

Report of the Director and
Financial Statements
for the Year Ended 31 August 2007
for
Kinnell Holdings Limited

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for the Year Ended 31 August 2007**

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Kinnell Holdings Limited

**Company Information
for the Year Ended 31 August 2007**

DIRECTOR: P Dawson

SECRETARY: Mrs M Dawson

REGISTERED OFFICE: 37 Carrick Street
Ayr
KA7 1NS

REGISTERED NUMBER: SC295513 (Scotland)

AUDITORS: Campbell Dallas LLP
Chartered Accountants
Registered Auditors
7 Glasgow Road
Paisley
Glasgow
PA1 3QS

**Report of the Director
for the Year Ended 31 August 2007**

The director presents his report with the financial statements of the company for the year ended 31 August 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTOR

P Dawson held office during the whole of the period from 1 September 2006 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Campbell Dallas LLP, will be proposed for re appointment in accordance with Section 385 of the Companies Act 1985.

Kinnell Holdings Limited

**Report of the Director
for the Year Ended 31 August 2007**

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of several overlapping, stylized strokes.

Director

Date

Report of the Independent Auditors to the Shareholders of Kinnell Holdings Limited

We have audited the financial statements of Kinnell Holdings Limited for the year ended 31 August 2007 on pages six to ten. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Director is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Report of the Director 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 International Standards on Auditing (UK and Ireland) 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 director 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.

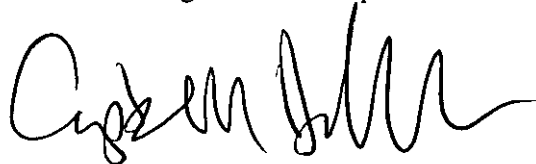
**Report of the Independent Auditors to the Shareholders of
Kinnell Holdings Limited**

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 August 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Report of the Director is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Campbell Dallas', is written over the text of the opinion.

Campbell Dallas LLP
Chartered Accountants
Registered Auditors
7 Glasgow Road
Paisley
Glasgow
PA1 3QS

Date

Kinnell Holdings Limited

Profit and Loss Account for the Year Ended 31 August 2007

	Notes	Year Ended 31 8 07 £	£	Period 16 1 06 to 31 8 06 £	£
TURNOVER					
Administrative expenses			43,030		
			(43,030)		
Other operating income			6,000		
OPERATING LOSS	2		(37,030)		
Income from fixed asset investments		156,000			
Interest receivable and similar income		3,737			
			159,737		
			122,707		
Interest payable and similar charges			24,008		
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			98,699		
Tax on profit on ordinary activities	3				
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			98,699		

The notes form part of these financial statements

Kinnell Holdings Limited

Balance Sheet 31 August 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Investments	4	2,191,127	
CURRENT ASSETS			
Debtors	5	1,234,188	
Cash at bank		100,098	1
		<u>1,334,286</u>	<u>1</u>
CREDITORS			
Amounts falling due within one year	6	<u>2,826,713</u>	
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,492,427)</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		698,700	1
CREDITORS			
Amounts falling due after more than one year	7	<u>600,000</u>	
NET ASSETS		<u><u>98,700</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	<u>98,699</u>	
SHAREHOLDERS' FUNDS		<u><u>98,700</u></u>	<u><u>1</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the director on

and were signed by



Director

**Notes to the Financial Statements
for the Year Ended 31 August 2007**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

At 31 March 2007 the company has net current liabilities of £1,492,427. The director considers the company to be a going concern due to the continued support of related businesses and future returns from investments

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2 OPERATING LOSS

The operating loss is stated after charging

	Year Ended 31 8 07 £	Period 16 1 06 to 31 8 06 £
Auditors' remuneration	1,700	
	<u> </u>	<u> </u>
Director's emoluments and other benefits etc		
	<u> </u>	<u> </u>

3 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 August 2007 nor for the period ended 31 August 2006

4 FIXED ASSET INVESTMENTS

	Interest in associate undertakings £
COST	
Additions	2,191,127
	<u> </u>
At 31 August 2007	2,191,127
	<u> </u>
NET BOOK VALUE	
At 31 August 2007	2,191,127
	<u> </u>

**Notes to the Financial Statements continued
for the Year Ended 31 August 2007**

4 FIXED ASSET INVESTMENTS continued

The company's investments at the balance sheet date in the share capital of companies include the following

Associated Companies

Guarantee Protection Insurance Limited

Nature of business Insurance Company

	% holding	31 12 07 £	31 12 06 £
Class of shares			
Ordinary	39 00		
Aggregate capital and reserves		2,231,965	2,340,511
Profit for the year		294,454	331,850

Fitzgerald Reid Dickinson Limited

Nature of business

	% holding	31 12 06 £	31 12 05 £
Class of shares			
Ordinary	40 00		
Aggregate capital and reserves		96,200	26,800

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Other debtors	1,234,188	

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Taxation and social security	1,709	
Other creditors	2,825,004	
	2,826,713	

7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Other creditors	600,000	

**Notes to the Financial Statements continued
for the Year Ended 31 August 2007**

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007 £	2006 £
100	Ordinary	1	<u>100</u>	<u></u>
Allotted, issued and fully paid Number	Class	Nominal value	2007 £	2006 £
1	Ordinary	1	<u>1</u>	<u>1</u>

9 RESERVES

	Profit and loss account £
Profit for the year	<u>98,699</u>
At 31 August 2007	<u>98,699</u>

10 RELATED PARTY DISCLOSURES

Included within debtors falling due within one year are the following loans to businesses in which the director has an interest

Millburn Insurance Company Limited	£1,210,000
HIPPD	£17,188
Certass Limited	£6,000

Included within creditors falling due within one year is the following loan to a business in which the director has an interest

Warranty Services Limited	£2,461,304
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Included in creditors falling after more than one year is £600,000 due by Guarantee Protection Insurance Limited, a company in which the company holds an investment

Included in debtors falling due within one year is £1,000 due by the director

11 POST BALANCE SHEET EVENTS

Since the year end as a result of a share for share exchange Warranty Services Limited, Millburn Insurance Company Limited and Construction Auditing Services Limited have become 100% subsidiaries of the company

12 CONTROL

The company is under the control of Peter Dawson, the director of the company

Kinnell Holdings Limited**Profit and Loss Account
for the Year Ended 31 August 2007**

	Year Ended 31 8 07		Period 16 1 06 to 31 8 06	
	£	£	£	£
Income				
Other income				
Rents received	6,000			
Other fixed asset invest FII	156,000			
Deposit account interest	3,737			
	<u> </u>	165,737	<u> </u>	<u> </u>
		165,737		
Expenditure				
Wages	16,429			
Social security	1,880			
Rent	14,723			
Post and stationery	283			
Travelling	561			
Conference costs	7,149			
Sundry expenses	227			
Auditors' remuneration	1,700			
	<u> </u>	42,952	<u> </u>	<u> </u>
		122,785		
Finance costs				
Bank charges	78			
Bank interest	8			
Loan	24,000			
	<u> </u>	24,086	<u> </u>	<u> </u>
NET PROFIT		<u>98,699</u>		<u> </u>

This page does not form part of the statutory financial statements