

SC 213974

**Auditors' Report to the directors of Melford Developments Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of Melford Developments Limited for the year ended 31 December 2003 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 31 December 2003, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Springfords LLP

**Springfords LLP
Chartered Accountants and
Registered Auditors**

14 April 2005

**Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB**



Melford Developments Limited

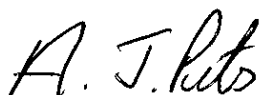
**Abbreviated Balance Sheet
as at 31 December 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	2		13,659		-
Investments	2		66		1
			<u>13,725</u>		<u>1</u>
Current Assets					
Debtors		99,868		47,094	
Cash at bank and in hand		88,093		17,156	
		<u>187,961</u>		<u>64,250</u>	
Creditors: amounts falling due within one year		<u>(186,486)</u>		<u>(70,316)</u>	
Net Current Assets/(Liabilities)			<u>1,475</u>		<u>(6,066)</u>
Total Assets Less Current Liabilities			<u>15,200</u>		<u>(6,065)</u>
Creditors: amounts falling due after more than one year			<u>(10,813)</u>		<u>-</u>
Net Assets/(Liabilities)			<u>4,387</u>		<u>(6,065)</u>
Capital and Reserves					
Called up share capital	3		100		100
Profit and loss account			4,287		(6,165)
Shareholders' Funds			<u>4,387</u>		<u>(6,065)</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The abbreviated accounts were approved by the Board on 14 April 2005 and signed on its behalf by

Andrew Peters
Director



The notes on pages 3 to 5 form an integral part of these financial statements.

Melford Developments Limited

Notes to the Abbreviated Accounts for the year ended 31 December 2003

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Motor vehicles	-	25% Straight Line
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1.4. Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6. Deferred taxation

Provision is made for deferred taxation using the incremental liability approach to take account of all timing differences between the incidence of income and expenditure for taxation and accounting purposes that have originated but not reversed at the balance sheet date.

1.7. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

1.8. Accounting for income earned from joint ventures

No income is included within the financial statements in connection with fees, due for development and other services provided by Melford Developments Limited to the joint venture companies, until agreement has been reached with the joint venture companies. This agreement will only be given when the funds are available following the completed sale of properties.

Melford Developments Limited

**Notes to the Abbreviated Accounts
for the year ended 31 December 2003**

2. Fixed assets

	Tangible fixed assets	Investments	Total
	£	£	£
Cost			
At 1 January 2003	-	1	1
Additions	13,950	65	14,015
At 31 December 2003	13,950	66	14,016
Depreciation and			
Charge for year	291	-	291
At 31 December 2003	291	-	291
Net book values			
At 31 December 2003	13,659	66	13,725
At 31 December 2002	-	1	1

Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held Class
Subsidiary undertaking			
Heriot (St Clair) Limited	Scotland		Ordinary 50%
Melford Balerno Limited	Scotland		Ordinary B 65%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Heriot (St Clair) Limited	2	-
Melford Balerno Limited	100	-

Melford Developments Limited

**Notes to the Abbreviated Accounts
for the year ended 31 December 2003**

3. Share capital	2003	2002
	£	£
Authorised equity		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>