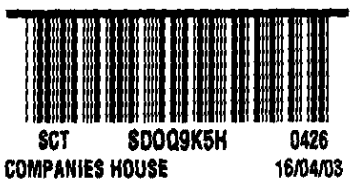
HOLYROOD SECURITIES LIMITED

Report and Accounts

30 June 2002



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 the 17 months to 30 June 2002.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The loss for the period was £13,936. The directors do not recommend payment of a dividend.

The company's principal activity is the letting of its investment property.

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

A resolution will be put to the members of the company at the Annual General Meeting to reappoint Ernst & Young LLP as auditors.

On behalf of the Board

Kenneth Liddell Tough

28 February 2003

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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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INDEPENDENT AUDITORS' REPORT
to the members of Holyrood Securities Limited

We have audited the company's financial statements for the period ended 30 June 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

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 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 members 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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 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.

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Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Glasgow

28 February 2003

PROFIT AND LOSS ACCOUNT
for 17 months ended 30 June 2002

	Notes	2002 £	2001 £
TURNOVER	2	19,994	-
Administrative expenses		15,756	-
OPERATING PROFIT		4,238	-
Interest payable	3	18,174	-
PROFIT ON ORIDNARY ACTIVITIES BEFORE TAXATION		(13,936)	-
Taxation		-	-
(LOSS) FOR THE PERIOD		(13,936)	-

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002 £	2001 £
(LOSS) FOR THE FINANCIAL PERIOD	(13,936)	-
Unrealised surplus on revaluation of investment property	25,706	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	11,770	-

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BALANCE SHEET
at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	4	350,000	307,269
CURRENT ASSETS			
Debtors	5	16,854	2
CREDITORS: amounts falling due within one year	6	(355,082)	(307,269)
NET CURRENT LIABILITIES		(338,228)	(307,267)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,772	2
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Revaluation reserve	8	25,706	-
Profit and loss account	8	(13,936)	-
EQUITY SHAREHOLDERS' FUNDS	8	11,772	2

Kenneth Liddell Tough Director

Kenneth Ross Director

28 February 2003

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NOTES TO THE ACCOUNTS
at 30 June 2002

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.

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2. TURNOVER

Turnover, which is stated net of value added tax, represents the invoiced amount of goods and services falling within the company's principal activity The whole of the turnover is from continuing operations within the United Kingdom.

3. INTEREST PAYABLE

	2002	*2001*
	£	£
Bank interest	18,174	-

4. TANGIBLE FIXED ASSETS

	£
Investment property:	
At 1 February 2001 at cost	307,269
Additions at cost	17,025
Arising on revaluation	25,706
At 30 June 2002	350,000

The property was revalued by the directors at 30 June 2002. The directors are satisfied that the above valuation approximates to its open market value at 30 June 2002.

The historical cost of the investment property is £324,294 (2001 : £307,269).

NOTES TO THE ACCOUNTS
at 30 June 2002

5. DEBTORS

	2002	*2001*
	£	£
Trade debtors	16,852	-
Other debtors	2	2
	16,854	-

6. CREDITORS: amounts falling due within one year

	2002	*2001*
	£	£
Bank overdraft	211,163	214,803
Other creditors	143,919	92,466
	355,082	307,269

The bank overdraft is secured over the investment property.

7. CALLED UP SHARE CAPITAL

	2002	*2001*
	No.	*No.*
Authorised:		
Ordinary shares of £1 each	100	100
	£	£
Allotted, issued and fully paid:		
Ordinary shares of £1 each	2	2

8. RECONCILIATION OF SHREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	*Revaluation reserve*	*Profit and loss account*	*Total shareholders' funds*
	£	£	£	£
At 1 February 2001	2	-	-	2
Surplus on revaluation of investment property	-	25,706	-	25,706
(Loss) for the year	-	-	(13,936)	(13,936)
At 30 June 2002	2	25,706	(13,936)	11,772

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NOTES TO THE ACCOUNTS
at 30 June 2002

9. 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.

10. RELATED PARTY TRANSACTIONS

'Other creditors' (note 4) include a loan of £67,314 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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