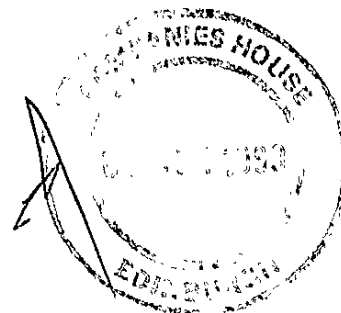


MILLER URBAN REDEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1988

88/13



MILLER URBAN REDEVELOPMENTS LIMITED

1.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the accounts of the company for the year ended 31 December 1988.

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:-

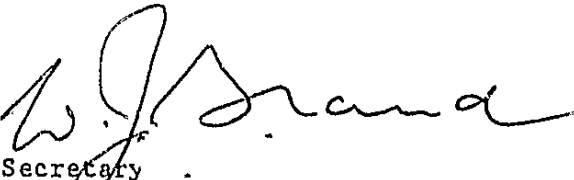
James Miller
ROS Miller
WI Mitchell

The directors had no interests in shares of the company and Mr WI Mitchell had no interests in the shares of group companies during the year. The interests of Mr James Miller and Mr ROS Miller in shares of The Miller Group Limited, the holding company, are shown in the accounts of that company.

AUDITORS

A resolution for the reappointment of Peat Marwick McLintock as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


Secretary

Edinburgh
10 April 1989



KPMG Peat Marwick McLintock

33-34 Charlotte Square
Edinburgh EH2 4HF

2.

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 Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1988 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

Chartered Accountants

10 April 1989

MILLER URBAN REDEVELOPMENTS LIMITED

3.

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1988

| | <u>Note</u> | <u>1988</u> £ | <u>1987</u> £ |
|---|-------------|--------------------|--------------------|
| TURNOVER | 2 | 1,716,253 | 3,393,852 |
| Other external charges | | (1,716,253) | (3,393,852) |
| Other operating charges | | (45) | (298) |
| Interest receivable | | 622,131 | 881,960 |
| Profit on ordinary activities before taxation | 3 | 622,086 | 881,662 |
| Tax on profit on ordinary activities | 4 | (217,746) | (308,103) |
| Profit on ordinary activities after taxation | | 404,340 | 573,559 |
| Retained profit brought forward | | 2,772,981 | 2,199,422 |
| Retained profit carried forward | | 3,177,321 ===== | 2,772,981 ===== |

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

MILLER URBAN REDEVELOPMENTS LIMITED

BALANCE SHEET

at 31 December 1988

4.

| | Note | 1988 £ | 1987 £ |
|--|------|-------------|-------------|
| CURRENT ASSETS | | | |
| Debtors | | | |
| Cash at bank | 5 | 23,857 | 89,676 |
| | | 4,885,280 | 6,561,827 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | 4,909,137 | 6,651,503 |
| NET CURRENT ASSETS | 6 | (1,723,386) | (3,809,602) |
| | | 3,185,751 | 2,841,901 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | |
| Payments received on account | | - | (62,996) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 7 | (8,330) | (5,824) |
| NET ASSETS | | 3,177,421 | 2,773,081 |
| CAPITAL AND RESERVES | | | |
| CALLED UP SHARE CAPITAL | | | |
| PROFIT AND LOSS ACCOUNT | 8 | 100 | 100 |
| | | 3,177,321 | 2,772,981 |
| | | 3,177,421 | 2,773,081 |

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

James Miller Director
Alan Hurken Director

MILLER URBAN REDEVELOPMENTS LIMITED

5.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31 December 1988

| | <u>1988</u> £ | <u>1987</u> £ |
|--|--------------------|--------------------|
| SOURCE OF FUNDS | | |
| Profit on ordinary activities before taxation | <u>622,086</u> | <u>881,662</u> |
| APPLICATION OF FUNDS | | |
| Payment for group relief | - | (10,260) |
| Corporation tax paid | (312,003) | (693,401) |
| Decrease in creditors falling due after more than one year | <u>(62,996)</u> | <u>(2,382,636)</u> |
| | <u>(374,999)</u> | <u>(3,086,297)</u> |
| | <u>247,087</u> | <u>(2,204,635)</u> |
| INCREASE(DECREASE) IN WORKING CAPITAL | | |
| Debtors | (65,819) | 5,849 |
| Creditors falling due within one year | <u>1,989,453</u> | <u>679,331</u> |
| | <u>1,923,634</u> | <u>685,180</u> |
| | <u>(1,676,547)</u> | <u>(2,889,815)</u> |
| MOVEMENT IN NET LIQUID FUNDS | | |
| Decrease in cash at bank | <u>(1,676,547)</u> | <u>(2,889,815)</u> |

MILLER URBAN REDEVELOPMENT LIMITED

6.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) All items in the accounts are stated under the historical cost accounting rules.

(b) 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 the recovery from other group companies of construction costs incurred.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | <u>1988</u> | <u>1987</u> |
|-----------------------|-------------|-------------|
| | £ | £ |
| After charging: | | |
| Directors' emoluments | - | - |
| Audit fee | 150 | 275 |
| | === | === |

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | | |
|--------------------------------------|------------------|------------------|
| Current year: | | |
| Corporation tax at 35% | (215,224) | (311,987) |
| Transfer (to) from deferred taxation | (2,506) | 3,670 |
| | <u>(217,730)</u> | <u>(308,317)</u> |
| Adjustments for previous years: | | |
| Corporation tax | (16) | 214 |
| | <u>(217,746)</u> | <u>(308,103)</u> |
| | ===== | ===== |

5. DEBTORS

| | | |
|----------------|---------------|---------------|
| Other debtors | 56 | 73,035 |
| Accrued income | 23,801 | 16,641 |
| | <u>23,857</u> | <u>89,676</u> |
| | ===== | ===== |

MILLER URBAN REDEVELOPMENTS LIMITED

7.

NOTES TO THE ACCOUNTS

6. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

| | <u>1988</u> | <u>1987</u> |
|---|------------------|------------------|
| | £ | £ |
| Payments received on account | 1,193,489 | 2,846,746 |
| Trade creditors | 21,872 | 45,402 |
| Amounts owed to fellow subsidiary companies | 292,651 | 605,192 |
| Corporation tax | 215,224 | 311,987 |
| Accruals and deferred income | 150 | 275 |
| | <u>1,723,386</u> | <u>3,809,602</u> |
| | ===== | ===== |

7. PROVISIONS FOR LIABILITIES AND CHARGES

The provision for deferred taxation of £8,330 (1987, £5,824) is the full potential liability and relates to short term timing differences.

8. SHARE CAPITAL

| | <u>1988</u> | <u>1987</u> |
|---|-------------|-------------|
| | £ | £ |
| Authorised, allotted, called up and fully paid: 100 Ordinary shares of £1 each | 100 | 100 |
| | === | === |

9. CONTINGENT LIABILITIES

There are contingent liabilities in respect of inter-group guarantees of bank borrowings. At 31 December 1988 the relevant borrowings amounted to £8,568,350 (1987, £20,453,051).

10. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 10 April 1989.

11. ULTIMATE HOLDING COMPANY

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