

ARMA DEVELOPMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1994



Registered No. 116213

ARMA DEVELOPMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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ARMA DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the company for the year ended 31 December 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is property management and development.

In July 1989 the company purchased a site at Castlebank Street, Glasgow with a view to developing the property. Work on the concept plan and negotiations with the local authority continue with a view to obtaining a satisfactory planning consent.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £2,470 (1993: 34,780). Details are disclosed on page 4. The directors do not propose the payment of a dividend (1993: £nil); accordingly the loss of £2,470 (1993: £34,780) was transferred from reserves.

DIRECTORS

The following served as Directors during the year:

C McAlpine	
M W B MacEacharn	
G M MacEachern	(resigned 29 September 1994)
P Deigman	(appointed 29 September 1994)

M W B MacEacharn held one share in the company during the whole year. No other director held any beneficial shares of the company at any time in the year.

COMPANY STATUS

The company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

ARMA DEVELOPMENTS LIMITED

DIRECTOR'S REPORT

STATEMENT OF 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 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;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



I D Ferguson

Secretary

24 February 1995

ARMA DEVELOPMENTS LIMITED

REPORT OF THE AUDITORS, KPMG TO THE MEMBERS OF ARMA DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of 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 company's circumstances, 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 the company's affairs as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
24 February 1995

Arlington Business Park
Theale
Reading, RG7 4SD

ARMA DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	1994 £	1993 £
TURNOVER	2	8,583	55,396
Interest Payable	2	(8,583)	(55,396)
GROSS PROFIT		<u>-</u>	<u>-</u>
Administrative Expenses		<u>(2,470)</u>	<u>(34,780)</u>
LOSS FOR THE FINANCIAL YEAR	7	<u>(2,470)</u>	<u>(34,780)</u>

The company has no recognised gains or losses other than the loss shown above.

All figures relate to continuing activities.

ARMA DEVELOPMENTS LIMITED

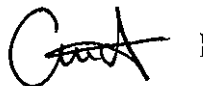
BALANCE SHEET AT 31 DECEMBER 1994

	Note	1994		1993	
		£	£	£	£
CURRENT ASSETS					
Developments	5	1,703,373		1,703,752	
Debtors		60,840		56,311	
Cash at bank		50,504		-	
		<u>1,814,717</u>		<u>1,760,063</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank overdraft		-		(749,436)	
Accruals and deferred income		(3,100)		(8,685)	
Amounts owed to shareholders		(1,869,965)		(1,057,820)	
		<u>(1,873,065)</u>		<u>(1,815,941)</u>	
NET CURRENT LIABILITIES			<u>(58,348)</u>		<u>(55,878)</u>
CAPITAL AND RESERVES					
Called up share capital	6		6		6
Profit and loss account	7		(58,354)		(55,884)
			<u>(58,348)</u>		<u>(55,878)</u>


The financial statements were approved by the Board of Directors on 24 February 1995 and were signed on its behalf by:



P Deigman



C McAlpine



M W B MacEacharn

ARMA DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. In addition, the financial statements have been prepared on a going concern basis as an investor company, British Aerospace Properties Limited has indicated that it intends to provide such funds as are necessary, for the company to meet its liabilities as they fall due for the foreseeable future.

b) Deferred Taxation

Provision is made at the appropriate rates for deferred taxation arising from timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future.

c) Developments

Developments are included in the balance sheet at the lower of cost and net realisable value. Cost includes interest on borrowings and other direct costs specifically attributable to the development, as well as an appropriate proportion of related general overheads incurred by the immediate holding company. Profits on sales are recognised only when title passes or a separately identifiable phase of the development has been completed and the overall profitability of the development can be reasonably foreseen. Rental income is credited against the cost of the development.

2. TURNOVER, RENTAL INCOME AND INTEREST PAYABLE

Rental income and interest payable are taken to the profit and loss account. Excess interest payable or rental income is capitalised in development costs.

Where rent receivable exceeds interest payable, only the amount equal to interest payable is treated as turnover and the balance is capitalised in development costs.

Where interest payable exceeds rent receivable, all of the rent receivable in the year is treated as turnover.

Interest payable:

	1994 £	1993 £
Interest payable on bank overdraft	8,583	55,396

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments in respect of services provided to the company (1993: £nil). The company had no employees during 1994 (1993: £nil).

ARMA DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is after charging:

		1994 £	1993 £
Auditors' remuneration	- Audit	700	750
	- Other	1,400	2,400
		<u> </u>	<u> </u>

5. DEVELOPMENTS

	1994 £	1993 £
Land, construction and related costs	1,395,396	1,395,775
Interest	307,977	307,977
	<u> </u>	<u> </u>
	1,703,373	1,703,752
	<u> </u>	<u> </u>

6. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised: 100 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 6 Ordinary shares of £1 each	6	6
	<u> </u>	<u> </u>

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Profit and Loss Account £	Total £
At 1 January 1994	6	(55,884)	(55,878)
Loss for the year	<u>-</u>	<u>(2,470)</u>	<u>(2,470)</u>
At 31 December 1994	<u>6</u>	<u>(58,354)</u>	<u>(58,348)</u>

8. ULTIMATE HOLDING COMPANY

The ultimate holding company is Clyde Maritime Properties Limited, a company incorporated in Great Britain and registered in England and Wales.