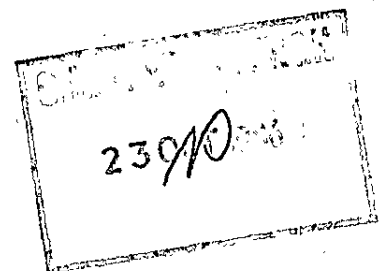


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MILLER URBAN REDEVELOPMENTS LIMITED
REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1985



MILLER URBAN REDEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the accounts of the company for the year ended 31st December 1985.

BUSINESS REVIEW

The principal activity of the company is construction and property development on the basis of recovery of construction costs from other group companies.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 3. The directors do not recommend payment of a dividend for the year.

DIRECTORS

The directors of the company during the year were:-

James Miller
R.O.S. Miller

The directors had no interests in shares of the company. The interests of Mr. James Miller and Mr. R.O.S. Miller in shares of The Miller Group Limited, the holding company, are shown in the accounts of that company.

AUDITORS

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board,


Secretary

Edinburgh
7th July 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF
MILLER URBAN REDEVELOPMENTS LIMITED

We have audited the accounts on pages 3 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st December 1985 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.

Peat Marwick Mitchell Co.

Chartered Accountants

10 Melville Crescent,
EDINBURGH, EH3 7LU.
7th July 1986

MILLER URBAN REDEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1985

| | Note | Year to 31.12.85 £ | 23.5.84 to 31.12.84 £ |
|---|------|--------------------------|-----------------------------|
| TURNOVER | 2 | 2,571,201 | 1,139,819 |
| Other operating income | | <u>785</u> | <u>1,418</u> |
| | | 2,571,986 | 1,141,237 |
| Other external charges | | (2,571,201) | (1,139,819) |
| Other operating charges | | (400) | (2,300) |
| Bank interest receivable | | <u>1,618,390</u> | <u>846,779</u> |
| Profit on ordinary activities before taxation | | 1,618,775 | 845,897 |
| Tax on profit on ordinary activities | 4 | <u>666,206</u> | <u>379,774</u> |
| Profit on ordinary activities after taxation | | 952,569 | 466,123 |
| Retained profit brought forward | | <u>466,123</u> | <u>-</u> |
| Retained profit carried forward | | <u><u>1,418,692</u></u> | <u><u>466,123</u></u> |

The notes on pages 6 and 7 form part of the accounts.

MILLER URBAN REDEVELOPMENTS LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1985

| | <u>Note</u> | <u>1985</u> <u>£</u> | <u>1984</u> <u>£</u> |
|--|-------------|-------------------------|-------------------------|
| CURRENT ASSETS | | | |
| Debtors | 5 | 303,662 | 66,164 |
| Cash at bank | | <u>11,619,869</u> | <u>12,809,033</u> |
| | | <u>11,923,531</u> | <u>12,875,197</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| | 6 | <u>(5,138,133)</u> | <u>(2,408,375)</u> |
| NET CURRENT ASSETS | | <u>6,785,398</u> | <u>10,466,822</u> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | |
| Payments received on account | | <u>(5,355,452)</u> | <u>(9,990,181)</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 7 | <u>(11,154)</u> | <u>(10,418)</u> |
| | | <u>1,418,792</u> | <u>466,223</u> |
| CAPITAL AND RESERVES | | | |
| CALLED UP SHARE CAPITAL | 8 | 100 | 100 |
| PROFIT AND LOSS ACCOUNT | | <u>1,418,692</u> | <u>466,123</u> |
| | | <u>1,418,792</u> | <u>466,223</u> |

The notes on pages 6 and 7 form part of the accounts.

James Miller
Director

Roger Miller
Director

MILLER URBAN REDEVELOPMENTS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1985

| | Year to <u>31.12.85</u> £ | 23.5.84 to <u>31.12.84</u> £ |
|--|---------------------------------|------------------------------------|
| SOURCE OF FUNDS | | |
| Profit on ordinary activities before taxation | 1,618,775 | 845,897 |
| (APPLICATION) SOURCE OF FUNDS | | |
| Issue of share capital | - | 100 |
| (Decrease)increase in creditors falling due after more than one year | <u>(4,634,729)</u> | <u>9,990,181</u> |
| | <u>(3,015,954)</u> | <u>10,836,178</u> |
| INCREASE(DECREASE) IN WORKING CAPITAL | | |
| Debtors | 237,498 | 66,164 |
| Creditors falling due within one year | <u>(2,064,288)</u> | <u>(2,039,019)</u> |
| | <u>(1,826,790)</u> | <u>(1,972,855)</u> |
| | <u>(1,189,164)</u> | <u>12,809,033</u> |
| MOVEMENT IN NET LIQUID FUNDS | | |
| (Decrease)increase in cash at bank | <u>(1,189,164)</u> | <u>12,809,033</u> |

MILLER URBAN REDEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Deferred taxation

Deferred taxation is provided at appropriate projected rates of taxation in respect of timing differences if liability is likely to arise from reversal of such timing differences in the foreseeable future.

2. TURNOVER

Turnover represents the recovery from other group companies of construction costs incurred.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | <u>1985</u> £ | <u>1984</u> £ |
|-----------------------|------------------|------------------|
| After charging: | | |
| Directors' emoluments | - | - |
| Audit fee | 150 | 100 |

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | | |
|---------------------------------|----------------|----------------|
| Current year: | | |
| Corporation tax (at 41.25%) | 665,470 | - |
| Amount payable for group relief | - | 369,356 |
| Transfer to deferred taxation | 736 | 10,418 |
| | <u>666,206</u> | <u>379,774</u> |

5. DEBTORS

| | | |
|-------------------------------|----------------|---------------|
| Amount owed by parent company | 11,296 | - |
| Other debtors | 261,597 | 40,909 |
| Accrued income | 30,769 | 25,255 |
| | <u>303,662</u> | <u>66,164</u> |

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|---|------------------|------------------|
| Payments received on account | 3,702,529 | 1,870,000 |
| Trade creditors | 109,713 | 157,347 |
| Amount owed to parent company | - | 1,216 |
| Amounts owed to fellow subsidiary companies | 285,855 | 9,968 |
| Corporation tax payable | 665,470 | - |
| Amount payable for group relief | 369,356 | 369,356 |
| Other taxation | 4,960 | 388 |
| Accruals and deferred income | 250 | 100 |
| | <u>5,138,133</u> | <u>2,408,375</u> |

MILLER URBAN REDEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

7. PROVISIONS FOR LIABILITIES AND CHARGES

The provision for deferred taxation of £11,154 (1984, £10,413) is the full potential liability and relates to short term timing differences.

8. SHARE CAPITAL

| | <u>1985</u> £ | <u>1984</u> £ |
|---|------------------|------------------|
| Authorised, allotted, called up and fully paid: 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

9. CONTINGENT LIABILITY

There is a contingent liability in respect of an inter-group guarantee of bank borrowings. At 31st December 1985 the relevant borrowings amounted to £12,575,412.

10. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 7th July 1986.

11. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is The Miller Group Limited which is incorporated in Scotland.