

**HERMISTON DEVELOPMENTS LIMITED**  
**FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1999**  
**TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**  
**REGISTERED NUMBER: 114811**

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**HERMISTON DEVELOPMENTS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 JANUARY 1999**

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the nine month period ended 31 January 1999.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW:**

During the period under review the company had no trading activities.

The company changed its accounting reference date during the period from 30 April to 31 January.

**RESULTS AND DIVIDENDS:**

Results for the period were as follows:

Retained profit at 30 April 1998	£ 389,748
Profit for the financial period	5,923
	<hr/>
Retained profit at 31 January 1999	£ 395,671
	<hr/>

No dividend was paid or proposed in respect of the period (1998 - £Nil).

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the period were:

D E Murray  
J MacDonald  
I B Tudhope

Mr D W M Horne was appointed as an alternate director to Mr D E Murray from 14 January to 18 February 1999.

At 31 January 1999 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 PERIOD ENDED 31 JANUARY 1999**

**DIRECTORS' RESPONSIBILITIES:**

Company law requires the directors to prepare financial statements for each financial period 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.

9 Charlotte Square  
Edinburgh  
EH2 4DR

BY ORDER OF THE BOARD



S Tahir  
Secretary

12 October 1999

**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. 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 31 January 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**ARTHUR ANDERSEN**

**CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS**

**12 OCTOBER 1999**

**HERMISTON DEVELOPMENTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 JANUARY 1999**

	<u>Notes</u>	<u>1999</u> (9 months)	<u>1998</u>
TURNOVER	1(c)	£ -	£ 1,260,000
Cost of sales		-	(1,260,000)
GROSS PROFIT		<hr/> -	<hr/> -
Operating expenses (net)	2	(2,125)	(2,501)
OPERATING LOSS		<hr/> (2,125)	<hr/> (2,501)
Investment income	3	10,217	12,389
Interest payable and similar charges	4	-	(1,062)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	8,092	8,826
Tax on profit on ordinary activities	7	(2,169)	239,194
PROFIT FOR THE FINANCIAL PERIOD		<hr/> £ 5,923	<hr/> £ 248,020
		<hr/> <hr/>	<hr/> <hr/>

The current period 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.

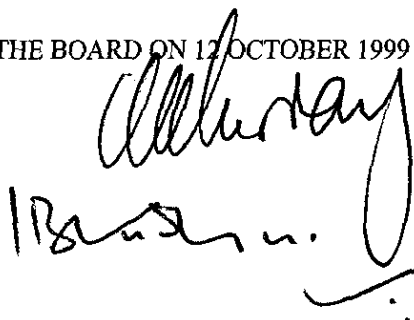
**HERMISTON DEVELOPMENTS LIMITED**

**BALANCE SHEET – 31 JANUARY 1999**

	<u>Notes</u>	31 January <u>1999</u>	30 April <u>1998</u>
CURRENT ASSETS			
Debtors	8	£ 241,454	£ 241,393
Cash at bank and in hand		162,011	152,917
		<u>403,465</u>	<u>394,310</u>
CREDITORS: Amounts falling due within one year	9	(6,794)	(3,562)
NET CURRENT ASSETS		<u>396,671</u>	<u>390,748</u>
NET ASSETS		<u>£ 396,671</u>	<u>£ 390,748</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	£ 1,000	£ 1,000
Profit and loss account	11	395,671	389,748
TOTAL CAPITAL EMPLOYED		<u>£ 396,671</u>	<u>£ 390,748</u>

SIGNED ON BEHALF OF THE BOARD ON 12 OCTOBER 1999

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 period and 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 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.

##### (c) Turnover

Turnover comprises the sale of investment properties.

#### 2. OPERATING EXPENSES (NET):

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

	<u>1999</u> (9 months)	<u>1998</u>
Administrative expenses	£ 2,125	£ 2,501
	<u>          </u>	<u>          </u>

#### 3. INVESTMENT INCOME:

The following is included in investment income:

	<u>1999</u> (9 months)	<u>1998</u>
Bank interest receivable	£ 10,217	£ 12,389
	<u>          </u>	<u>          </u>

**HERMISTON DEVELOPMENTS LIMITED**

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

4. INTEREST PAYABLE AND SIMILAR CHARGES:

The following is included in interest payable and similar charges:

	<u>1999</u> (9 months)	<u>1998</u>
On bank loans and overdrafts	£ -	£ 1,062
	<u>          </u>	<u>          </u>

5. STAFF COSTS:

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

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>1999</u> (9 months)	<u>1998</u>
Auditors' remuneration for audit services	£ 1,125	£ 1,500
Management charges from a fellow group undertaking	1,000	1,000
	<u>          </u>	<u>          </u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax (charge)/credit is based on the profit for the period and comprises:

	<u>1999</u> (9 months)	<u>1998</u>
Corporation tax at 31% (1998 - 31%)	£ (2,169)	£ 239,194
	<u>          </u>	<u>          </u>

8. DEBTORS:

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

	<u>1999</u>	<u>1998</u>
Amounts falling due within one year:		
Amounts owed by other group undertakings	£ 239,194	£ 239,194
Prepayments and accrued income	2,260	2,199
	<u>          </u>	<u>          </u>
	£ 241,454	£ 241,393
	<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>1999</u>	<u>1998</u>
Amounts owed to other group undertakings	£ 6,794	£ 2,500
Other creditors	-	1,062
	<u>£ 6,794</u>	<u>£ 3,562</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>1999</u>	<u>1998</u>
Authorised:		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
	<u>          </u>	<u>          </u>
Issued 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 30 April 1998	£ 389,748
Profit for the financial period	5,923
	<u>          </u>
Balance at 31 January 1999	<u>£ 395,671</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 1999 (1998 - £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 1999 amounts to £12,931,199 (1998 - £13,077,502).

(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.

The consolidated financial statements of Murray International Holdings Limited are available to the public and can be obtained from its principal place of business.