



HERMISTON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS -- 30 APRIL 1998

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

REGISTERED NUMBER: 114811

**HERMISTON DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 APRIL 1998**

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 30 April 1998.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW:**

During the year under review the company acquired and disposed of interests in land.

**RESULTS AND DIVIDENDS:**

Results and dividends for the year were as follows:

Retained profit at 30 April 1997	£ 141,728
Profit for the financial year	248,020
	<hr/>
Retained profit at 30 April 1998	£ 389,748
	<hr/>

No dividend was paid or proposed in respect of the year (1997 - £Nil).

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the year were:

D E Murray  
J MacDonald  
I B Tudhope

At 30 April 1998 none of the directors had any interests in the share capital of the company. The interests of certain directors in the share capital of the ultimate holding company (Note 15) are disclosed in the directors' report accompanying that company's financial statements.

**HERMISTON DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 30 APRIL 1998**

**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 its 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; and
- 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 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.

**AUDITORS:**

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Murray House  
4 Redheughs Rigg  
South Gyle  
Edinburgh  
EH12 9DQ

BY ORDER OF THE BOARD



S Tahir  
Secretary

14 October 1998

**ARTHUR ANDERSEN**

**Chartered Accountants  
18 Charlotte Square  
Edinburgh EH2 4DF**

To the Shareholders of **HERMISTON DEVELOPMENTS LIMITED:**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS:**

As described on page 2, 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 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 circumstances of the company, 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 as at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

ARTHUR ANDERSEN

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

14 October 1998

**HERMISTON DEVELOPMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 APRIL 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
TURNOVER	1(d)	£ 1,260,000	£ 500,559
Cost of sales		(1,260,000)	(209,050)
GROSS PROFIT		-	291,509
Operating expenses (net)	2	(2,501)	(1,870)
OPERATING (LOSS)/PROFIT		(2,501)	289,639
Investment income	3	12,389	10,505
Interest payable and similar charges	4	(1,062)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	8,826	300,144
Tax on profit on ordinary activities	7	239,194	-
PROFIT FOR THE FINANCIAL YEAR		£ 248,020	£ 300,144

The current year results have been derived wholly from continuing operations.

The company has no recognised gains or losses in either year other than the profit for each year.

The reported profit on ordinary activities before taxation equates to the historical cost profit on ordinary activities before taxation.

The accompanying notes form an integral part of this profit and loss account.

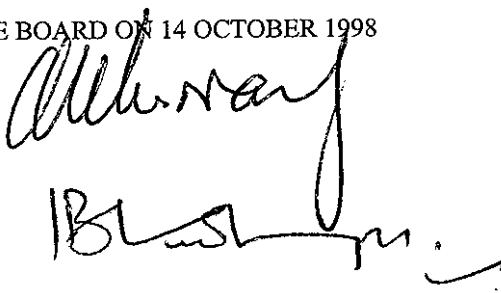
**HERMISTON DEVELOPMENTS LIMITED**

**BALANCE SHEET -- 30 APRIL 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
FIXED ASSETS			
Tangible assets	8	£ -	£ -
CURRENT ASSETS			
Debtors	9	241,393	1,852
Cash at bank and in hand		152,917	143,213
		<u>394,310</u>	<u>145,065</u>
CREDITORS: Amounts falling due within one year	10	(3,562)	(2,337)
NET CURRENT ASSETS		<u>390,748</u>	<u>142,728</u>
NET ASSETS		<u>£ 390,748</u>	<u>£ 142,728</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	£ 1,000	£ 1,000
Profit and loss account	12	389,748	141,728
TOTAL CAPITAL EMPLOYED		<u>£ 390,748</u>	<u>£ 142,728</u>

SIGNED ON BEHALF OF THE BOARD ON 14 OCTOBER 1998

D E Murray )  
                  ) Directors  
I B Tudhope )



The accompanying notes form an integral part of this balance sheet.

**HERMISTON DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

1. ACCOUNTING POLICIES:

The principal accounting policies which have been applied consistently throughout the year and with the preceding year are:

(a) Basis of accounting

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

No cash flow statement has been presented as provided by FRS1 as the results of the company are consolidated within those of the ultimate holding company for which financial statements are publicly available.

(b) Tangible fixed assets

Investment properties are included within tangible fixed assets. The proceeds and costs on disposal of such properties are reflected in turnover and cost of sales respectively.

(c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings.

Deferred tax (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

(d) Turnover

Turnover comprises the sale of investment property.

**HERMISTON DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

2. OPERATING EXPENSES (NET):

	<u>1998</u>	<u>1997</u>
Administrative expenses	£ 2,501	£ 1,870
	<u>          </u>	<u>          </u>

3. INVESTMENT INCOME

The following is included in investment income:

	<u>1998</u>	<u>1997</u>
Bank interest receivable	£ 12,389	£ 10,505
	<u>          </u>	<u>          </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES:

The following is included in interest payable and similar charges:

	<u>1998</u>	<u>1997</u>
On bank loans and overdrafts	£ 1,062	£ -
	<u>          </u>	<u>          </u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

The profit on ordinary activities before taxation is stated after charging:

	<u>1998</u>	<u>1997</u>
Auditors' remuneration for audit services	£ 1,500	£ 1,000
Management charges from a fellow group undertaking	1,000	1,000
	<u>          </u>	<u>          </u>

6. STAFF COSTS:

The company has no employees other than the directors.

Mr D E Murray and Mr J MacDonald were remunerated by a company within the Murray International Holdings Limited group, a related party. Mr I B Tudhope was remunerated partly by this related party and partly by the ultimate holding company (Note 15).



# **HERMISTON DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax credit is based on the profit for the year and comprises:

	<u>1998</u>	<u>1997</u>
Corporation tax at 31% (1997 - 32.8%)	£ 239,194	£ -
	<u>                    </u>	<u>                    </u>

### 8 TANGIBLE FIXED ASSETS:

The following are included in the net book value of tangible fixed assets:

	<u>1998</u>	<u>1997</u>
Investment properties	£ -	£ -
	<u>                    </u>	<u>                    </u>

The movement in the year was as follows:

	<u>Investment properties</u>
COST:	
At 30 April 1997	£ -
Additions	1,260,000
Disposals	(1,260,000)
	<u>                    </u>
At 30 April 1998	£ -
	<u>                    </u>
DEPRECIATION:	
At 30 April 1997	£ -
and 30 April 1998	<u>                    </u>
NET BOOK VALUE:	
At 30 April 1997	£ -
	<u>                    </u>
NET BOOK VALUE:	
At 30 April 1998	£ -
	<u>                    </u>

# HERMISTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. DEBTORS:

The following are included in the net book value of debtors:

	<u>1998</u>	<u>1997</u>
Amounts falling due within one year:		
Amounts due from other group undertakings	£ 239,194	£ -
Prepayment and accrued income	2,199	1,852
	<u>£ 241,393</u>	<u>£ 1,852</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

The following amounts are included in creditors falling due within one year:

	<u>1998</u>	<u>1997</u>
Amounts owed to other group undertakings	£ 2,500	£ 1,937
Other creditors	1,062	400
	<u>£ 3,562</u>	<u>£ 2,337</u>

The loans and overdrafts to the company, its ultimate holding company, The Premier Property Group Limited ("PPG") and its fellow subsidiary undertakings from Bank of Scotland are secured by a bond and floating charge over the assets of the company.

### 11. CALLED-UP EQUITY SHARE CAPITAL:

	<u>1998</u>	<u>1997</u>
Authorised:		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
Issued and fully-paid:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000

### 12. RESERVES

	<u>Profit and loss account</u>
Balance at 30 April 1997	£ 141,728
Profit for the financial year	248,020
Balance at 30 April 1998	<u>£ 389,748</u>

**HERMISTON DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

13. GUARANTEES, CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS:

(a) Capital commitments

There were no capital commitments outstanding at 30 April 1998 (1997 - £Nil).

(b) Contingent liabilities

The company has guaranteed bank borrowings of the company, its ultimate holding company, The Premier Property Group Limited ("PPG"), and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 30 April 1998 amounts to £13,077,502 (1997 - £20,584,477).

(c) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no liability is likely to arise from the failure of those companies.

14. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings.

15. ULTIMATE HOLDING COMPANY:

The ultimate holding company is The Premier Property Group Limited which is registered in Scotland. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is at Murray House, 4 Redheughs Rigg, South Gyle, Edinburgh, EH12 9DQ. A controlling interest in The Premier Property Group Limited is held by Mr D E Murray