

HERMISTON DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2000
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS
REGISTERED NUMBER: SC114811



HERMISTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2000

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 January 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

During the year under review the company did not have any trading activity.

RESULTS AND DIVIDENDS:

Results and dividends for the year were as follows:

Retained profit at 31 January 1999	£	395,671
Profit for the financial year		16,013
Interim dividend paid		(411,684)
		<hr/>
Retained profit at 31 January 2000	£	-
		<hr/> <hr/>

An interim dividend of £411,684 was paid in respect of the year (1999 - £Nil).

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were:

D E Murray
I B Tudhope
J MacDonald (resigned 31 January 2000)

At 31 January 2000 none of the directors had any interests in the share capital of the company. The interests of the directors in the share capital of the ultimate holding company (Note 14) are disclosed in the directors' report accompanying that company's financial statements.

HERMISTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2000

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 its profit or loss for that year. 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.

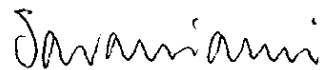
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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.

9 Charlotte Square
Edinburgh
EH2 4DR

BY ORDER OF THE BOARD



S Tahir
Secretary

12 July 2000

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 9 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 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.

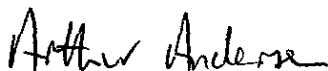
BASIS OF OPINION:

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 31 January 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

12 JULY 2000

HERMISTON DEVELOPMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u> (9 months)
Operating expenses (net)	2	£ (5,229)	£ (2,125)
OPERATING LOSS		<u>(5,229)</u>	<u>(2,125)</u>
Investment income	4	24,363	10,217
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	19,134	8,092
Tax on profit on ordinary activities	6	(3,121)	(2,169)
PROFIT FOR THE FINANCIAL PERIOD		<u>16,013</u>	<u>5,923</u>
Dividends	7	(411,684)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>£ (395,671)</u>	<u>£ 5,923</u>

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

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

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.

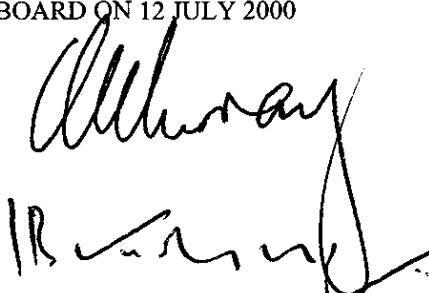
HERMISTON DEVELOPMENTS LIMITED

BALANCE SHEET - 31 JANUARY 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
CURRENT ASSETS			
Debtors	8	£ 1,000	£ 241,454
Cash at bank and in hand		-	162,011
		<u>1,000</u>	<u>403,465</u>
CREDITORS: Amounts falling due within one year	9	-	(6,794)
		<u>1,000</u>	<u>396,671</u>
NET CURRENT ASSETS			
		<u>1,000</u>	<u>396,671</u>
NET ASSETS		<u>£ 1,000</u>	<u>£ 396,671</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	£ 1,000	£ 1,000
Profit and loss account	11	-	395,671
		<u>1,000</u>	<u>395,671</u>
TOTAL CAPITAL EMPLOYED		<u>£ 1,000</u>	<u>£ 396,671</u>

SIGNED ON BEHALF OF THE BOARD ON 12 JULY 2000

D E Murray)
I B Tudhope) Directors



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 the preceding period 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 results are publicly available. Note 14 contains details on the ultimate holding company.

(b) 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.

2. OPERATING EXPENSES (NET):

The following is included in other operating expenses (net):

	<u>2000</u>	<u>1999</u> (9 months)
Administrative expenses	£ 5,229	£ 2,125
	<u> </u>	<u> </u>

3. STAFF COSTS:

The company has no employees other than the directors during the year. The directors are remunerated by other group undertakings.

4. INVESTMENT INCOME:

The following are included in investment income:

	<u>2000</u>	<u>1999</u> (9 months)
Bank interest receivable	£ 21,910	£ 10,217
Other income	2,453	-
	<u>24,363</u>	<u>10,217</u>

HERMISTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>2000</u>	<u>1999</u> (9 months)
Auditors' remuneration for audit services	£ 1,500	£ 1,125
Management charges from a fellow group undertaking	3,729	1,000
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge is based on the profit for the period and comprises:

	<u>2000</u>	<u>1999</u> (9 months)
Corporation tax at 30% (1999 - 31%)	£ 3,121	£ 2,169
	<u> </u>	<u> </u>

7. DIVIDENDS:

	<u>2000</u>	<u>1999</u> (9 months)
Interim dividend paid of £411.684 (1999 - £Nil) per ordinary share	£ 411,684	£ -
	<u> </u>	<u> </u>

8. DEBTORS:

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

	<u>2000</u>	<u>1999</u>
Amounts falling due within one year:		
Amounts owed by other group undertakings	£ 1,000	£ 239,194
Prepayments and accrued income	-	2,260
	<u> </u>	<u> </u>
	£ 1,000	£ 241,454
	<u> </u>	<u> </u>

HERMISTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CREDITORS: Amounts falling due within one year:

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

	<u>2000</u>	<u>1999</u>
Amounts owed to other group undertakings	£ -	£ 6,794
	<u> </u>	<u> </u>

The loans and overdrafts to the company, its ultimate holding company (Note 14) and its fellow subsidiary undertakings from Bank of Scotland are secured by a bond and floating charge over the assets of the company.

10. CALLED-UP EQUITY SHARE CAPITAL:

	<u>2000</u>	<u>1999</u>
Authorised:		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
	<u> </u>	<u> </u>
Allotted, called-up and fully-paid:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>

11. RESERVES:

	<u>Profit and loss account</u>
Balance at 31 January 1999	£ 395,671
Loss for the financial year	(395,671)
	<u> </u>
Balance at 31 January 2000	£ -
	<u> </u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u>	<u>1999</u>
Profit for the financial period	£ 16,013	£ 5,923
Dividends	(411,684)	-
	<u> </u>	<u> </u>
Net (depletion)/addition to shareholders' funds	(395,671)	5,923
Opening shareholder' funds	396,671	390,748
	<u> </u>	<u> </u>
Closing shareholders' funds	£ 1,000	£ 396,671
	<u> </u>	<u> </u>

HERMISTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. GUARANTEES, CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS:

(a) Capital commitments

There were no capital commitments outstanding at 31 January 2000 (1999 - £Nil).

(b) Contingent liabilities

The company has guaranteed bank borrowings of the company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings from Bank of Scotland by cross guarantees. The total contingency at 31 January 2000 amounts to £25,651,401 (1999 - £12,931,199).

(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.

13. RELATED PARTY TRANSACTIONS:

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow group undertakings.

14. ULTIMATE HOLDING COMPANY:

The ultimate holding company is Murray International Holdings Limited, registered in Scotland.

The largest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is 9 Charlotte Square, Edinburgh EH2 4DR. The smallest group in which the results of the company are consolidated is that headed by The Premier Property Group Limited, whose principal place of business is 43 Melville Street, Edinburgh EH3 7JF.

15. ULTIMATE CONTROL

Mr D E Murray, a director of the ultimate holding company (Note 14), and members of his close family control the company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company.