

HERMISTON DEVELOPMENTS LIMITED  
FINANCIAL STATEMENTS -- 30 APRIL 1997  
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS  
REGISTERED NUMBER: 114811



**HERMISTON DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 APRIL 1997**

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 1997.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW:**

During the year under review the company disposed of property held, thereafter the company did not trade.

**RESULTS AND DIVIDENDS:**

Results and dividends for the year were as follows:

Accumulated deficit at 30 April 1996	£ (158,416)
Profit for the financial year	300,144
	<hr/>
Accumulated profit at 30 April 1997	£ 141,728
	<hr/>

No dividend was paid or proposed in respect of the year (1996 - £Nil).

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the year were:

D E Murray  
J MacDonald  
I B Tudhope

At 30 April 1997 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 14) are disclosed in the directors' report accompanying that company's financial statements.

**HERMISTON DEVELOPMENTS LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 30 APRIL 1997**

**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

30 July 1997

**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 1997 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

30 July 1997

**HERMISTON DEVELOPMENTS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 APRIL 1997**

	<u>Notes</u>	<u>1997</u> (12 months)	<u>1996</u> (9 months)
TURNOVER	1(d)	£ 500,559	£ 4,441,899
Cost of sales		(209,050)	(2,055,309)
GROSS PROFIT		<u>291,509</u>	<u>2,386,590</u>
Operating expenses (net)	2	(1,870)	(21,605)
OPERATING PROFIT		<u>289,639</u>	<u>2,364,985</u>
Bank interest receivable		10,505	-
Interest payable and similar charges	3	-	(138,682)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	300,144	2,226,303
Tax on profit on ordinary activities	6	-	71,194
PROFIT FOR THE FINANCIAL PERIOD		<u>£ 300,144</u>	<u>£ 2,297,497</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.

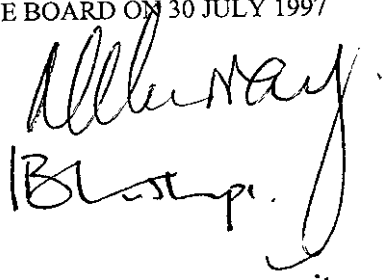
**HERMISTON DEVELOPMENTS LIMITED**

**BALANCE SHEET -- 30 APRIL 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible assets	7	£ -	£ 194,691
CURRENT ASSETS			
Debtors	8	1,852	61,554
Cash at bank and in hand		143,213	-
		<u>145,065</u>	<u>61,554</u>
CREDITORS: Amounts falling due within one year	9	(2,337)	(413,661)
NET CURRENT ASSETS/(LIABILITIES)		<u>142,728</u>	<u>(352,107)</u>
NET ASSETS/(LIABILITIES)		<u>£ 142,728</u>	<u>£ (157,416)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	£ 1,000	£ 1,000
Profit and loss account	11	141,728	(158,416)
TOTAL CAPITAL EMPLOYED/(DEFICIT)		<u>£ 142,728</u>	<u>£ (157,416)</u>

SIGNED ON BEHALF OF THE BOARD ON 30 JULY 1997

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 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 parent company for which financial statements are publicly available.

##### (b) Tangible fixed assets

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date, and are reflected at cost including, where appropriate, an allocation of overheads and interest charges on external borrowings which are related to the properties where recoverability is reasonably certain. Profit is accrued on a conservative basis as developments proceed where the realisation of profits is reasonably certain.

Development 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.

Advance corporation tax payable on dividends paid or provided for in the period is written off, except when recoverability against corporation tax payable is considered to be reasonably assured.

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 rental income of £ Nil (1996 - £1,312) and the sale of development properties of £500,559 (1996 - £4,440,587).

# **HERMISTON DEVELOPMENTS LIMITED**

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

2. OPERATING EXPENSES (NET):

	<u>1997</u> (12 months)	<u>1996</u> (9 months)
Administrative expenses	£ 1,870	£ 21,605
	<u>          </u>	<u>          </u>

3. INTEREST PAYABLE AND SIMILAR CHARGES:

	<u>1997</u> (12 months)	<u>1996</u> (9 months)
On bank loans and overdrafts, and other loans	£ -	£ 138,682
	<u>          </u>	<u>          </u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>1997</u> (12 months)	<u>1996</u> (9 months)
Auditors' remuneration	£ 1,000	£ 1,500
Management charges from a fellow group undertaking	1,000	3,000
	<u>          </u>	<u>          </u>

5. STAFF COSTS:

The company has no employees other than the directors.

Mr D E Murray and Mr J MacDonald are remunerated by a company within the Murray International Holdings Limited group, a related party. Mr I B Tudhope is remunerated by the ultimate holding company (Note 14).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES:

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

	<u>1997</u> (12 months)	<u>1996</u> (9 months)
Corporation tax at 32.8% (1996 - 33%)	£ -	£ 71,221
Adjustment of current tax in respect of prior years	-	(27)
	<u>          </u>	<u>          </u>
	£ -	£ 71,194
	<u>          </u>	<u>          </u>



**HERMISTON DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

7. TANGIBLE FIXED ASSETS:

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

	<u>1997</u>	<u>1996</u>
Development properties	£ -	£ 194,691
	<u>          </u>	<u>          </u>

The movement in the year was as follows:

	<u>Development properties</u>
COST:	
At 30 April 1996	£ 194,691
Disposals	(194,691)
	<u>          </u>
At 30 April 1997	£ -
	<u>          </u>
DEPRECIATION:	
At 30 April 1996	£ -
and 30 April 1997	<u>          </u>
NET BOOK VALUE:	
At 30 April 1996	£ 194,691
	<u>          </u>
At 30 April 1997	£ -
	<u>          </u>

8. DEBTORS:

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

	<u>1997</u>	<u>1996</u>
Amounts falling due within one year:		
Amounts owed from other group undertakings	£	£ 61,211
Amounts owed from related parties	-	113
Other debtors	-	230
Prepayment and accrued income	1,852	-
	<u>£ 1,852</u>	<u>£ 61,554</u>
	<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>1997</u>	<u>1996</u>
Bank overdraft (secured)	£ -	£ 406,156
Accruals and deferred income	-	7,505
Amounts owed to other group undertakings	1,937	-
Other creditors	400	-
	<u>£ 2,337</u>	<u>£ 413,661</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.

10. CALLED-UP EQUITY SHARE CAPITAL:

	<u>1997</u>	<u>1996</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 1996	£(158,416)
Profit for the financial year	300,144
	<u>          </u>
Balance at 30 April 1997	£ 141,728
	<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 30 April 1997 (30 April 1996 - £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 1997 amounts to £20,584,477 (30 April 1996 - £17,396,152).

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

14. 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