Registered number: SC205041

DCM PROPERTIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2002



COMPANY INFORMATION

DIRECTORS	Colin McMillan Derek McMillan
SECRETARY	Colin McMillan
COMPANY NUMBER	SC205041
REGISTERED OFFICE	904 Sauchiehall Street Glasgow G3 7TF
AUDITORS	Neilson Renton & Co Chartered Accountants & Registered Auditors 144 St. Vincent Street Glasgow G2 5LQ

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DIRECTORS' REPORT
For the year ended 30 June 2002

The directors present their report and the financial statements for the year ended 30 June 2002.

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;
- 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. 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.

PRINCIPAL ACTIVITIES

The company's principal activity during the period under review was the running of an hotel business.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	30/6/02	1/7/01
Colin McMillan	1	1
Derek McMillan	1	1

AUDITORS

The auditors, Neilson Renton & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 24 October 2002 and signed on its behalf.

Colin McMillan
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DCM PROPERTIES LTD

We have audited the financial statements of DCM Properties Ltd for the year ended 30 June 2002 set out on pages 3 to 8. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 5.

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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Neilson Renton & Co

Neilson Renton & Co

Chartered Accountants
Registered Auditors

144 St. Vincent Street
Glasgow
G2 5LQ

24 October 2002

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2002

	Note	12 months ended 30 June 2002 £	*12 months ended 30 June 2001 £*
TURNOVER	1	**455,151**	*430,978*
Cost of sales		**(49,393)**	*(30,854)*
GROSS PROFIT		**405,758**	*400,124*
Administrative expenses		**(249,499)**	*(211,962)*
OPERATING PROFIT	2	**156,259**	*188,162*
Interest payable		**(80,655)**	*(101,749)*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**75,604**	*86,413*
TAX ON PROFIT ON ORDINARY ACTIVITIES	4	**(19,238)**	*(21,078)*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**56,366**	*65,335*
DIVIDENDS		**(25,048)**	*(34,000)*
RETAINED PROFIT FOR THE FINANCIAL YEAR		**31,318**	*31,335*
RETAINED PROFIT BROUGHT FORWARD		**31,335**	*-*
RETAINED PROFIT CARRIED FORWARD		**£ 62,653**	*£ 31,335*

The notes on pages 5 to 8 form part of these financial statements.

BALANCE SHEET
As at 30 June 2002

	Note	30 June 2002 £	30 June 2002 £	30 June 2001 £	30 June 2001 £
FIXED ASSETS					
Tangible fixed assets	5		**1,369,883**		*1,408,954*
CURRENT ASSETS					
Stocks		**350**		*200*	
Debtors	6	**18,838**		*12,364*	
Cash at bank and in hand		**23,627**		*33,809*	
		42,815		*46,373*	
CREDITORS: amounts falling due within one year	7	**(211,752)**		*(218,435)*	
NET CURRENT LIABILITIES			**(168,937)**		*(172,062)*
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,200,946**		*1,236,892*
CREDITORS: amounts falling due after more than one year	8		**(1,138,291)**		*(1,205,555)*
NET ASSETS			**£ 62,655**		*£ 31,337*
CAPITAL AND RESERVES					
Called up share capital	9		**2**		*2*
Profit and loss account			**62,653**		*31,335*
SHAREHOLDERS' FUNDS			**£ 62,655**		*£ 31,337*

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 24 October 2002 and signed on its behalf.

Derek McMillan
Director

The notes on pages 5 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2%	straight line
Plant and equipment	-	20%	reducing balance
Fixtures and fittings	-	20%	reducing balance
Office equipment	-	20%	reducing balance

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. OPERATING PROFIT

The operating profit is stated after charging:

	12 months ended 30 June 2002	*12 months ended 30 June 2001*
	£	*£*
Depreciation of tangible fixed assets:		
- owned by the company	**49,288**	*52,370*
Auditors' remuneration	**1,500**	*1,500*
Pension costs	**600**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

3. DIRECTORS' REMUNERATION

	12 months ended 30 June 2002	*12 months ended 30 June 2001*
	£	£
Aggregate emoluments	£ 22,237	£ *24,850*

During the year retirement benefits were accruing to 2 directors *(2001 - 2)* in respect of money purchase pension schemes.

4. TAXATION

	12 months ended 30 June 2002	*12 months ended 30 June 2001*
	£	£
UK corporation tax on profits of the year	£ 19,238	£ *21,078*

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK.

There were no factors that may affect future tax charges.

5. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant and equipment	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 July 2001	1,332,722	944	127,658	1,461,324
Additions	-	2,448	7,769	10,217
At 30 June 2002	1,332,722	3,392	135,427	1,471,541
Depreciation				
At 1 July 2001	26,652	188	25,530	52,370
Charge for the year	26,652	642	21,994	49,288
At 30 June 2002	53,304	830	47,524	101,658
Net book value				
At 30 June 2002	£ 1,279,418	£ 2,562	£ 87,903	£ 1,369,883
At 30 June 2001	£ *1,306,070*	£ *756*	£ *102,128*	£ *1,408,954*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

6. DEBTORS

	2002	2001
	£	£
Due within one year		
Trade debtors	**15,751**	*11,308*
Other debtors	**3,087**	*1,056*
	£ 18,838	*£ 12,364*

7. CREDITORS:
Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	**147,919**	*147,919*
Trade creditors	**1,496**	*2,494*
Corporation tax	**19,238**	*21,078*
Social security and other taxes	**16,531**	*19,338*
Other creditors	**26,568**	*27,606*
	£ 211,752	*£ 218,435*

The bank loan is secured by a bond and floating charge over the undertakings of the company and also by an assignation of a life policy and a personal guarantee by K.G. McMillan and D.F. McMillan of £440,000.

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

	2002	2001
	£	£
Bank loans	**£ 1,138,291**	*£ 1,205,555*

Creditors include amounts not wholly repayable within 5 years as follows:

	2002	2001
	£	£
Repayable by instalments	**£ 546,613**	*£ 613,878*

The bank loan is secured by a bond and floating charge over the undertakings of the company and also by an assignation of a life policy and a personal guarantee by K.G. McMillan and D.F. McMillan of £440,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2002

9. SHARE CAPITAL

	2002 £	2001 £
Authorised		
1,000 Ordinary shares of £1 each	£ **1,000**	£ 1,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	£ **2**	£ 2

10. OPERATING LEASE COMMITMENTS

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	*2001 £*
Expiry date:		
Between 2 and 5 years	**11,500**	*11,500*