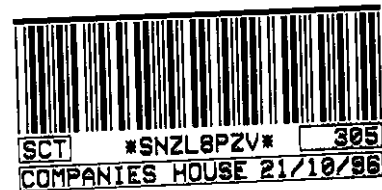


KIRKGATE HOLDINGS LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 30th April 1996

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KIRKGATE HOLDINGS LIMITED

Director

Robert J Wotherspoon

Secretaries

TM Company Services Limited
66 Queen Street
Edinburgh
EH2 4NE

Registered Office

50 Moray Place
Edinburgh
EH3 6BQ

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YS

Auditors

Chiene & Tait, CA
3 Albyn Place
Edinburgh
EH2 4NQ

Solicitors

Tods Murray WS
66 Queen Street
Edinburgh
EH2 4NE

KIRKGATE HOLDINGS LIMITED

DIRECTOR'S REPORT

The director submits his report and the audited financial statements for the year ended 30th April 1996.

Principal activities

The group's principal activities are property trading and the operation of toilets and restaurant facilities.

Results and dividends

The group loss for the year after taxation was £6,741 (1995: profit £15,456).

The director does not recommend the payment of a dividend.

Review of the business

During the year the companies within the group have continued to manage the relevant portfolios including where necessary maintenance and refurbishment of the various assets. The conditions within the commercial property sector have continued to be difficult with little or no rental growth experienced during the year as a result of poor tenant demand. Both rents and capital values remain depressed, however the company continued to evaluate and acquire suitable opportunities when appropriate. It is expected that the commercial market will now start to improve and the board is confident that the existing portfolio will continue to improve and form the basis for successful trading.

Director

The director of the company at 30th April 1996 is Robert J Wotherspoon and his interest in the share capital of the company is as follows:

	Ordinary Shares	
	1996 No.	1995 No.
Robert J Wotherspoon	2,000 =====	2,000 =====

Statement of director's responsibilities

Company law requires the director 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the year Kidsons Impey resigned as auditors and Messrs Chiene & Tait, CA were appointed in their place. A resolution to reappoint Messrs Chiene & Tait, CA will be put to the Members at the Annual General Meeting.

BY ORDER OF THE BOARD



 TM COMPANY SERVICES LTD
Secretaries

3 . 10 . 1996

NORMAN LESSELS C.B.E.
JEREMY M CHITTLEBURGH
DAVID A F COLLIER
J MARTIN HALDANE
HELEN MACKENZIE
J GAVIN MORTON
MARTIN F SINCLAIR
RONALD M SINCLAIR
WILLIAM G R THOMSON

**AUDITORS' REPORT TO THE MEMBERS OF
KIRKGATE HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of the director and auditors

As described on page 3 the company's director is 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.

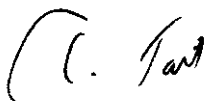
Basis of opinion

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 director 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 and group's affairs as at 30th April 1996 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**CHIENE & TAIT, CA
Registered Auditors**



1996

KIRKGATE HOLDINGS LIMITED

CONSOLIDATED PROFIT and LOSS ACCOUNT

For the year ended 30th April 1996

	Notes	1996	1995
		£	£
Turnover	2	727,792	2,996,729
Cost of sales		182,550	2,370,355
		-----	-----
Gross profit		545,242	626,374
Distribution and administration costs		163,626	204,921
		-----	-----
Operating profit	3	381,616	421,453
Interest receivable		31	1,911
Interest payable and similar charges	5	(386,975)	(400,199)
		-----	-----
		(386,944)	(398,288)
		-----	-----
(Loss)/profit on ordinary activities before taxation		(5,328)	23,165
Taxation	6	1,413	7,709
		-----	-----
(Loss)/profit on ordinary activities after taxation		(6,741)	15,456
		=====	=====

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the profit and loss account.

The notes on pages 8 to 12 form part of these accounts.

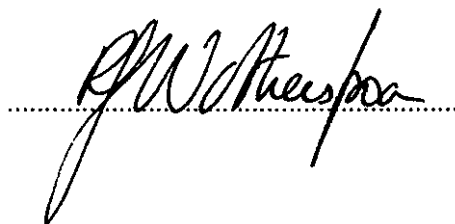
KIRKGATE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

As at 30th April 1996

	Notes	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	7		40,336		44,000
Current assets					
Development properties	9	5,801,930		5,693,282	
Stocks	10	5,997		1,050	
Debtors	11	174,252		115,870	
Cash at bank and in hand		1,176		43,134	
		5,983,355		5,853,336	
Creditors: amounts falling due within one year	12	2,198,774		2,065,678	
			3,784,581		3,787,658
Net current assets			3,824,917		3,831,658
Creditors: amounts falling due after more than one year	13		3,815,000		3,815,000
Net assets			9,917		16,658
Capital and reserves					
Share capital	15		2,000		2,000
Profit and loss account	16		7,917		14,658
Equity shareholders' funds	17		9,917		16,658

Approved by



R J Wotherspoon

3/15/96 1996

The notes on pages 8 to 12 form part of these accounts.

KIRKGATE HOLDINGS LIMITED

COMPANY BALANCE SHEET

As at 30th April 1996

	Notes	£	1996 £	£	1995 £
Fixed assets					
Investments	8		102		102
Current assets					
Cash at bank and in hand		1,040		1,080	
Creditors: amounts falling due within one year	12	1,012		726	
		-----		-----	
Net current assets			28		354
			-----		-----
Net assets			130		456
			=====		=====
Capital and reserves					
Share capital	15		2,000		2,000
Profit and loss account	16		(1,870)		(1,544)
			-----		-----
Equity shareholders' funds	17		130		456
			=====		=====

Approved by

.....

R J Wotherspoon

3rd Oct 1996

The notes on pages 8 to 12 form part of these accounts.

KIRKGATE HOLDINGS LIMITED

NOTES to the ACCOUNTS

For the year ended 30th April 1996

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group accounts comprise the consolidated accounts of the company and its subsidiary undertakings. No profit and loss account is presented for Kirkgate Holdings Limited as provided by S230 of the Companies Act 1985.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with year of acquisition at rates estimated to write off their costs or valuation less any residual value over the expected useful lives which are as follows:

Fixtures and equipment - 4 years

Leasing commitments

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Development properties and stocks are valued at the lower of cost and net realisable value. Cost is computed on a first-in, first-out basis. In the case of development properties cost is computed on the total consideration paid. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Cash flow statement

The company and the group are a small company and small group as defined by S246 and S247 of the Companies Act 1985 and are entitled to exemption from the preparation of a cash flow statement as required under FRS1. Consequently, a cash flow statement has not been prepared.

2. Turnover

Turnover represents the amounts derived from the subsidiaries business activities which fall within the group's ordinary activities, stated net of value added tax. All turnover arose within the United Kingdom.

3. Operating profit

	1996	1995
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration	2,294	5,087
Operating leases - plant and machinery	-	782
Depreciation of tangible fixed assets	25,682	22,000
	=====	=====
Rent receivable	(12,543)	(13,497)
	=====	=====

KIRKGATE HOLDINGS LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 30th April 1996

4. Director and employees	1996	1995
	£	£
Staff costs including director's emoluments:		
Wages and salaries	20,271	13,239
	=====	=====

The average number of employees during the year was 7 (1995: 4).

The director did not receive any emoluments during the year.

Management fees of £68,000 (£1995: £66,000) were paid to R J Wotherspoon & Associates, property consultants, of which R J Wotherspoon is proprietor.

5. Interest payable

Wholly repayable within 5 years:

Bank overdraft	95,321	114,470
Bank loans	291,654	285,729
	-----	-----
	386,975	400,199
	=====	=====

6. Taxation	1996	1995
	£	£

Corporation tax @ 25% and 24% including amounts surrendered under group relief

1,413	7,709
=====	=====

7. Tangible fixed assets

**Fixtures and
equipment**
£

Group

Cost

At 1st May 1995	88,000
Additions	22,018

At 30th April 1996	110,018

Aggregate depreciation

At 1st May 1995	44,000
Charge for year	25,682

At 30th April 1996	69,682

Net book value

At 30th April 1996	40,336
	=====
At 30th April 1995	44,000
	=====

KIRKGATE HOLDINGS LIMITED**NOTES to the ACCOUNTS (Contd.)****For the year ended 30th April 1996**

		Shares in Subsidiary Undertakings
		£
8. Investment in subsidiaries		
Cost		
At 1st May 1995 and 30th April 1996		102
		=====

Nature of Subsidiary Undertaking	Nature of Business	Country of Registration	Class of Share	Proportion Held
Kirkgate Investments Ltd	Property trading	Scotland	Ordinary	100%
Lismore Investments Ltd	Property trading	Scotland	Ordinary	100%
Oban Heritage Ltd	Visitors centre	Scotland	Ordinary	100%

Consolidated figures include the turnover and results of the subsidiaries for the year.

9. Development properties	1996	1995
	£	£

Group

At the balance sheet date stock and work in progress is composed as follows:

At 1st May 1995	5,693,282	6,131,532
Additions	267,423	1,806,268
Disposals	(158,775)	(2,244,518)
	-----	-----
At 30th April 1996	5,801,930	5,693,282
	=====	=====

10. Stocks**Group**

Goods for resale	5,997	1,050
	=====	=====

11. Debtors: Amounts falling due within one year**Group**

Trade debtors	146,200	40,453
Prepayments	4,856	3,698
VAT	5,217	12,185
Sundry debtors	17,979	59,534
	-----	-----
	174,252	115,870
	=====	=====

KIRKGATE HOLDINGS LIMITED**NOTES to the ACCOUNTS (Contd.)****For the year ended 30th April 1996****12. Creditors: Amounts falling due within one year**

	1996	1995
	£	£
Group		
Trade creditors	22,685	-
Sundry creditors and accruals	49,427	121,271
Bank overdraft (note 14)	2,000,059	1,493,538
Other taxes and social security	17,917	15,138
Prepaid service charge	107,013	95,599
Property purchase	-	340,132
Corporation tax	1,673	-
	=====	=====
	2,198,774	2,065,678
	=====	=====
Company		
Sundry creditors and accruals	308	601
Amounts due to group companies	704	125
	=====	=====
	1,012	726
	=====	=====

13. Creditors: Amounts falling due after more than one year

Group		
Bank term loan - Bank of Scotland (see note 14)	3,815,000	3,815,000
	=====	=====

The term loan is for a period of 5 years from November 1993 and interest is charged at variable rates.

14. Bank borrowing

The bank borrowing is secured by bonds and floating charges and standard securities over the properties of the group.

15. Share capital	Authorised		Allotted, called up and fully paid	
	1996	1995	1996	1995
Group and company	No.	No.	£	£
Ordinary shares of £1 each	2,000	2,000	2,000	2,000
	=====	=====	=====	=====
16. Profit and loss account			1996	1995
			£	£
Group				
At 1st May 1995			14,658	(798)
Loss/(profit) for the year			(6,741)	15,456
			=====	=====
At 30th April 1996			7,917	14,658
			=====	=====
Company				
At 1st May 1995			(1,544)	(500)
Loss for the year			(326)	(1,044)
			=====	=====
At 30th April 1996			(1,870)	(1,544)
			=====	=====

KIRKGATE HOLDINGS LIMITED**NOTES to the ACCOUNTS (Contd.)****For the year ended 30th April 1996****17. Reconciliation of movement in shareholders' funds**

	1996	1995
	£	£
Group		
Shareholders' funds at 1st May 1995	16,658	1,202
(Loss)/profit for the year	(6,741)	15,456
	-----	-----
Shareholders' funds at 30th April 1996	9,917	16,658
	=====	=====
Company		
Shareholders' funds at 1st May 1995	456	1,500
Loss for the year	(326)	(1,044)
	-----	-----
Shareholders' funds at 30th April 1996	130	456
	=====	=====

18. Capital commitments

Group		
Contracted	863,500	-
	=====	=====
Authorised by the director but not contracted	1,780,000	340,132
	=====	=====

19. Contingent liability

Lismore Investments Limited are defenders in an interdict action. It is considered that the likelihood of successfully defending this action is reasonably high therefore no provision has been made in the accounts in respect of this.