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COMPANY REGISTRATION NUMBER SC31286

Springfield Properties Limited

Abbreviated Financial Statements

31 May 2003

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Springfield Properties Limited

Abbreviated Accounts

Year ended 31 May 2003

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Springfield Properties Limited

Officers and Professional Advisers

The Board of Directors	Mr A W Adam Mrs A F Adam Mr J G Adam
Company Secretary	A F Adam
Registered Office	Craiglea Salterhill Elgin IV30 5PT
Auditors	Skene & Co Chartered Accountants & Registered Auditors 39 Queen's Road Aberdeen AB15 4ZN
Bankers	Bank of Scotland 90 High Street Elgin IV30 1BJ

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Springfield Properties Limited

The Directors' Report

Year ended 31 May 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2003.

Principal Activities and Business Review
The principal activity of the company during the year was property development.

As the company has had another successful year, the directors are pleased with the results.

Future Developments
The company intend to continue with the major projects that are already in progress at the year end - Glassgreen and Forres. Linkwood is another large project that the company intends to embark on during the next year.

Results and Dividends
The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company
The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 May 2003	At 1 June 2002
Mr A W Adam	**12,500**	12,500
Mrs A F Adam	**4,500**	4,500
Mr J G Adam	**2,000**	2,000

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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Springfield Properties Limited

The Directors' Report *(continued)*

Year ended 31 May 2003

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. The directors 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.

Donations

During the year the company made the following contributions:

	2003	2002
	£	£
Charitable	**18,025**	905

Auditors

A resolution to re-appoint Skene & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

A W Adam
Director

Approved by the directors on 25/9/03

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Springfield Properties Limited

Independent Auditors' Report to the Company

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 18, together with the financial statements of the company for the year ended 31 May 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of Opinion
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered 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 section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with those provisions.

Skene + Co.

SKENE & CO
Chartered Accountants
& Registered Auditors
39 Queen's Road
Aberdeen
AB15 4ZN

25-9-03

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Springfield Properties Limited

Abbreviated Profit and Loss Account

Year ended 31 May 2003

	Note	2003 £	2002 £
Gross Profit		**849,705**	726,419
Administrative expenses		**522,214**	482,651
Operating Profit	2	**327,491**	243,768
(Profit)/loss on investments		**(8,501)**	–
		318,990	243,768
Interest receivable		**491**	544
Interest payable	5	**(87,640)**	(71,266)
Profit on Ordinary Activities Before Taxation		**231,841**	173,046
Tax on profit on ordinary activities	6	**66,106**	43,856
Retained Profit for the Financial Year		**165,735**	129,190
Balance brought forward		**1,090,622**	961,432
Balance carried forward		**1,256,357**	1,090,622

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of these abbreviated accounts.

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Springfield Properties Limited

Reconciliation of Movements in Shareholders' Funds

Year ended 31 May 2003

	2003	2002
	£	£
Profit for the financial year	**165,735**	129,190
Opening shareholders' equity funds	**1,115,622**	986,432
Closing shareholders' equity funds	**1,281,357**	1,115,622

The notes on pages 9 to 18 form part of these abbreviated accounts.

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Springfield Properties Limited

Abbreviated Balance Sheet

31 May 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed Assets					
Tangible assets	7		**76,434**		93,374
Investments	8		**–**		15,000
			76,434		108,374
Current Assets					
Stocks	9	**3,135,519**		2,203,572	
Debtors	10	**1,028,768**		1,295,594	
Cash at bank and in hand		**423**		102,014	
		4,164,710		3,601,180	
Creditors: Amounts Falling due Within One Year	11	**2,933,003**		2,554,640	
Net Current Assets			**1,231,707**		1,046,540
Total Assets Less Current Liabilities			**1,308,141**		1,154,914
Creditors: Amounts Falling due after More than One Year	12		**22,022**		30,547
			1,286,119		1,124,367
Provisions for Liabilities and Charges					
Deferred taxation	14		**4,762**		8,745
			1,281,357		1,115,622
Capital and Reserves					
Called-up equity share capital	17		**25,000**		25,000
Profit and loss account			**1,256,357**		1,090,622
Shareholders' Funds			**1,281,357**		1,115,622

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 25/9/03 and are signed on their behalf by:

A W Adam
Director

The notes on pages 9 to 18 form part of these abbreviated accounts.

Springfield Properties Limited

Cash Flow Statement

Year ended 31 May 2003

	Note	2003 £	2003 £	2002 £	2002 £
Net Cash Outflow From Operating Activities	18		(43,197)		(654,137)
Returns on Investments and Servicing of Finance	18		(87,149)		(70,722)
Taxation	18		(37,921)		(21,658)
Capital Expenditure and Financial Investment	18		(33,476)		(69,448)
Acquisitions and Disposals					
Disposal of shares in group undertakings		15,000		–	
Net Cash Inflow From Acquisitions and Disposals			15,000		–
Cash Outflow Before Financing			(186,743)		(815,965)
Financing	18		(8,524)		39,071
Decrease in Cash	18		(195,267)		(776,894)

The notes on pages 9 to 18 form part of these abbreviated accounts.

Springfield Properties Limited

Notes to the Abbreviated Accounts

Year ended 31 May 2003

1. **Accounting Policies**

Basis of Accounting

The financial statements have been prepared under the historical cost convention.

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	25% straight line
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in Progress

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognized only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are firstforeseen.

1. **Accounting Policies** *(continued)*

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred Taxation

Deferred taxation is recognised in respect of all unreversed timing differences arising between accounting and taxable profits. No provision is made for taxation on permanent differences or on revaluation of fixed assets, except where there is a binding contract for sale at the year end and the asset has been revalued to selling price.

2. **Operating Profit**

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of owned fixed assets	**29,965**	20,181
Depreciation of assets held under hire purchase agreements	**10,750**	2,688
Loss on disposal of fixed assets	**1,200**	–
Auditors' remuneration		
- as auditors	**6,000**	5,000

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Springfield Properties Limited

Notes to the Abbreviated Accounts

Year ended 31 May 2003

3. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of building staff	31	22
Number of administrative staff	8	9
	39	31

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	2,415,410	2,445,420
Social security costs	62,241	58,530
	2,477,651	2,503,950

4. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	54,178	61,887

5. Interest Payable

	2003	2002
	£	£
Interest payable on bank borrowing	86,133	70,985
Finance charges	1,507	281
	87,640	71,266

6. Tax on Profit on Ordinary Activities

(a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	70,089	37,921
Over/under provision in prior year	–	(345)
Total current tax	70,089	37,576
Deferred tax:		
(Decrease)/Increase in deferred tax provision (note 14)		
Capital allowances	(3,983)	6,280
Tax on profit on ordinary activities	66,106	43,856

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	231,841	173,046
Profit/(loss)on ord actvs by rate of tax	69,552	51,914
Expenses not deductible for tax purposes	9,562	5,554
Capital allowances in excess of depreciation	3,623	(4,935)
Marginal relief	(13,008)	(14,612)
Loss on the sale of fixed assets	360	–
Under/over provision in previous year	–	(345)
Total current tax (note 6(a))	70,089	37,576

Springfield Properties Limited

Notes to the Abbreviated Accounts

Year ended 31 May 2003

7. Tangible Fixed Assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 June 2002	53,631	1,760	91,290	146,681
Additions	22,760	216	2,000	24,976
Disposals	–	–	(2,321)	(2,321)
At 31 May 2003	76,391	1,976	90,969	169,336
Depreciation				
At 1 June 2002	29,992	452	22,863	53,307
Charge for the year	19,098	375	21,242	40,715
On disposals	–	–	(1,120)	(1,120)
At 31 May 2003	49,090	827	42,985	92,902
Net Book Value				
At 31 May 2003	27,301	1,149	47,984	76,434
At 31 May 2002	23,639	1,308	68,427	93,374

Hire purchase agreements
Included within the net book value of £76,434 is £29,563 (2002 - £40,312) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £10,750 (2002 - £2,688).

8. Fixed Asset Investment

Springfield Properties Limited held an investment of £15,000 in Gauldwell Properties Limited which was dormant during the year. The company was dissolved on 14 March 2003 at which point there was a inter-company balance of £6,499 owed to Gauldwell Properties Limited. This balance, as well as the cost of investment, was written off to the profit and loss account.

9. Stocks

	2003 £	2002 £
Raw materials	55,247	62,758
Work in progress	3,080,272	2,140,814
	3,135,519	2,203,572

10. Debtors

	2003	2002
	£	£
Trade debtors	94,304	165,184
Amounts owed by undertakings in which the company has a participating interest	–	780
VAT recoverable	63,450	55,806
Other debtors	869,954	1,061,926
Prepayments and accrued income	1,060	11,898
	1,028,768	1,295,594

11. Creditors: Amounts Falling due Within One Year

	2003	2002
	£	£
Bank loans and overdrafts	1,873,356	1,779,680
Payments received on account	27,624	–
Trade creditors	384,709	284,573
Amounts owed to group undertakings	–	20,000
Amounts owed to undertakings in which the company has a participating interest	203,918	133,918
Other creditors including taxation and social security:		
Corporation tax	70,089	37,921
PAYE and social security	41,256	56,315
Hire purchase agreements	8,525	8,524
Other creditors	9,852	9,138
Directors current accounts	208,652	208,652
	2,827,981	2,538,721
Accruals and deferred income	105,022	15,919
	2,933,003	2,554,640

The bank overdraft is secured by a bond and floating charge over the whole assets of the company.

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

12. Creditors: Amounts Falling due after More than One Year

	2003	2002
	£	£
Other creditors:		
Hire purchase agreements	22,022	30,547

13. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	8,524	8,524
Amounts payable between 1 and 2 years	17,048	17,048
Amounts payable between 3 and 5 years	4,975	13,499
	30,547	39,071

14. Deferred Taxation

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	8,745	2,465
Profit and loss account movement arising during the year	(3,983)	6,280
Provision carried forward	4,762	8,745

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	4,762	8,745
	4,762	8,745

15. Commitments under Operating Leases

At 31 May 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	31,500	–

16. Related Party Transactions

Springfield Properties Limited rents its office from the Funded Unapproved Retirement Benefits Scheme for the sum of £31,500 per annum. The directors of Springfield Properties Limited are the main beneficiaries of the pension scheme. Within creditors there is an accrual of £15,750 of which is owed to the pension scheme in respect of rent due for the period to 31 May 2003.

During the year to 31 May 2003, sales of £671,231 (2002 - £520,290) were made to A W Adam (sole trader and director of this company) in connection with a contract between the company and A W Adam to build houses. Sringfield Properties Limited also purchased a property from A W Adam for £240,000 (2002 - NIL).

Included in trade debtors is £29,490 (2002 - £135,000) due from A W Adam and included within creditors is an amount of £175,610 due to A W Adam (2002 - £105,610). In the opinion of the directors the amounts charged are for services on normal commercial terms.

Defence Properties Limited, a related party by virtue of common directorship, had various inter company transfers with Springfield Properties Limited which have resulted in an amount of £28,308 being owed to Defence Properties Limited which is included in creditors.

17. Share Capital

Authorised share capital:

	2003	2002
	£	£
25,000 Ordinary shares of £1 each	**25,000**	25,000

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	**25,000**	**25,000**	25,000	25,000

18. Notes to the Statement of Cash Flows

Reconciliation of Operating Profit to Net Cash Outflow From Operating Activities

	2003	2002
	£	£
Operating profit	327,491	243,768
Depreciation	40,715	22,869
Loss on disposal of fixed assets	1,200	–
Increase in stocks	(931,947)	(691,528)
Decrease/(increase) in debtors	266,826	(489,154)
Increase in creditors	252,518	259,908
Net cash outflow from operating activities	(43,197)	(654,137)

Returns on Investments and Servicing of Finance

	2003	2002
	£	£
Interest received	491	544
Interest paid	(86,133)	(70,985)
Interest element of hire purchase	(1,507)	(281)
Net cash outflow from returns on investments and servicing of finance	(87,149)	(70,722)

Taxation

	2003	2002
	£	£
Taxation	(37,921)	(21,658)

Capital Expenditure and Financial Investment

	2003	2002
	£	£
Payments to acquire tangible fixed assets	(24,976)	(69,448)
Receipts from sale of fixed assets	1	–
Disposal of Investments brought forward	(8,501)	–
Net cash outflow for capital expenditure and financial investment	(33,476)	(69,448)

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Springfield Properties Limited

Notes to the Abbreviated Accounts

Year ended 31 May 2003

18. Notes to the Statement of Cash Flows *(continued)*

Financing

	2003	2002
	£	£
Capital element of hire purchase	(8,524)	39,071
Net cash (outflow)/inflow from financing	(8,524)	39,071

Reconciliation of Net Cash Flow to Movement in Net Debt

	2003		2002	
	£	£	£	£
Decrease in cash in the period	(195,267)		(776,894)	
Cash outflow in respect of hire purchase	8,524		(39,071)	
		(186,743)		(815,965)
Change in net debt		(186,743)		(815,965)
Net debt at 1 June 2002		(1,716,737)		(900,772)
Net debt at 31 May 2003		(1,903,480)		(1,716,737)

Analysis of Changes in Net Debt

	At 1 Jun 2002	Cash flows	At 31 May 2003
	£	£	£
Net cash:			
Cash in hand and at bank	102,014	(101,591)	423
Overdrafts	(1,779,680)	(93,676)	(1,873,356)
	(1,677,666)	(195,267)	(1,872,933)
Debt:			
Hire purchase agreements	(39,071)	8,524	(30,547)
Net debt	(1,716,737)	(186,743)	(1,903,480)