than one year included in debtors.

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NOTES TO THE ACCOUNTS
at 31 January 2001

4. CREDITORS: amounts falling due within one year

	2001 £	*2001* £
Bank overdraft	214,803	211,562
Other creditors	92,466	70,000
	307,269	281,562

The bank overdraft is secured over the investment property.

5. CALLED UP SHARE CAPITAL

	2001 No.	*2000* No.
Authorised:		
Ordinary shares of £1 each	100	100
	£	£
Allotted, issued and fully paid:		
Ordinary shares of £1 each	2	2

6 TRANSACTIONS WITH DIRECTORS

Included in 'Other creditors' (note 4) is a loan of £70,000 from the directors of the company, Kenneth Tough and Kenneth Ross. The loan is non interest bearing and repayable at the discretion of the directors.

7 RELATED PARTY TRANSACTIONS

'Other creditors' (note 4) include a loan of £21,466 from Elphinstone Group Limited and a loan from Capital Construction Limited of £1,000 to Holyrood Securities Limited, companies which both directors have an interest in. The loans are non interest bearing and repayable at the discretion of the directors.

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