

FP NEWHAVEN TWO LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2004
Registered Number: SC208821



FP NEWHAVEN TWO LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2004**

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FP NEWHAVEN TWO LIMITED

DIRECTORS

C.G. Hammond
W.W. Murray
T.P. Smith

SECRETARY

Morag McNeill

REGISTERED OFFICE

1 Prince of Wales Dock
Leith
EDINBURGH EH6 7DX

REGISTERED NUMBER

SC208821

REGISTERED AUDITORS

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH

FP NEWHAVEN TWO LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts for the year ended 31st December 2004.

Principal Activities and Business Review

The Company's principal activity is property development. The Directors intend to continue with this activity in the forthcoming year.

Results and Dividend

The profit for the year after taxation amounted to £447,250 (2003 - loss £2,500). The Directors propose that no dividend be paid and the profit be transferred to reserves.

Directors

C.G. Hammond
W.W. Murray
T.P. Smith

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year that 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. The Directors are required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the accounts for the year ended 31st December 2004 and that applicable accounting standards have been followed.

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 accounts 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.

Directors' Interests

The Directors of the Company are also Directors of Forth Ports PLC the ultimate holding company and their interests in the share capital of Forth Ports PLC are disclosed in the Directors' Report of that company.

FP NEWHAVEN TWO LIMITED

REPORT OF THE DIRECTORS

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Morag McNeill
SECRETARY

18th March 2005

FP NEWHAVEN TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FP NEWHAVEN TWO LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

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.

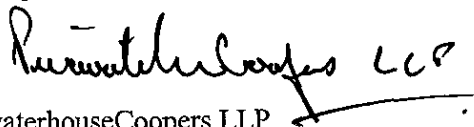
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FP NEWHAVEN TWO LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FP NEWHAVEN TWO LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', with a horizontal line drawn underneath it.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
EDINBURGH

18th March 2005

FP NEWHAVEN TWO LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004**

	Notes	2004 £	2003 £
Turnover		3,406,000	-
Cost of sales		<u>(2,510,869)</u>	<u>-</u>
Gross profit		895,131	-
Administrative expenses		<u>(3,018)</u>	<u>(2,500)</u>
Profit/(loss) on ordinary activities before interest		892,113	(2,500)
Interest receivable		46	-
Interest payable		<u>(254,302)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		637,857	(2,500)
Taxation	3	<u>(190,607)</u>	<u>-</u>
Retained profit/(loss) for the year	8	<u>447,250</u>	<u>(2,500)</u>

Results for the year are attributable solely to continuing operations.

The Company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

FP NEWHAVEN TWO LIMITED

BALANCE SHEET AT 31ST DECEMBER 2004

	Notes	2004 £	2003 £
Current assets			
Stock	4	2,217,140	3,533,211
Debtors - amounts falling due within one year	5	209,204	618,314
- amounts falling due after more than one year	5	3,403,000	-
Cash at bank		<u>1,702</u>	<u>-</u>
		5,831,046	4,151,525
Creditors: amounts falling due within one year	6	<u>(5,386,294)</u>	<u>(4,154,023)</u>
Net current assets/(liabilities)		<u>444,752</u>	<u>(2,498)</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	<u>444,750</u>	<u>(2,500)</u>
Equity shareholders' funds	9	<u>444,752</u>	<u>(2,498)</u>

The accounts on pages 7 to 12 were approved by the Board of Directors on 18th March 2005 and signed on its behalf by

W. W. Murray

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T.P. Smith

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FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the periods under review and are in accordance with applicable Accounting Standards in the United Kingdom.

Basis of Preparation

The accounts have been prepared on the historical cost basis.

The Company is a wholly owned subsidiary of Forth Ports PLC and the cash flows of the Company are included in the consolidated cash flow statement of Forth Ports PLC. Consequently the Company is exempt under Financial Reporting Standard No 1 from publishing a cash flow statement.

Turnover

Turnover represents proceeds from sale of property, property development and rental income. Turnover excludes value added tax.

Project Work in Progress

Expenditure on property development projects, land held for resale and work in progress is included at cost less amounts written off which are deemed to be irrecoverable. Cost includes all direct expenditure and associated indirect costs. On completion, such assets are transferred to heritable investment properties or sold to third parties.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred taxation has been recognised as a liability if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax liabilities recognised have not been discounted.

Stock

Property development and land held for resale are included at cost.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2004

1. Profit on ordinary activities before taxation

Profit on ordinary activities is stated after charging:

	2004 £	2003 £
Auditors' remuneration - audit services	<u>3,000</u>	<u>2,500</u>

2. Directors and employees

The Directors received no emoluments from the Company in respect of the year ended 31st December 2004 (2003 - £ nil).

There are no other employees of the Company.

3. Taxation

	2004 £	2003 £
UK corporation tax at 30% (2003 – 30%): current year	<u>190,607</u>	<u>-</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	<u>637,857</u>	<u>(2,500)</u>
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 30%	191,357	(750)
Effects of:		
Profit relieved by losses brought forward	(750)	-
Accelerated capital allowances/other timing differences	<u>-</u>	<u>750</u>
Current tax charge for the period	<u>190,607</u>	<u>-</u>

4. Stock

	2004 £	2003 £
Stock of land and work in progress	<u>2,217,140</u>	<u>3,533,211</u>

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

5. Debtors

	2004	2003
	£	£
Amounts falling due within one year:		
Trade debtors	3,525	-
Other debtors	205,677	618,312
Amounts due from shareholders	<u>2</u>	<u>2</u>
	<u>209,204</u>	<u>618,314</u>
Amounts falling due after more than one year:		
Trade debtors	<u>3,403,000</u>	<u>-</u>

6. Creditors: amounts falling due within one year:

	2004	2003
	£	£
Amount due to parent company	3,797,513	4,151,523
Amount due to Forth Property Developments Ltd	1,380,974	-
Other creditors and accruals	17,200	2,500
Corporation tax	<u>190,607</u>	<u>-</u>
	<u>5,386,294</u>	<u>4,154,023</u>

The Company has undertaken to provide a cross-guarantee for the debts of certain other group companies under the terms of the Facility Agreement between Forth Ports PLC and the Governor and Company of the Bank of Scotland dated 15th September 2004.

7. Called up equity share capital

	2004	2003
	£	£
Authorised		
"A" Ordinary shares of £1 each	50	50
"B" Ordinary shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>
Allotted, called up and unpaid		
"A" Ordinary shares of £1 each	1	1
"B" Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

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.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Profit and loss account

	£
Balance at 1st January 2004	(2,500)
Profit for the year	<u>447,250</u>
Balance at 31st December 2004	<u>444,750</u>

9. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Profit/(loss) for the financial year	447,250	(2,500)
Opening equity shareholders' funds	<u>(2,498)</u>	<u>2</u>
Closing equity shareholders' funds	<u>444,752</u>	<u>(2,498)</u>

10. Ultimate parent company

The Company is wholly-owned and ultimately controlled by Forth Ports PLC, a company incorporated in the United Kingdom.

Under the terms of Financial Reporting Standard Number 8, FP Newhaven Two Limited is exempt from disclosing related party transactions and balances with entities in the Forth Ports group.

Copies of the ultimate parent company's consolidated accounts may be obtained from its principal place of business at 1 Prince of Wales Dock, Leith, Edinburgh EH6 7DX.