

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 1986.

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:-

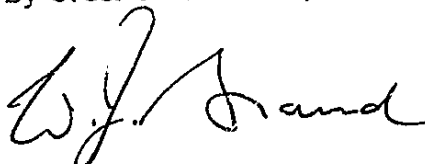
James Miller
R.O.S. Miller

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

At the company's last Annual General Meeting, Peat, Marwick, Mitchell & Co. were re-appointed as auditors of the company. They are now practising under the name of Peat Marwick McLintock and accordingly they have signed the audit report in their new name. A resolution concerning their re-appointment as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board,

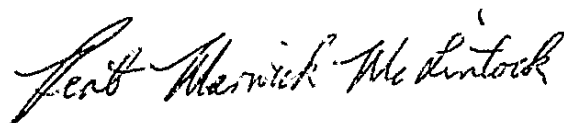

Secretary

Edinburgh
1st July 1987

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 give a true and fair view of the state of the company's affairs at 31st December 1986 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.



Chartered Accountants

10 Melville Crescent,
EDINBURGH, EH3 7LU.
1st July 1987

MILLER URBAN REDEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>Note</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
TURNOVER	2	2,764,638	2,571,201
Other operating income		-	785
		2,764,638	2,571,986
Other external charges		(2,764,638)	(2,571,201)
Other operating charges		(200)	(400)
Bank interest receivable		1,240,004	1,618,390
Profit on ordinary activities before taxation		1,239,804	1,618,775
Tax on profit on ordinary activities	4	459,074	666,206
Profit on ordinary activities after taxation		780,730	952,569
Retained profit brought forward		1,418,692	466,123
Retained profit carried forward		2,199,422	1,418,692

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

MILLER URBAN REDEVELOPMENTS LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1986

	<u>Note</u>	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
CURRENT ASSETS			
Debtors	5	83,827	303,662
Cash at bank		<u>9,451,642</u>	<u>11,619,869</u>
		9,535,469	11,923,531
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	<u>(4,880,821)</u>	<u>(5,138,133)</u>
NET CURRENT ASSETS		4,654,648	6,785,398
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Payments received on account		(2,445,632)	(5,355,452)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	<u>(9,494)</u>	<u>(11,154)</u>
		<u>2,199,522</u>	<u>1,418,792</u>
CAPITAL AND RESERVES			
CALLLED UP SHARE CAPITAL	8	100	100
PROFIT AND LOSS ACCOUNT		<u>2,199,422</u>	<u>1,418,692</u>
		<u>2,199,522</u>	<u>1,418,792</u>

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

James Miller
John Miller

Director

Director

MILLER URBAN REDEVELOPMENTS LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>1986</u> £	<u>1985</u> £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	<u>1,239,804</u>	<u>1,618,775</u>
APPLICATION OF FUNDS		
Payment for group relief	(369,356)	-
Payment for surrender of ACT	(10,000)	-
Corporation tax	(412,329)	-
Decrease in creditors falling due after more than one year	<u>(2,909,820)</u>	<u>(4,634,729)</u>
	<u>(3,701,505)</u>	<u>(4,634,729)</u>
	<u>(2,461,701)</u>	<u>(3,015,954)</u>
INCREASE(DECREASE) IN WORKING CAPITAL		
Debtors	(219,835)	237,498
Creditors falling due within one year	<u>(73,639)</u>	<u>(2,064,288)</u>
	<u>(293,474)</u>	<u>(1,826,790)</u>
	<u>(2,168,227)</u>	<u>(1,189,164)</u>
MOVEMENT IN NET LIQUID FUNDS		
Decrease in cash at bank	<u>(2,168,227)</u>	<u>(1,189,164)</u>

MILLER URBAN REDEVELOPMENTS LIMITED

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 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>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
After charging:		
Directors' emoluments	-	-
Audit fee	<u>200</u>	<u>150</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current year:		
Corporation tax at 36.25% (1985, 41.25%)	450,750	665,470
Transfer (from) to deferred taxation	<u>(1,660)</u>	<u>736</u>
	449,090	666,206
Adjustments for previous years:		
Corporation tax	(10,276)	-
Group relief	10,260	-
Payment for surrender of ACT by holding company	<u>10,000</u>	<u>-</u>
	<u>459,074</u>	<u>666,206</u>

5. DEBTORS

Amount owed by parent company	-	11,296
Other debtors	56,701	261,597
Accrued income	<u>27,126</u>	<u>30,769</u>
	<u>83,827</u>	<u>303,662</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Payments received on account	3,857,961	3,702,529
Trade creditors	99,702	109,713
Amounts owed to fellow subsidiary companies	218,661	285,855
Corporation tax payable	693,615	665,470
Amount payable for group relief	10,260	369,356
Other taxation	-	4,960
Accruals and deferred income	<u>622</u>	<u>250</u>
	<u>4,880,821</u>	<u>5,138,133</u>

MILLER URBAN REDEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS

7. PROVISIONS FOR LIABILITIES AND CHARGES

The provision for deferred taxation of £9,494 (1985, £11,154) is the full potential liability and relates to short term timing differences.

8. SHARE CAPITAL

	<u>1986</u> £	<u>1985</u> £
Authorised, allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. CONTINGENT LIABILITIES

There are contingent liabilities in respect of inter-group guarantees of bank borrowings. At 31st December 1986 the relevant borrowings amounted to £16,062,094 (1985, £12,575,412).

10. APPROVAL OF ACCOUNTS

These accounts were approved by the Board of Directors on 1st July 1987.

11. ULTIMATE HOLDING COMPANY

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