

18/05/2004

Bannockburn Holdings Limited

**Annual report and
financial statements**

Registered number 195478

31 December 2003



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Directors and advisers

Directors

J C Elliot
A C Mason (appointed 10 June 2003)
D A McKinnon (appointed 19 August 2003)

Secretary

MD Secretaries Ltd
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

Registered Office

8 Charlotte Square
Edinburgh
EH2 4DR

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers

Bank of Scotland
Head Office
The Mound
Edinburgh
EH1 1YZ

Directors' report

The directors present their report and the audited financial statements for the year to 31 December 2003.

Principal activities

The principal activity of the company is the holding of an investment in Bannockburn Homes Limited, a company whose principal activity is the provision of housing under a PFI contract for the Defence Housing Executive.

Results for the year

The profit and loss account for the year is set out on page 4.

The directors consider the progress to date is satisfactory.

Post balance sheet events

There have been no material post balance sheet events that affect the financial position of the company.

Dividends

The directors propose that a final dividend of £711,657 (2002: £609,000) be paid.

Directors

The directors of the company at 31 December 2003 are listed on page 1. The directors who held office during the year were as follows:

AD Darling (resigned 10 June 2003)

Directors' interests in shares of the company

The directors of the company at 31 December 2003 held no interests in the share capital of the company, according to the register required to be kept by Section 325 of the Companies Act 1985.

Statement of 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.

By order of the board



JC Elliot
Director

27 May 2004



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Bannockburn Holdings Limited

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

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 auditor's 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 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 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 with the company is not disclosed.

Basis of 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

27 May 2004

Profit and loss account
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Income from shares in group undertakings		711,657	609,000
Tax on profit on ordinary activities	6	-	-
		<hr/>	<hr/>
Profit for the financial year		711,657	(609,000)
Dividends paid	7	(711,657)	(609,000)
		<hr/>	<hr/>
Retained profit for the year		-	-
		<hr/>	<hr/>

All operations during the year were continuing operations.

There is no difference between the profit on ordinary activities and the retained profit stated above and its historical cost equivalent.

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet
at 31 December 2003

	<i>Note</i>	2003 £	2002 £
Fixed assets			
Fixed asset investment	8	50,000	50,000
Current assets			
Debtors	9	711,657	-
Creditors: amounts falling due within one year	10	(711,657)	-
Net current assets		-	-
Net assets		50,000	50,000
Capital and reserves			
Called up share capital	11	50,000	50,000
Profit and loss account		-	-
Total Equity shareholders' funds	12	50,000	50,000

The financial statements on pages 4 to 8 were approved by the board of directors on 27 May 2004 and were signed on its behalf by:

JC Elliot
Director



Notes

(forming part of the financial statements)

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies of the company which have been applied consistently are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Consolidation

The financial statements contain information about Bannockburn Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements on the grounds of its size.

Cash flow statement

The company has taken advantage of the exemption relating to the preparation of a cash flow statement conferred by Financial Reporting Standard No 1 (revised) on the grounds of its size.

2 Segmental reporting

The company's activities consist solely of the holding of an investment in Bannockburn Homes Limited.

3 Employee information

The company had no employees during the current year and previous year.

4 Directors' emoluments

During the current year and previous period the directors of the company were not entitled to receive any emoluments for their services to the company.

5 Profit and loss account

Auditors remuneration in the current and previous year has been borne by a fellow group undertaking.

6 Taxation

Analysis of charge in period

	2003	2002
	£	£
UK corporation tax		
Current tax on income for the period	-	-
	<hr/>	<hr/>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	2003 £	2002 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	711,657	609,000
	<hr/>	<hr/>
Current tax at 30% (2002 : 30%)	213,497	182,700
	<hr/>	<hr/>
<i>Effects of:</i>		
Non taxable income	(213,497)	(182,700)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

7 Dividends

	2003 £	2002 £
Final dividend proposed	711,657	609,000
	<hr/>	<hr/>

8 Fixed asset investment

	£
Cost at 1 January 2003 and 31 December 2003	50,000
	<hr/>
Net book value at 1 January 2003 and 31 December 2003	50,000
	<hr/>

The fixed asset investment represents the entire issued share capital of Bannockburn Homes Limited, a company registered in Scotland.

The principal activity of that company is the provision of housing under a PFI contract for the Defence Housing Executive.

The shares held in the subsidiary have been pledged to the Bank of Scotland as part of the company's overall funding arrangements.

9 Debtors

	2003 £
Amounts owed by group undertakings	711,657
	<hr/>

10 Creditors: amounts falling due within one year

	2003 £
Amounts owed to group undertakings	711,657
	<hr/>

Notes (continued)

11 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
60,000 ordinary shares of £1 each	60,000	-
48,000 'A' ordinary shares of £1 each	-	48,000
12,000 'B' ordinary shares of £1 each	-	12,000
	<hr/>	<hr/>
	60,000	60,000
	<hr/>	<hr/>
<i>Issued, called up and fully paid</i>		
50,000 ordinary shares of £1 each	50,000	-
40,000 'A' ordinary shares of £1 each	-	40,000
10,000 'B' ordinary shares of £1 each	-	10,000
	<hr/>	<hr/>
	50,000	50,000
	<hr/>	<hr/>

12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	50,000	50,000
Profit for the financial year	-	-
	<hr/>	<hr/>
Closing shareholders' funds	50,000	50,000
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13 Ultimate parent company

The Company is a subsidiary undertaking of Bannockburn Group Limited, its controlling party.