

MORRISON FORTH (NEWHAVEN TWO) LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Period from date of incorporation
29 June 2000 To 31 December 2000

COMPANY NO: SC208821



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COMPANIES HOUSE 25/07/01

MORRISON FORTH (NEWHAVEN TWO) LTD

DIRECTORS	Brian Leith Ewan Mackay Alistair Fleming Anthony Donnelly William Murray Terence Smith
SECRETARY	John Morrison
AUDITORS	KPMG Saltire Court 20 Castle Terrace EDINBURGH EH1 2EG
BANKERS	Bank of Scotland 41 South Gyle Crescent EDINBURGH EH12 9BF
SOLICITORS	Fyfe Ireland WS Orchard Brae House 30 Queensferry Road EDINBURGH EH4 7NS
REGISTERED OFFICE	30 Queensferry Road Edinburgh Midlothian EH4 2HG

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MORRISON FORTH (NEWHAVEN TWO) LTD

REPORT OF THE DIRECTORS

For the period from date of incorporation 29 June 2000 to 31 December 2000

- 1 The directors submit their report and audited financial statements from the date of incorporation, 29 June 2000 to 31 December 2000. The contents of this report and the format of the accounts have been prepared to comply with the provisions of the Companies Act 1985.

2 **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company was incorporated on 29 June 2000.

The principal activity of the company was that of house construction. The directors intend to continue with this activity in the forthcoming year.

3 **RESULTS AND DIVIDEND**

The result for the period was nil. No dividend was paid or proposed within the period.

4 **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year were:

Brian Leith	(appointed 27 July 2000)
Ewan Mackay	(appointed 27 July 2000)
Alistair Fleming	(appointed 27 July 2000)
William Murray	(appointed 27 July 2000)
Terence Smith	(appointed 27 July 2000)
Anthony Donnelly	(appointed 27 July 2000)
Queensferry Formations Ltd	(appointed 29 June 2000, resigned 27 July 2000)
Charles Hammond	(appointed 5 February 2001)

In accordance with the Company's Articles of Association, none of the directors are required to retire. None of the directors who held office at the end of the period had any interest in the shares of the company.

MORRISON FORTH (NEWHAVEN TWO) LTD

REPORT OF THE DIRECTORS

PERIOD FROM DATE OF INCORPORATION 29 June 2000 TO 31 December 2000 CONTINUED

5 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

6 AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Ewan Mackay
Director

70 June 2001

Registered in Scotland No 208821

REPORT OF THE AUDITORS TO THE MEMBERS OF MORRISON FORTH (NEWHAVEN TWO) LTD

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit 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 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 31 December 2000 and of its result for the period from 29 June 2000 (date of incorporation) to 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
June 2001

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MORRISON FORTH (NEWHAVEN TWO) LTD
PROFIT AND LOSS ACCOUNT
PERIOD FROM 29 JUNE 2000 TO 31 DECEMBER 2000

	31 December 2000 £
Turnover	-
Cost of Sales	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	-
Taxation	-
Profit for the financial period	-
Other than the result for the period the company has no other recognised gains or losses.	

MORRISON FORTH (NEWHAVEN TWO) LTD
BALANCE SHEET
As at 31 December 2000

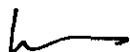
	Notes	2000 £
Current assets		
Stock	2	1,047,500
Debtors	3	2
		<u>1,047,502</u>
Creditors: amounts falling due within one year	4	(297,500)
		<u>750,002</u>
Net Current Assets		
Creditors: amounts falling due After more than one year	5	(750,000)
		<u>2</u>
Capital and Reserves		
Called up share capital- ordinary	6	2
		<u>2</u>
Total Equity Shareholders' Funds		<u>2</u>

The notes on pages 5 to 7 form part of these financial statements.

The financial statements were approved by the Board of Directors on ³⁰ June 2001 and were signed on its behalf by:



E MACKAY
DIRECTOR



W MURRAY
DIRECTOR

MORRISON FORTH (NEWHAVEN TWO) LTD

PROFIT AND LOSS ACCOUNT

During the financial period the company received no income and incurred no expenditure. Consequently the company made neither a profit nor a loss.

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 December 2000

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard (FRS) 1 (revised 1996) to prepare a cash flow statement as it is a small company by definition.

(b) STOCKS

Property Developments are valued at the lower of cost and net realisable value. Cost comprises direct expenditure and production overheads incurred in the normal course of the business less applicable payments on account. Net realisable value is the estimated selling price less all costs to be incurred. Provision is made for the foreseeable losses on contracts.

(c) TURNOVER

Turnover represents the value of property development activities, for properties where legal contracts have been completed during the period, wholly within the UK excluding value added tax.

(d) ACCOUNTING FOR PROFITS

No profit is included in the financial statements in connection with property sales unless a legally binding contract for sale of the development has been entered into and completion has taken place before or shortly after the period end.

2 STOCK

	2000
	£
Development work in progress	<u>1,047,500</u>

Auditors remuneration of £1,500 has been capitalised into work in progress.

MORRISON FORTH (NEWHAVEN TWO) LTD
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 December 2000 – CONTINUED

3	<u>DEBTORS</u>	2000
		£
	Due from shareholders	2
	Trade Debtors	-
		<u>2</u>
4	<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	2000
		£
	Accruals	<u>297,500</u>
5	<u>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</u>	2000
		£
	Accruals	<u>750,000</u>
6	<u>SHARE CAPITAL</u>	2000
		£
	Authorised	
	‘A’ Ordinary shares of £1 each	50
	‘B’ Ordinary shares of £1 each	<u>50</u>
		<u>100</u>
	Allotted, Called Up, and Unpaid	
	‘A’ Ordinary shares of £1 each	1
	‘B’ Ordinary shares of £1 each	<u>1</u>
		<u>2</u>

The Company issued 1 ‘A’ Ordinary £1 share and 1 ‘B’ ordinary £1 share during the period at Par.
Both “A” and “B” shares have the same voting rights and rank pari passu as set out in the
Memorandum and Articles of Association of the company.

MORRISON FORTH (NEWHAVEN TWO) LTD
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 December 2000 – CONTINUED

6 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000
	£
Opening shareholders' funds	-
Result for the period	-
Share capital issued during the year	2
Closing shareholders' funds	2

7 RELATED PARTY TRANSACTIONS

Morrison Homes Ltd and Forth Ports Plc jointly own Morrison Forth (Newhaven Two) Ltd

During the period, the company accrued development costs of £1,046,000 payable to Morrison Homes Ltd who own 50% of the share capital.

The balance owing to Morrison Homes Ltd at 31 December 2000 was £1,046,000.