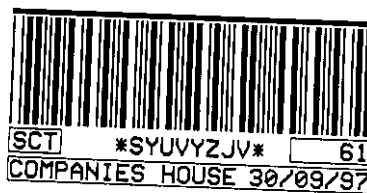


78478

THE GATESIDE MILLS PROPERTY COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 1996



THE GATESIDE MILLS PROPERTY COMPANY LIMITED

DIRECTORS

E. G. Leburn
Mrs C. Leburn

COMPANY SECRETARY

E.G. Leburn

REGISTERED OFFICE

Gateside
Fife, KY14 7SU

REGISTERED NUMBER

78478

SOLICITORS

W. & J. Burness, W.S.
16 Hope Street
Edinburgh, EH2 4DD

BANKERS

Bank of Scotland
23 Burnside
Auchtermuchty
Fife, KY14 7DB

AUDITORS

Scott Oswald
Chartered Accountants
1 Royal Terrace
Edinburgh, EH7 5AD

YEAR ENDED 30TH NOVEMBER 1996

CONTENTS	PAGE
Report of the directors	3
Report of the auditors	4
Balance sheet	5
Accounting policies	6
Notes to the financial statements	7

THE GATESIDE MILLS PROPERTY COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the year ended 30th November 1996.

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 of the company 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;
- 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 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.

PRINCIPAL ACTIVITIES

The company was dormant throughout the financial year and accordingly no profit and loss account has been prepared.

DIRECTORS

The directors who held office during the year were E G Leburn and Mrs C Leburn neither of whom had any interests in the shares of the company.

The interest of E.G. Leburn in the issued share capital of the ultimate parent undertaking, The Gateside Mills Company Limited, is disclosed in the report of that company. Mrs C Leburn has no interest in the issued share capital of The Gateside Mills Company Limited.

SPECIAL EXEMPTIONS

Advantage has been taken in the preparation of the report of the directors of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

APPROVAL

The report of the directors was approved by the Board on 8th September 1997 and signed on its behalf by

Eden Gilmour Leburn

Secretary



REPORT OF THE AUDITORS TO THE MEMBERS OF THE GATESIDE MILLS PROPERTY
COMPANY LIMITED

We have audited the financial statements on pages 5 to 7 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

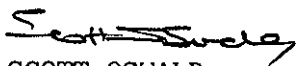
BASIS OF OPINION

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 affairs of the company at 30th November 1996 and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



SCOTT OSWALD
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

EDINBURGH
8th September 1997

THE GATESIDE MILLS PROPERTY COMPANY LIMITED

BALANCE SHEET
30TH NOVEMBER 1996

	NOTE	£	1995 £
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1	(<u>27,664</u>)	(<u>27,664</u>)
TOTAL ASSETS LESS CURRENT LIABILITIES		(<u>27,664</u>)	(<u>27,664</u>)
Financed by:			
CAPITAL AND RESERVES			
Called-up share capital	2	100	100
Profit and loss account	3	(<u>27,764</u>)	(<u>27,764</u>)
Shareholders funds	4	(<u>27,664</u>)	(<u>27,664</u>)

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

The financial statements were approved by the Board on 8th September 1997 and signed on its behalf by

Eden Gilmour Leburn
Director



Mrs Caroline Leburn
Director



THE GATESIDE MILLS PROPERTY COMPANY LIMITED

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared in compliance with the Companies Act 1985 and under the historical cost convention.

THE GATESIDE MILLS PROPERTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 1996

1 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	1995 £
Amounts owed to parent undertaking	<u>27,664</u>	<u>27,664</u>

2 SHARE CAPITAL

	£	1995 £
Authorised:		
20,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

3 PROFIT AND LOSS ACCOUNT

	£	1995 £
At the beginning and end of the year	<u>(27,764)</u>	<u>(27,764)</u>

4 RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS FUNDS

	£	1995 £
Shareholders' funds at the beginning of the year	<u>(27,664)</u>	<u>(27,664)</u>
Shareholders' funds at the end of the year	<u>(27,664)</u>	<u>(27,664)</u>

5 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is The Gateside Mills Company Limited which is registered in Scotland.