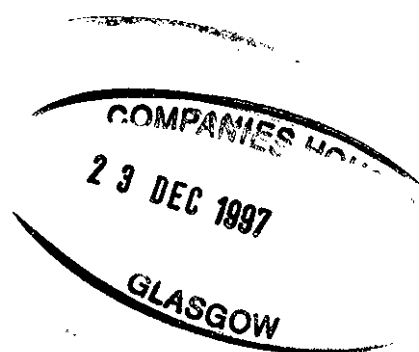
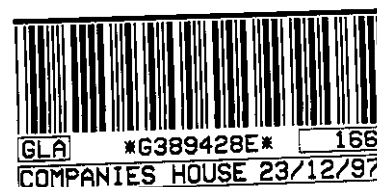


**GFS (MOTHERWELL) LIMITED****DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS****for the year ended  
28 February 1997****Company Number 146523**

BDO Stoy Hayward firms also in the South East, Ayr, Bacup, Belfast, Beverley, Birmingham, Bristol, Bury St. Edmunds, Cardiff, Edinburgh, Glasgow, Leeds, Manchester, Motherwell, Newcastle-upon-Tyne, Newmarket, Norwich, Nottingham, Peterborough, Poole, Rochdale, Saltcoats, Sheffield, Southampton, Stranraer, Sunderland and Wolverhampton.

BDO Stoy Hayward – South East Firm  
Offices in London, Bromley, Chelmsford, Epsom, Reading, Richmond, Ware and Wembley



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**DIRECTORS**

R.B. Clapham  
R. Mintz

**SECRETARIES**

Secretar Securities Limited

**REGISTERED OFFICE**

249 West George Street  
Glasgow G2 4RB

**AUDITORS**

BDO Stoy Hayward  
Ballantine House  
168 West George Street  
Glasgow G2 2PT

**BANKERS**

The United Bank of Kuwait PLC  
7 Baker Street  
London W1M 1AB

Bank of Scotland  
P.O. Box 152  
110 St. Vincent Street  
Glasgow G2 5EJ

## GFS (MOTHERWELL) LIMITED

DIRECTORS' REPORT  
for the year ended 28 February 1997

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## FINANCIAL STATEMENTS

The directors present their report and the financial statements of the company for the year ended 28 February 1997.

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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) 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 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.

## PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is that of property developers.

During the year, the company continued to own a property in Motherwell with a view to resale.

## RESULTS AND DIVIDENDS

The loss for the year after taxation was £51,266.

A dividend is not payable.

## FUTURE DEVELOPMENTS

The company intends to pursue its existing activities.

## DIRECTORS AND THEIR INTERESTS

The directors of the company during the year, none of whom had a beneficial interest in the share capital, were as follows:

R.B. Clapham

R. Mintz

GFS (MOTHERWELL) LIMITED

DIRECTORS' REPORT  
for the year ended 28 February 1997

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AUDITORS

BDO Stoy Hayward offer themselves for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 22 December 1997.

A handwritten signature in dark ink, appearing to be 'R.B. Clapham', written over a horizontal line.

R.B. CLAPHAM  
Director

**AUDITORS' REPORT**  
to the members of GFS (Motherwell) Limited

We have audited the financial statements on pages 5 to 10 which have been prepared on the basis of the accounting policies set out on page 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.

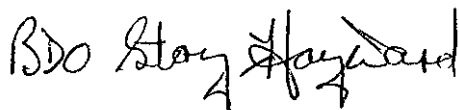
**Basis of opinion**

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 28 February 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

22 December 1997

## GFS (MOTHERWELL) LIMITED

**PROFIT AND LOSS ACCOUNT**  
 for the year ended 28 February 1997

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	Notes	1997 £	1996 £
Turnover	2	225,000	225,000
Administrative expenses		<u>(13,255)</u>	<u>(31,003)</u>
Operating profit	4	211,745	193,997
Other interest receivable and similar income		277	775
Interest payable and similar charges	5	<u>(263,288)</u>	<u>(288,919)</u>
Loss on ordinary activities before taxation		(51,266)	(94,147)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the year transferred from reserves	11	<u>(51,266)</u>	<u>(94,147)</u>

All trading arose from continuing operations.

**Recognised gains and losses**

There are no recognised gains and losses other than the loss on ordinary activities after tax shown above.

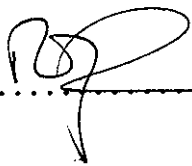
## GFS (MOTHERWELL) LIMITED

## BALANCE SHEET

as at 28 February 1997

	Notes	1997 £	1996 £
<b>CURRENT ASSETS</b>			
Stocks	7	2,531,057	2,535,915
Cash at bank and in hand		<u>14,709</u>	<u>13,346</u>
		2,545,766	2,549,261
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(791,958)</u>	<u>(744,187)</u>
<b>Total assets less current liabilities</b>		1,753,808	1,805,074
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(2,074,791)</u>	<u>(2,074,791)</u>
		<u>(320,983)</u>	<u>(269,717)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>(321,983)</u>	<u>(270,717)</u>
<b>Equity shareholders' funds</b>		<u>(320,983)</u>	<u>(269,717)</u>

The financial statements on pages 5 to 10 were approved by the Board on 22 December 1997.

R.B. CLAPHAM..........Director

## GFS (MOTHERWELL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 1997

## 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

**Accounting convention**

The financial statements are prepared under the historical cost convention on a going concern basis, which assumes the continued financial support of the loan creditors.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost represents the purchase price of property plus direct costs of development work.

**Interest**

Interest payable on loans to finance the property stock is charged to the profit and loss account.

## 2. TURNOVER

Turnover represents the amount derived from rents, net of value added tax. All turnover was generated within the United Kingdom.

## 3. STAFF COSTS

## (a) Number of employees

The company had no employees during the year, other than the directors.

## (b) Employment costs

The company incurred no staff costs during the year.

## 4. OPERATING PROFIT

is stated after charging:

	1997 £	1996 £
Auditors' remuneration	<u>1,500</u>	<u>1,137</u>



## GFS (MOTHERWELL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 1997

## 5. INTEREST PAYABLE

	1997 £	1996 £
On loans and overdrafts repayable: within five years	215,190	212,824
On shareholders' loans	<u>48,098</u> <u>263,288</u>	<u>76,095</u> <u>288,919</u>

## 6. TAX ON LOSS ON ORDINARY ACTIVITIES

No corporation tax charge arises on the results for the year due to losses brought forward. Losses of approximately £250,000 (1996 - £180,000) are available for carry forward against future profits of the existing trade.

## 7. STOCKS

	1997 £	1996 £
Property held for resale	<u>2,531,057</u>	<u>2,535,915</u>

## 8. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Shareholders' loans (note 9(ii))	521,266	511,486
Trade creditors	41,980	35,201
Other creditors	26,510	25,129
Accruals and deferred income	<u>202,202</u>	<u>172,371</u>
	<u>791,958</u>	<u>744,187</u>

9. CREDITORS: amounts falling due after  
more than one year

	1997 £	1996 £
Bank loan	1,987,500	1,987,500
Shareholders' loans (note (ii))	<u>87,291</u>	<u>87,291</u>
	<u>2,074,791</u>	<u>2,074,791</u>

(i) The bank loan is secured by a standard security over the property held for sale and a floating charge over the company's assets. Interest is charged at 1.85% over the London Interbank rate and the loan expires on 27 January 2000.

(ii) There is no fixed repayment date for shareholders' loans. Anglo Scottish Properties PLC have a second ranking standard security and bond and floating charge over the company's assets to secure its shareholders' loan amounting to £349,450. Interest payable on the shareholders' loans is charged at bank rate plus 2%.

## GFS (MOTHERWELL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 1997

## 10. SHARE CAPITAL

Authorised and allotted  
share capital

	Authorised		Allotted, called up and fully paid	
	1997 Number	1996 Number	1997 £	1996 £
£1 Ordinary	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

## 11. RESERVES

Profit and  
loss account  
£

1 March 1996	(270,717)
Loss for the year	<u>(51,266)</u>
28 February 1997	<u>(321,983)</u>

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Loss for the year	(51,266)	(94,147)
Opening shareholders' funds	<u>(269,717)</u>	<u>(175,570)</u>
	<u>(320,983)</u>	<u>(269,717)</u>

## 13. DEFICIENCY OF ASSETS

The directors consider the resale value of property stocks to be approximately £3,000,000. Due to historic cost accounting rules, this increase in value cannot be included in the balance sheet.

## GFS (MOTHERWELL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 1997

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## 14. RELATED PARTY TRANSACTIONS

During the year, the company had the following transactions with related parties:

- (i) Interest of £27,626 payable to Anglo Scottish Properties PLC (a 55% shareholder) on shareholders' loan. The amount of loan outstanding at 28 February 1997 was £349,450, falling due within one year.
- (ii) Interest of £20,472 payable to Credential Holdings Limited (a 45% shareholder) on shareholders' loans. The amount outstanding at 28 February 1997 was:
  - (a) £171,816 falling due within one year.
  - (b) £87,291 falling due after more than one year.

## 15. ULTIMATE PARENT COMPANY

The directors regard Anglo Scottish Properties PLC as the company's ultimate parent company.