

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)
FINANCIAL STATEMENTS FOR THE 40 WEEK PERIOD ENDED 31 JANUARY 2001
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS
REGISTERED NUMBER: SC206554

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PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

DIRECTORS' REPORT

FOR THE 40 WEEK PERIOD ENDED 31 JANUARY 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the 40 week period ended 31 January 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The company was incorporated on 25 April 2000 as Dunwilco (790) Limited. On 20 July 2000 the company changed its name to PPG Metro Limited. The principal activity of the company is the investment in property within the UK for medium and long term performance.

RESULTS AND DIVIDENDS:

Results and dividends for the period were as follows:

Profit for the financial period	£ 1,402,381
Retained profit at 31 January 2001	<u>£ 1,402,381</u>

No dividend was paid or proposed in respect of the period.

DIRECTORS AND THEIR INTERESTS:

The directors who served during the period were:

D J Crawford (appointed 25 April 2000, resigned 1 June 2000)
M B Polson (appointed 25 April 2000, resigned 1 June 2000)
I B Tudhope (appointed 1 June 2000)
A T H Smith (appointed 1 June 2000)
D E Murray (appointed 14 June 2000)
A Glasgow (appointed 14 June 2000)
I Robertson (appointed 19 June 2000)

At 31 January 2001 none of the directors had any interests in the share capital of the company. The interests of the directors in the share capital of the ultimate holding company (Note 18) are disclosed in the directors' report accompanying that company's financial statements.

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

DIRECTORS' REPORT (continued)

FOR THE 40 WEEK PERIOD ENDED 31 JANUARY 2001

DIRECTORS' RESPONSIBILITIES:

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of 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.

9 Charlotte Square
Edinburgh
EH2 4DR

BY ORDER OF THE BOARD



S Tahir
Company Secretary

19 June 2001

ARTHUR ANDERSEN

**Chartered Accountants
18 Charlotte Square
Edinburgh EH2 4DF**

To the Shareholders of **PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)** :

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS:

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 31 January 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



ARTHUR ANDERSEN

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

19 JUNE 2001

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE 40 WEEK PERIOD ENDED 31 JANUARY 2001

	<u>Notes</u>	<u>2001</u> <u>(40 weeks)</u>
TURNOVER	1(e)	£ 6,493,377
Cost of sales		(1,621,896)
		<hr/>
GROSS PROFIT		4,871,481
Other operating expenses (net)	2	(41,487)
		<hr/>
OPERATING PROFIT		4,829,994
Interest payable and similar charges	4	(2,813,665)
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,016,329
Tax on profit on ordinary activities	6	(613,948)
		<hr/>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	14	£ 1,402,381
		<hr/>

The current period results have been derived wholly from continuing operations.

The company has no recognised gains or losses in the period other than the profit for the 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.

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

BALANCE SHEET - 31 JANUARY 2001

	<u>Notes</u>	<u>2001</u>
FIXED ASSETS		
Tangible assets	7	£ 73,060,331
Investments	8	2
		<hr/> 73,060,333 <hr/>
CURRENT ASSETS		
Debtors	9	550,396
Cash at bank and in hand		1,335,079
		<hr/> 1,885,475 <hr/>
CREDITORS: Amounts falling due within one year	10	(3,547,489)
NET CURRENT LIABILITIES		<hr/> (1,662,014) <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 71,398,319 <hr/>
CREDITORS: Amounts falling due after more than one year	11	(69,850,000)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(144,938)
		<hr/>
NET ASSETS		<hr/> £ 1,403,381 <hr/>
CAPITAL AND RESERVES		
Called-up equity share capital	13	£ 1,000
Profit and loss account	14	1,402,381
SHAREHOLDERS' FUNDS	15	<hr/> £ 1,403,381 <hr/>

SIGNED ON BEHALF OF THE BOARD ON 19 JUNE 2001

D E Murray)
) Directors
I B Tudhope)

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

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

CASH FLOW STATEMENT

FOR THE 40 WEEK PERIOD ENDED 31 JANUARY 2001

	<u>Notes</u>	<u>2001</u>
Net cash inflow from operating activities	16(a)	£ 7,494,621
Returns on investment and servicing of finance	16(b)	(2,011,864)
Capital expenditure and financial investment	16(c)	(73,998,676)
Acquisitions and dividends	16(d)	(2)
Cash outflow before financing		<hr/> (68,515,921)
Financing	16(e)	69,851,000
Increase in cash in the period		<hr/> £ 1,335,079 <hr/>
Reconciliation of net cash inflow to movement in net funds		
Increase in cash in the period		£ 1,335,079
Cash outflow from changes in net debt		(69,850,000)
Change in net funds resulting from cash flows		<hr/> £ 68,514,921 <hr/>
Net debt at start of period		-
Net debt at end of period	16(f)	<hr/> £ 68,514,921 <hr/>

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

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES:

The principal accounting policies, which have been applied consistently throughout the period are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Consolidation

No consolidated financial statements have been prepared for the company and its subsidiary undertakings under the terms of Section 228(1)(b) Companies Act 1985 which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements. Note 18 contains details of the ultimate holding company.

(c) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment 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.

(d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

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 taxation (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.

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued):

(e) Turnover

Turnover comprises sales of investment properties and rental income. Turnover is net of VAT.

2. OTHER OPERATING EXPENSES (NET):

The following is included in other operating expenses (net):

	<u>2001</u> (40 weeks)
Administrative expenses	£ 41,487

3. STAFF COSTS:

The company had no employees other than the directors during the period. The directors are remunerated by other group undertakings.

4. INTEREST PAYABLE AND SIMILAR CHARGES:

The following are included in interest payable and similar charges:

	<u>2001</u> (40 weeks)
On bank loans and overdrafts	£ 2,520,450
On interest bearing loan notes 2000/2006	293,215
	<hr/> £ 2,813,665 <hr/>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

	<u>2001</u> (40 weeks)
Auditors' remuneration for audit services	£ 6,000

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge is based on the profit for the period and comprises:

	<u>2001</u> (40 weeks)
Corporation tax at 30%	£ 469,010
Deferred taxation	144,938
	<hr/> £ 613,948 <hr/>

7. TANGIBLE FIXED ASSETS:

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

	<u>2001</u>
Investment properties	£73,060,331
	<hr/>

The movement in the year was as follows:

	<u>Investment properties</u>
COST:	
At 25 April 2000	£ -
Additions	73,998,676
Disposal	(938,345)
	<hr/>
At 31 January 2001	£73,060,331
	<hr/>
DEPRECIATION:	
At 25 April 2000 and 31 January 2001	£ -
	<hr/>
NET BOOK VALUE:	
At 31 January 2001	£73,060,331
	<hr/>

Freehold and leasehold investment properties were valued on an open-market, existing-use basis by the directors as at 31 January 2001.

In accordance with SSAP 19, investment properties are not depreciated (Note 1(c)). It is not possible to quantify the depreciation which would otherwise have been charged.

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. FIXED ASSET INVESTMENTS:

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

	<u>2001</u>
Investment in subsidiary undertaking	£ 2

The movement in the period was as follows:

	<u>Subsidiary undertakings</u>
COST AND NET BOOK VALUE	
At 25 April 2000	£ -
Addition	2
At 31 January 2001	£ 2

The subsidiary undertaking at 31 January 2001 was:

	<u>Country of registration</u>	<u>Principal activity</u>	<u>Percentage holding</u>
PPG Metro Corunna Limited (formerly Dunwilco (816) Limited)	Scotland	Property investment	100%

9. DEBTORS:

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

	<u>2001</u>
Amounts falling due within one year:	
Trade debtors	£ 488,975
Other debtors	61,421
	£ 550,396

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	<u>2001</u>
Amounts owed to other group undertakings	£ 962,223
Trade creditors	331,600
Corporation tax payable	222,780
VAT	32,282
Other creditors	86,350
Accruals and deferred income	1,912,254
	<hr/> £ 3,547,489 <hr/>

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

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

	<u>2001</u>
Interest bearing loan notes 2000/2006	£ 6,000,000
Term bank loan	63,850,000
	<hr/> £ 69,850,000 <hr/>

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

The term bank loan of £63,850,000 at 31 January 2001 is secured by a bond and floating charge over the assets of the company and by standard securities over certain properties. The loan is repayable by 14 January 2005 or earlier dependent on the disposal of certain investment properties. It bears interest at normal commercial rates.

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROVISION 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 intention of management, that it is probable that the liability will be realised.

	<u>2001</u>
Deferred taxation -- accelerated capital allowances	£ 144,938
	<hr/>

The movement during the period comprises:

	<u>2001</u>
At 25 April 2000	£ -
Charged to profit and loss account	144,938
	<hr/>
At 31 January 2001	£ 144,938
	<hr/>

Deferred taxation has been provided in full.

13. CALLED-UP EQUITY SHARE CAPITAL:

	<u>2001</u>
Authorised:	
1,000 ordinary shares of £1 each	£ 1,000
	<hr/>
Allotted, called-up and fully paid:	
1,000 ordinary shares of £1 each	£ 1,000
	<hr/>

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. RESERVES:

The movement in the period was as follows:

	<u>Profit and loss account</u>
Profit for the financial period	£ 1,402,381
Balance at 31 January 2001	<u>£ 1,402,381</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>
Profit for the financial period	£ 1,402,381
New shares issued	1,000
Net addition to shareholders' funds	<u>1,403,381</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>£ 1,403,381</u>

16. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of operating profit to operating cash flows:

	<u>2001</u>
Operating profit	£ 4,829,994
Original cost of investment properties disposed of	938,345
Increase in debtors	(550,355)
Increase in creditors	2,276,611
Net cash inflow from operating activities	<u>£ 7,494,595</u>

(b) Returns on investment and servicing of finance

Interest paid	£ 2,01
Net cash outflow for returns on investment and servicing of finance	<u>£ 2,01</u>

PPG METRO LIMITED (FORMERLY DUNWILCO (790) LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. RESERVES:

The movement in the period was as follows:

	<u>Profit and loss account</u>
Profit for the financial period	£ 1,402,381
Balance at 31 January 2001	<u>£ 1,402,381</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u>
Profit for the financial period	£ 1,402,381
New shares issued	1,000
Net addition to shareholders' funds	<u>1,403,381</u>
Opening shareholders' funds	-
Closing shareholders' funds	<u>£ 1,403,381</u>

16. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of operating profit to operating cash flows:

	<u>2001</u>
Operating profit	£ 4,829,994
Original cost of investment properties disposed of	938,345
Increase in debtors	(550,396)
Increase in creditors	2,276,678
Net cash inflow from operating activities	<u>£ 7,494,621</u>

(b) Returns on investment and servicing of finance

Interest paid	£ 2,011,864
Net cash outflow for returns on investment and servicing of finance	<u>£ 2,011,864</u>

PPG METRO LIMITED (FORMERLY DUNWILCO 790 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. NOTES TO CASH FLOW STATEMENT (continued)

(c) Capital expenditure and financial investment

Purchase of tangible fixed assets	£ 73,998,676
Net cash outflow for capital expenditure and financial investment	<u>£ 73,998,676</u>

(d) Acquisitions and disposal

Acquisition of subsidiary undertaking	£ 2
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(e) Financing

Issue of ordinary share capital	£ 1,000
Term loans	63,850,000
Issue of loan notes	6,000,000
Net cash inflow from financing	<u>£ 69,851,000</u>

(f) Analysis and reconciliation of net debt

	At <u>25 April 2000</u> £	<u>Cashflow</u> £	At <u>31 January 2001</u> £
Cash at bank	-	1,335,079	1,335,079
Debts due after one year	-	(69,850,000)	(69,850,000)
Net debt	<u>-</u>	<u>68,514,921</u>	<u>68,514,921</u>

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a) Capital commitments

There were no capital commitments at 31 January 2001.

b) 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.

PPG METRO LIMITED (FORMERLY DUNWILCO 790 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

18. ULTIMATE HOLDING COMPANY:

The ultimate holding company is Murray International Holdings Limited which is registered in Scotland.

The largest 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. The smallest group in which the results of the company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 43 Melville Street, Edinburgh, EH3 7JF.

19. ULTIMATE CONTROL

Mr D E Murray a director of the ultimate holding company (Note 18), and members of his close family control the company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company.

20. RELATED PARTY TRANSACTIONS:

During the period the company entered into the following transactions with related parties:

<u>Related Party</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Amount</u>
The Premier Property Group Ltd	Parent company	(i) Loan notes issued	£3,000,000
		(ii) Interest payable	£146,608
		(iii) Management fee payable	£462,487
Murray Group Management Ltd	Fellow subsidiary of ultimate holding company (Note 18)	Tax group relief receivable	£246,230

The amounts due to other group undertakings at 31 January 2001 are shown in Notes 10 and 11.