THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

REGISTERED NUMBER: SC139902

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2002

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the year ended 31 January 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the group continued to be the investment in and development of land and property within the UK for medium and long-term performance.

RESULTS AND DIVIDENDS:

Results for the year were as follows:

Retained profit at 31 January 2001	£ 3,875,261
Profit for the financial year	1,797,728
Goodwill reversal on disposals	160,195
Retained profit at 31 January 2002	£ 5,833,184

No dividends were proposed or paid in respect of the year (31 January 2001 - £nil).

DIRECTORS AND THEIR INTERESTS:

The directors who held office during the year were:

D E Murray
I B Tudhope
J R Davies
A Glasgow
L Higgins (appointed 1 July 2001)
A M M Grossart

The interests of the directors in the share capital of the company were as follows:

	Ordinary £1 Shares held	
	31 January 2002	31 January 2001
J R Davies	23,352	-

The interests of the directors in the share capital of the ultimate holding company (Note 24) are disclosed in the directors' report accompanying that company's financial statements.

SUPPLIER PAYMENT POLICY:

The company's policy, which is also applied to the group, is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

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 group and of the profit or loss of the group 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 and group 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 the group 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 the group 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 reappoint Arthur Andersen as auditors for the ensuing year.

9 Charlotte Square
Edinburgh
EH2 4DR

BY ORDER OF THE BOARD

D Horne
Company Secretary

23 July 2002

ARTHUR ANDERSEN

Chartered Accountants
Saltire Court, 20 Castle Terrace
Edinburgh EH1 2DB

To the shareholders of ***THE PREMIER PROPERTY GROUP LIMITED:***

We have audited the financial statements of The Premier Property Group Limited for the year ended 31 January 2002 which comprise the Profit and Loss account, Balance Sheets, Statement of Total Recognised Gains and Losses, Cashflow Statement and the related notes numbered 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS:

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

BASIS OF OPINION:

We conducted our audit in accordance with United Kingdom 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 judgments 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 and of the group, 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 and of the group at 31 January 2002 and of the group's 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

23 JULY 2002

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	Group	Interests in joint ventures	2002 Total	Group	Interests in joint ventures	2001 Total
TURNOVER	1	£ 38,715,478	£ -	**£ 38,715,478**	£ 13,359,819	£ 9,084,765	**£ 22,444,584**
Cost of sales		(25,066,874)	-	**(25,066,874)**	(5,357,446)	(7,949,932)	**(13,307,378)**
GROSS PROFIT		13,648,604	-	**13,648,604**	8,002,373	1,134,833	**9,137,206**
Other operating expenses (net)	2	(2,733,762)	65,587	**(2,668,175)**	(1,967,235)	(227)	**(1,967,462)**
Exceptional item	3	(336,323)	-	**(336,323)**	-	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST & TAXATION		10,578,519	65,587	**10,644,106**	6,035,138	1,134,606	**7,169,744**
Investment income	4	503,217	21,765	**524,982**	15,976	6,544	**22,520**
Interest payable and similar charges	5	(6,688,521)	(1,609)	**(6,690,130)**	(2,828,646)	-	**(2,828,646)**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	4,393,215	85,743	**4,478,958**	3,222,468	1,141,150	**4,363,618**
Tax on profit on ordinary activities	8	(1,275,118)	(16,568)	**(1,291,686)**	(785,498)	(342,108)	**(1,127,606)**
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 3,118,097	£ 69,175	**£ 3,187,272**	£ 2,436,970	£ 799,042	**£ 3,236,012**
Minority interests	19			**(1,389,544)**			**(890,522)**
PROFIT FOR THE FINANCIAL YEAR				**£ 1,797,728**			**£ 2,345,490**

The current year and prior year results relate wholly to continuing operations.

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

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

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	2002	2001
Profit for the financial year		£ 1,797,728	£ 2,345,490
Unrealised surplus on revaluation of investment properties	18	350,000	-
		£ 2,147,728	£ 2,345,490

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET – 31 JANUARY 2002

	Notes	2002	2001
FIXED ASSETS			
Goodwill	9	£ 188,045	£ 208,385
Tangible assets	10	142,628,172	101,172,010
Investments	11	1,163,708	971,338
		143,979,925	102,351,733
CURRENT ASSETS			
Stocks	12	1,162	1,183
Debtors	13	4,533,200	4,187,612
		4,534,362	4,188,795
CREDITORS: Amounts falling due within one year	14	(29,679,493)	(19,172,860)
NET CURRENT LIABILITIES		(25,145,131)	(14,984,065)
TOTAL ASSETS LESS CURRENT LIABILITIES		118,834,794	87,367,668
CREDITORS: Amounts falling due after more than one year	15	(96,949,086)	(70,486,587)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(602,098)	(144,938)
NET ASSETS		£ 21,283,610	£ 16,736,143
CAPITAL AND RESERVES			
Called-up share capital	17	£ 9,968,140	£ 9,968,140
Revaluation reserve	18	917,802	567,802
Profit and loss account	18	5,833,184	3,875,261
SHAREHOLDERS' FUNDS	20	16,719,126	14,411,203
Minority interests	19	4,564,484	2,324,940
TOTAL CAPITAL EMPLOYED		£ 21,283,610	£ 16,736,143
Shareholders' funds may be analysed as:			
Equity interests		£ 6,891,099	£ 4,583,176
Non-equity interests		9,828,027	9,828,027
		£ 16,719,126	£ 14,411,203

APPROVED AND SIGNED ON BEHALF OF THE BOARD ON 23 JULY 2002

D E Murray) Director
I B Tudhope) Director

The accompanying notes are an integral part of this consolidated balance sheet.

THE PREMIER PROPERTY GROUP LIMITED

BALANCE SHEET - 31 JANUARY 2002

	Notes	2002	2001
FIXED ASSETS			
Tangible assets	10	£ 951,862	£ 966,905
Investments	11	10,002,740	6,878,545
		10,954,602	7,845,450
CURRENT ASSETS			
Debtors	13	4,960,669	8,602,046
Cash at bank and in hand		5,079,309	4,699,903
		10,039,978	13,301,949
CREDITORS: Amounts falling due within one year	14	(8,728,114)	(8,616,888)
NET CURRENT ASSETS		1,311,864	4,685,061
TOTAL ASSETS LESS CURRENT LIABILITIES		12,266,466	12,530,511
CREDITORS: Amounts falling due after more than one year	15	(2,755,146)	(2,834,352)
NET ASSETS		£ 9,511,320	£ 9,696,159
CAPITAL AND RESERVES			
Called-up share capital	17	£ 9,968,140	£ 9,968,140
Profit and loss account	18	(456,820)	(271,981)
SHAREHOLDERS' FUNDS	20	£ 9,511,320	£ 9,696,159
Shareholders' funds may be analysed as:			
Equity interests		£ (316,707)	£ (131,868)
Non-equity interests		9,828,027	9,828,027
		£ 9,511,320	£ 9,696,159

APPROVED AND SIGNED ON BEHALF OF THE BOARD ON 23 JULY 2002

D E Murray)
) Directors
I B Tudhope)

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

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	2002	2001
Cash inflow from operating activities	21(a)	£ 33,937,621	£ 13,049,625
Dividends from joint venture		-	800,000
Returns on investments and servicing of finance	21(b)	(6,782,565)	(1,653,854)
Taxation	21(c)	(1,609,304)	(1,744,827)
Capital expenditure and financial investment	21(d)	(61,078,144)	(85,157,550)
Cash outflow before financing		(35,532,392)	(74,706,606)
Financing	21(e)	15,481,651	66,593,926
Decrease in cash in the year		£ (20,050,741)	£ (8,112,680)

Reconciliation of net cash outflow to movement in net debt

		2002	2001
Decrease in cash in the year		£ (20,050,741)	£ (8,112,680)
Cash outflow from net debt financing		(14,481,651)	(66,593,451)
Change in net debt resulting from cash flows		(34,532,392)	(74,706,131)
New hire purchase agreements		(39,254)	(77,231)
Movement in net debt in the year		(34,571,646)	(74,783,362)
Net debt at start of year		(80,115,704)	(5,332,342)
Net debt at end of year	21(f)	£ (114,687,350)	£ (80,115,704)

The accompanying notes are an integral part of this consolidated cash flow statement.

STATEMENT OF ACCOUNTING POLICIES

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

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

As provided by s.230 of the Companies Act 1985, no profit and loss account is presented for The Premier Property Group Limited. The company's loss for the financial year, determined in accordance with the Act, was £184,839 (2001 - profit of £2,158,066).

(b) Basis of consolidation

The consolidated financial statements include the results of The Premier Property Group Limited and all of its subsidiary undertakings drawn up to 31 January 2002.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date on which control passed.

(c) Intangible assets – Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses (representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired) is capitalised and amortised on a straight line basis over an appropriate period depending upon the circumstances of the acquired company, but not greater than twenty years. Goodwill in respect of project – specific joint ventures is not amortised and is subject to annual impairment reviews. Provision is made for any impairment.

Any excess of the aggregate of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration given (negative goodwill) is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Goodwill arising on acquisitions in the year ended 30 April 1998 and earlier periods was written off to reserves in accordance with accounting standards then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal of a previously acquired property interest, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

(d) Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment. Only dividends received and receivable are credited to the company's profit and loss account.

(e) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view.

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 an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain. Interest is capitalised from the point at which development sites or properties are acquired except where there is a substantial delay between acquisition and commencement of physical construction, when capitalisation will commence at the latter point. Profit is accrued on a conservative basis as developments proceed where the realisation of profit is reasonably certain. In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation. Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value. The directors consider that these policies are necessary to provide a true and fair view.

Development properties are classified within tangible fixed assets or stocks according to their likely date of realisation. The proceeds and costs on disposal of such properties are reflected in turnover and cost of sales respectively.

Freehold properties which are not depreciated, with the exception of capitalised improvements and fit-out costs, are subject to annual impairment reviews.

Other fixed assets are shown at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Plant, equipment and vehicles	-	5 years (20% per annum)
Computer equipment	-	4 years (25% per annum)

Residual value is calculated on prices prevailing at the date of acquisition.

(f) Associates and joint ventures

In the group financial statements, investments in associates and joint ventures are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' and joint ventures' profits less losses, while the group's share of the net assets of the associates and joint ventures is shown in the consolidated balance sheet.

Goodwill arising on the acquisition of associates and joint ventures is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates and joint ventures.

STATEMENT OF ACCOUNTING POLICIES (continued)

(g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(h) Turnover

Group turnover includes rental and fee income, the sale of properties and income from the operation of leisure activities (excluding VAT and intra-group transactions).

(i) Pensions

The company participates in the Murray International Holdings Limited ("MIH") group pension scheme which provides benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Contributions are determined by a qualified actuary on the basis of triennial valuations. The most recent actuarial valuation was at 1 October 2001.

The group also participates in a defined contribution scheme operated by MIH with regard to certain employees under which all benefits are restricted to the funds available. The assets of the scheme are held independently of the group by an insurance company. All contributions are charged in the profit and loss account in the year in which they were incurred.

The pension charge for the year is disclosed in Note 7. Further details on the schemes operated by MIH are contained in that company's financial statements.

(j) Leases

Assets held under hire purchase agreements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the agreement to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

(k) Stocks

Stocks are stated at the lower of cost and net realisable value, cost is computed on the first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

(l) Long term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provisions for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

THE PREMIER PROPERTY GROUP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER:

Segmental information:

	2002	2001
Property development and investment	£ 38,715,478	£ 13,359,819

All turnover was sourced and derived from the United Kingdom during the year.

2. OTHER OPERATING EXPENSES (NET):

Other operating expenses (net) comprise:

	2002	2001
Administrative expenses	£ 2,733,762	£ 1,967,235

3. EXCEPTIONAL ITEMS:

The following is included in exceptional items:

	2002	2001
Permanent diminution in property valuation	£ 336,323	£ -

4. INVESTMENT INCOME:

The following is included in investment income:

	2002	2001
Interest receivable	£ 503,217	£ 15,976

5. INTEREST PAYABLE AND SIMILAR CHARGES:

The following are included in interest payable and similar charges:

	2002	2001
On bank loans and overdrafts	£ 6,995,171	£ 3,306,264
All other lenders:		
- on loan notes 1998/2005	27,420	74,432
- on loan notes 1999/2005	27,420	44,834
- on loan notes 1999/2006	11,024	29,250
- on loan notes 2000/2006	240,000	146,585
- on 10.5% unsecured loan stock	-	3,043
- other interest	7,536	3,843
	7,308,571	3,608,251
Less: capitalised on development properties	(620,050)	(779,605)
	£ 6,688,521	£ 2,828,646

Interest is based on normal commercial rates. The cumulative interest capitalised is shown in Note 10.

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2002	2001
Auditors' remuneration for audit services	£ 46,095	£ 25,000
Auditors' remuneration for non-audit services	8,200	-
Depreciation and amounts written off tangible fixed assets:		
- owned	84,766	56,544
- held under hire purchase agreements	30,900	30,813
Amortisation of goodwill	20,340	20,340
Goodwill reversal on disposal of property interests	10,195	346,735
Operating lease rentals		
– plant, equipment & vehicles	31,598	28,010
(Gain)/loss on disposal of tangible fixed assets	(12,500)	2,667

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. STAFF COSTS:

Particulars of employees (including executive directors) are shown below.

Employee costs during the year amounted to:	2002	2001
Wages and salaries	£ 851,230	£ 989,874
Contributions to remuneration trust	150,000	-
Social security costs	81,609	123,470
Other pension costs	51,450	101,808
	£ 1,134,289	£ 1,215,152

During the year no employee costs were capitalised in respect of development properties (2001 - £20,619).

The average monthly number of persons employed by the group during the year was as follows:

	2002 Number	2001 Number
Administration	28	26

Directors' remuneration:

The remuneration of the directors was as follows:	2002	2001
Emoluments	£ 294,350	£ 493,945
Company contributions to money purchase pension schemes	-	52,658
	294,350	546,603
Fees paid to third parties in respect of directors' services	33,719	37,716
	£ 328,069	£ 584,319

The aggregate emoluments of the highest paid director during the year were £111,252 (2001 - £242,524).

There were no contributions to money purchase pension schemes in respect of the highest paid director (2001 - £52,658).

Directors' pensions:

The number of directors who were members of pension schemes was as follows:

	2002 Number	2001 Number
Money purchase schemes	1	1
Defined benefit schemes	3	2
	4	3

7. STAFF COSTS (continued):

The highest paid director had accrued entitlements under a defined benefit scheme of £7,996 at 31 January 2002 (2001 - £Nil).

D E Murray was remunerated by a fellow subsidiary undertaking. I B Tudhope and J R Davies were remunerated partly by the company and partly by fellow subsidiary undertakings.

There were no contributions to money purchase pension schemes in the year as these were paid by a fellow subsidiary undertaking.

The fees paid to third parties in respect of directors' services represents payments to non executive directors.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge comprises:

	2002	2001
Current tax		
UK Corporation tax	£ 833,638	£ 640,560
Adjustment in respect of prior years		
UK corporation tax	(15,680)	-
Total current tax	£ 817,958	£ 640,560
Deferred tax		
Origination and reversal of timing differences	457,160	144,938
Total deferred tax (see note 16)	457,160	144,938
Total tax on profit on ordinary activities	£ 1,275,118	£ 785,498

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2002	2001
Profit on ordinary activities before tax	£ 4,393,215	£ 3,222,468
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2001 – 30%)	£ 1,317,965	£ 966,740
Effects of:		
Expenses not deductible for tax purposes	(684,200)	(426,069)
Capital gains	493,331	648,823
Utilisation of tax losses	(15,454)	(351,325)
Capital allowances in excess of depreciation	(278,004)	(217,609)
Adjustment in respect of prior period	(15,680)	-
	£ 817,958	£ 640,560

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

9. GOODWILL:

The movement in the year was as follows:

COST:		
At 31 January 2001 and 31 January 2002	£	255,842
AMORTISATION:		
At 31 January 2001	£	47,457
Charge for the year		20,340
At 31 January 2002	£	67,797
NET BOOK VALUE:		
At 31 January 2001	£	208,385
At 31 January 2002	£	188,045

10. TANGIBLE FIXED ASSETS:

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

	Group 2002	Company 2002	Group 2001	Company 2001
Investment properties	£117,452,424	£ -	£ 79,492,404	£ -
Freehold properties	724,501	748,468	627,418	770,806
Cost of development properties	22,515,207	-	19,747,464	-
Capitalised interest on development properties	1,691,766	-	1,071,716	-
Plant, equipment and vehicles	244,274	203,394	233,008	196,099
	£142,628,172	£ 951,862	£101,172,010	£ 966,905

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TANGIBLE FIXED ASSETS (continued):

The movement in the year was as follows:

Group	Investment properties	Freehold properties	Cost of development properties	Capitalised interest on development properties	Plant, equipment and vehicles	Total
COST OR VALUATION:						
At 31 January 2001	£ 79,492,404	£ 670,349	£ 19,747,464	£ 1,071,716	£ 353,454	£ 101,335,387
Additions	56,354,112	129,033	3,805,372	620,050	98,136	61,006,703
Revaluations	350,000	-	-	-	-	350,000
Disposals	(18,407,769)	-	(1,037,629)	-	(40,947)	(19,486,345)
At 31 January 2002	£117,788,747	£ 799,382	£ 22,515,207	£ 1,691,766	£ 410,643	£ 143,205,745
DEPRECIATION:						
At 31 January 2001	£ -	£ 42,931	£ -	£ -	£ 120,446	£ 163,377
Charge for the year	-	31,950	-	-	83,716	115,666
Impairment	336,323	-	-	-	-	336,323
Disposals	-	-	-	-	(37,793)	(37,793)
At 31 January 2002	£ 336,323	£ 74,881	£ -	£ -	£ 166,369	£ 577,573
NET BOOK VALUE:						
At 31 January 2001	£ 79,492,404	£ 627,418	£ 19,747,464	£ 1,071,716	£ 233,008	£ 101,172,010
At 31 January 2002	£117,452,424	£ 724,501	£ 22,515,207	£ 1,691,766	£ 244,274	£ 142,628,172

Investment properties, which are all freehold, were valued on an open market, existing-use basis, by the directors as at 31 January 2002. In accordance with SSAP19, the investment properties are not depreciated. It is not possible to quantify the depreciation which would otherwise have been charged.

The net book value of assets held under hire purchase agreements was £147,721 (2001 - £124,963).

10. TANGIBLE FIXED ASSETS (continued):

The movement in the year was as follows:

	Freehold properties	Plant, equipment and vehicles	Total
Company			
COST OR VALUATION:			
At 31 January 2001	£ 810,207	£ 294,614	£ 1,104,821
Additions	-	72,956	72,956
Disposals	-	(40,947)	(40,947)
At 31 January 2002	£ 810, 207	£ 326,623	£ 1,136,830
DEPRECIATION:			
At 31 January 2001	£ 39,401	£ 98,515	£ 137,916
Charge for the year	22,338	62,507	84,845
Disposals	-	(37,793)	(37,793)
At 31 January 2002	£ 61,739	£ 123,229	£ 184,968
NET BOOK VALUE:			
At 31 January 2001	£ 770,806	£ 196,099	£ 966,905
At 31 January 2002	£ 748,468	£ 203,394	£ 951,862

The net book value of assets held under hire purchase agreements was £134,869 (2001 - £106,144).

11. FIXED ASSET INVESTMENTS:

The following are included in the net book value of fixed asset investments:

	Group 2002	Company 2002	Group 2001	Company 2001
Investment in subsidiary undertakings	£ -	£ 8,917,554	£ -	£5,916,553
Investment in joint ventures	1,163,708	1,085,186	971,338	961,992
	£ 1,163,708	£10,002,740	£ 971,338	£6,878,545

The movement in the year was as follows:

	Group	Company
COST:		
At 31 January 2001	£ 971,338	£ 7,018,656
Additions	123,195	3,124,195
Share of profit for the year	69,175	-
At 31 January 2002	£ 1,163,708	£10,142,851
AMOUNTS WRITTEN OFF:		
At 31 January 2001 and 31 January 2002	£ -	£ (140,111)
NET BOOK VALUE:		
At 31 January 2001	£ 971,338	£ 6,878,545
At 31 January 2002	£ 1,163,708	£10,002,740

The principal subsidiary undertakings (all of which are registered in Scotland) at 31 January 2002 were:

	Principal activity	Percentage holding
PPG (Edinburgh) Limited	Property investment and development	100%
PPG (Lothian) Limited	Property investment and development	75%
PPG (Baird Road) Limited	Non-trading	100%
PPG (City) Limited	Property investment and development	100%
Port Royal Golf Limited	Leisure	75%*
PPG Land Limited	Property investment and development	100%

11. FIXED ASSET INVESTMENTS (continued):

The principal subsidiary undertakings (all of which are registered in Scotland) at 31 January 2002 were (continued):

	Principal activity	Percentage holding
PPG Developments Limited	Property investment and development	100%
PPG Metro Limited	Property investment and development	52.5%
PPG Metro Corunna Limited	Property investment and development	52.5%*
PPG Metro Grosvenor Limited	Property investment and development	52.5%*
PPG Metro Oswald Limited	Property investment and development	52.5%*
PPG Kingsgate Limited	Property investment and development	78.75%
PPG Lightning Limited	Property investment and development	100%

*Held indirectly through subsidiary undertakings

The joint venture undertakings at 31 January 2002 were:

	Principal activity	Percentage holding
Haymarket Court Limited	Property development	50%
Haymarket Yards Limited	Property development	50%**
Kilmartin PPG (Strand) Limited	Property development	50%
Take Two Developments Limited	Property development	50%

**Held indirectly through joint venture undertakings

11. FIXED ASSET INVESTMENTS (continued):

The investments in the joint ventures comprise:

	Group 2002	Company 2002	Group 2001	Company 2001
Cost of investment	£ -	£ 500,000	£ -	£ 500,000
Share of net assets	98,528	-	29,352	-
Goodwill	479,994	-	479,994	-
Loans to joint ventures	585,186	585,186	461,992	461,992
	£ 1,163,708	£ 1,085,186	£ 971,338	£ 961,992

The loans are repayable upon the disposal of certain development properties.

The following information is given in respect of the group's share of all joint ventures:

	2002	2001
Fixed assets	£ 506,804	£ 496,649
Current assets	6,945,993	1,110,713
Liabilities due within one year	(6,806,576)	(1,598,051)
Liabilities due after more than one year	(584,950)	-

12. STOCKS:

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

	Group 2002	Group 2001
Consumables and goods held for resale	£ 1,162	£ 1,183

The company held no stocks at 2002 (2001 - £nil)

13. DEBTORS:

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

	Group 2002	Company 2002	Group 2001	Company 2001
Amounts falling due within one year:				
Trade debtors	£ 535,099	£ 138,864	£ 2,597,800	£ 1,130,558
Amounts recoverable on contracts	-	-	1,256,616	1,256,616
Amounts due by other group undertakings	951,075	1,648,562	127,688	3,123,004
Amounts due by related parties	-	-	24,675	24,675
Other debtors	105,744	34,086	156,990	46,826
VAT	2,481,849	130,907	312	-
Prepayments and accrued income	451,183	-	4,281	1,117
	£4,524,950	£ 1,952,419	£ 4,168,362	£ 5,582,796
Amounts falling due after more than one year:				
Amounts due by other group undertakings	-	3,000,000	-	3,000,000
Other debtors	8,250	8,250	19,250	19,250
	£4,533,200	£ 4,960,669	£ 4,187,612	£ 8,602,046

The amounts due by other group undertakings after more than one year earn interest at a commercial rate and are repayable by 31 January 2006.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

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

	Group 2002	Company 2002	Group 2001	Company 2001
Trade creditors	£ 2,196,522	£ 8,182	£ 3,483,951	£ 413,805
Amounts due to other group undertakings	1,743,338	7,606,015	430,255	6,994,673
Obligations under hire purchase agreements	46,329	44,094	43,983	35,038
Bank overdrafts (secured)	17,621,935	-	9,515,134	-
Interest bearing loan notes 1999/2006 (Note 15)	70,000	70,000	70,000	70,000
Other taxes and social security	22,345	20,381	28,303	27,124
Other creditors	*159,033*	*110,624*	*122,209*	*89,502*
Corporation tax payable	388,833	-	222,780	-
VAT	-	-	857,063	824,781
Deferred purchase consideration	4,000,000	-	-	-
Accruals and deferred income	3,431,158	868,818	4,024,182	161,965
Dividends payable to minority interests	-	-	375,000	-
	£29,679,493	£ 8,728,114	£19,172,860	£ 8,616,888

The bank overdraft is secured by a bond and floating charge over the assets of the company and its subsidiary undertakings and by cross guarantees. In addition, certain properties are subject to standard securities.

Under the terms of the group's banking facilities the existing loan and overdraft facilities will continue to be made available for the foreseeable future, and in particular, for the next 12 months. Accordingly, the directors are of the opinion that the group can continue in business as a going concern and can meet its liabilities as they fall due.

The deferred purchase consideration arises on the purchase of an investment property.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

The following amounts are included in creditors falling due after more than one year:

	Group 2002	Company 2002	Group 2001	Company 2001
Bank loans (secured)	£ 2,500,000	£ 2,500,000	£ 2,500,000	£ 2,500,000
Term loans (secured)	78,450,000	-	63,850,000	-
Bank overdrafts	11,943,940	-	-	-
Interest bearing loan notes 1998/2005	400,000	-	400,000	-
Interest bearing loan notes 1999/2005	400,000	-	400,000	-
Interest bearing loan notes 1999/2006	220,000	220,000	290,000	290,000
Interest bearing loan notes 2000/2006	3,000,000	-	3,000,000	-
Obligations under hire purchase agreements	35,146	35,146	46,587	44,352
	£ 96,949,086	£ 2,755,146	£ 70,486,587	£ 2,834,352

The bank loan of £2,500,000 at 31 January 2002 is secured by a bond and floating charge over the assets of the company and of its subsidiary undertakings and by standard securities over certain properties. The loan is repayable by 31 January 2009. It bears interest at normal commercial rates.

The term loans of £78,450,000 at 31 January 2002 are secured by bonds and floating charges over the assets of the relevant companies and by standard securities over certain properties. £47,500,000 of the loans are repayable by 14 January 2005 or earlier dependent on the disposal of certain investment properties. A loan of £30,950,000 is repayable by 18 April 2006 or earlier dependent on the disposal of an investment property. The loans bear interest at normal commercial rates.

Subject to certain conditions being met all or part of the interest bearing loan notes 1998/2005 and 1999/2005 are repayable on or before, but in any event no later than, 13 October 2005. The loan notes bear interest at commercial rates subject to certain conditions regarding the profitability of a subsidiary undertaking being met.

The interest bearing loan notes 1999/2006 are secured by a bank guarantee and bear interest at a commercial rate. Of these loan notes £70,000 are repayable within one year and £220,000 are repayable within 2–5 years but in any event no later than 31 December 2006.

The interest bearing loan notes 2000/2006 are unsecured and bear interest at a commercial rate. The loan notes are repayable by 31 January 2006.

Obligations under hire purchase agreements payable after more than one year are repayable between two and five years.

16. PROVISIONS FOR LIABILITIES AND CHARGES:

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that the liability will be realised. There was no deferred tax provision in the company at 31 January 2002 (2001 -£nil).

	Group 2002	Group 2001
Deferred taxation	£ 602,098	£ 144,938

The movement on deferred tax during the year was:

	2002
At 31 January 2001	£ 144,938
Charged to profit and loss account	457,160
At 31 January 2002	£ 602,098

Deferred taxation provided as at 31 January 2001 and 31 January 2002 was:

	Amounts provided 2002	Amounts provided 2001
Accelerated capital allowances	£ 410,219	£ 144,938
Capital gains	191,879	-
	£ 602,098	£ 144,938

17. CALLED-UP SHARE CAPITAL:

Authorised, issued and fully paid:

	2002	2001
Equity: 1,401,130 ordinary shares of 10p each	£ 140,113	£ 140,113
Non-equity: 9,828,027 cumulative redeemable preference ("CRP") shares of £1 each	£9,828,027	£9,828,027
	£9,968,140	£9,968,140

21. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued):

(e) Financing

		2002		2001
Repayment of secured loan	£	(20,100,000)	£	-
Repayment of interest bearing loan notes		(70,000)		(225,002)
New term loans		34,700,000		63,850,000
Issue of loan notes		-		3,000,000
Repayment of hire purchase obligations		(48,349)		(31,547)
Shares issued to minority interest		1,000,000		475
Net cash inflow	£	15,481,651	£	66,593,926

(f) Analysis and reconciliation of net debt

	At 31 January 2001	Cashflow	Non-cash movement	At 31 January 2002
Bank overdrafts within 1 year	£ (9,515,134)	£ (8,106,801)	£ -	£ (17,621,935)
Bank overdrafts after 1 year	-	(11,943,940)	-	(11,943,940)
	£ (9,515,134)	£ (20,050,741)	£ -	£ (29,565,875)
Debt due after 1 year	(70,440,000)	(14,530,000)	-	(84,970,000)
Debt due within 1 year	(70,000)	-	-	(70,000)
Hire purchase obligations	(90,570)	48,349	(39,254)	(81,475)
TOTAL	£ (80,115,704)	£ (34,532,392)	£ (39,254)	£ (114,687,350)

22. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a) Capital commitments

Capital commitments contracted for, but not provided for at 31 January 2002 totalled £3,461,336 (2001 - £4,423,639).

b) Contingent liabilities

The company has guaranteed bank borrowings of the company, certain of its subsidiary undertakings and fellow subsidiary undertakings by cross guarantees. The total contingency at 31 January 2002 amounts to £50,169,842 (2001 - £34,869,342).

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.

d) Operating lease commitments

Annual commitments under non-cancellable operating leases for the group and company are as follows:

	Land & buildings 2002	Vehicles 2002	Land & buildings 2001	Vehicles 2001
GROUP				
Expiry within one year	£ -	£ 2,235	£ -	£ -
Expiry within two to five years	-	39,254	-	11,497
Expiry after five years	13,500	-	13,500	-
	£ 13,500	£ 41,489	£ 13,500	£ 11,497

	Vehicles 2002	Vehicles 2001
COMPANY		
Expiry within two to five years	£39,254	£11,497

23. RELATED PARTY TRANSACTIONS:

During the year the group entered into the following transactions with related parties:

Related Party	Relationship	Nature of Transactions	Amount
Murray Sports Limited and its subsidiaries	Related party by virtue of common control	Management fees received	£55,000
New Brannock Limited	Related party by virtue of common control	Management fees received	£110,000

The amounts due to and from other group undertakings at 31 January 2002 are shown in Notes 13, 14 and 15.

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with fellow group undertakings whose financial statements are consolidated herein.

24. ULTIMATE HOLDING COMPANY:

The ultimate holding company is Murray International Holdings 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 9 Charlotte Square, Edinburgh, EH2 4DR.

25. ULTIMATE CONTROL:

D E Murray, a director of the ultimate holding company (Note 24), and members of his close family control the group and the company as a result of controlling directly or indirectly 82% of the issued share capital of the ultimate holding company.

26. POST BALANCE SHEET EVENTS:

Subsequent to the year end, the group disposed of investment properties for a total consideration of £11,915,000.