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Miller Urban Redevelopments Limited

Directors' Report and Financial Statements

31 December 1999

Registered number SC88113

Directors' Report and Financial Statements

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Directors' Report

The Directors present their annual report and audited accounts for the year ended 31 December 1999.

Principal Activity

The principal activity of the company was the rent of housing properties.

Results and Dividend

The Company did not trade during the year. The Directors do not recommend the payment of a dividend.

Directors and Directors' Interests

On 1 July 1999 James Miller resigned and Keith Miller was appointed on the same date.

The Director had no interests in shares of the company. The interests of the Directors in the shares of The Miller Group Limited, the parent company, are shown in the accounts of that company.

Millennium Compliance

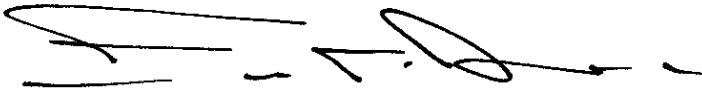
No major issues were encountered with the passing of the millennium and, to date, no third party issues have adversely affected the company. The costs associated with preparing for millennium compliance were not significant.

The Directors believe that the company is at an acceptable state of readiness for any potential failures or issues that may arise in the coming year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



E J Donaldson
Secretary

31 May 2000

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.

Auditors' Report to the Members of Miller Urban Redevelopments Limited

We have audited the financial statements on pages 4 to 7.

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. 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 audit 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 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG



Chartered Accountants
Registered Auditors

31 May 2000

Edinburgh

Profit and loss account
 for the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover	2	-	839,152
Cost of sales		-	(799,507)
Gross profit		-	39,645
Administrative expenses		-	(515)
Profit on ordinary activities before taxation	3	-	39,130
Tax on profit on ordinary activities		-	-
Retained profit for the year		-	39,130
Retained profit brought forward		708,124	668,994
Retained profit carried forward		708,124	708,124

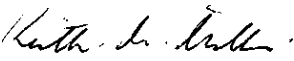
Other than the profit for the preceding financial year there were no other recognised gains or losses.

Balance sheet

As at 31 December 1999

	Note	1999 £	1998 £
Current assets			
Debtors	4	708,224	708,224
		<hr/>	<hr/>
Net assets		708,224	708,224
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	100	100
Profit and loss account		708,124	708,124
		<hr/>	<hr/>
Equity shareholders' funds		708,224	708,224
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 31 May 2000 and were signed on its behalf by:


Keith Miller
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of The Miller Group Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of The Miller Group Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of The Miller Group Limited, within which this company is included, can be obtained from the address given in note 7.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of timing differences if liabilities are likely to crystallise in the foreseeable future.

2 Turnover

Turnover represents property income arising in the United Kingdom.

3 Profit on ordinary activities before taxation

	1999 £	1998 £
<i>Profit on ordinary activities is stated after charging:</i>		
Directors' emoluments	-	-
Auditors' remuneration	-	515
	<hr/>	<hr/>

4 Debtors

	1999 £	1998 £
Amounts owed by fellow subsidiary companies	708,224	708,224
	<hr/>	<hr/>

5 Share capital

	1999 £	1998 £
<i>Authorised, allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Notes (continued)

6	Reconciliation of movements on shareholders' fund:	1999	1998
		£	£
	Retained profit for the financial year	-	39,130
	Opening shareholders' funds	708,224	669,094
		<hr/>	<hr/>
	Closing shareholders' funds	708,224	708,224
		<hr/>	<hr/>

7 **Ultimate parent company**

The company's ultimate parent company is The Miller Group Limited which is registered in Scotland. The accounts of The Miller Group Limited can be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.