

New Edinburgh Limited
Directors' report and financial statements

31 December 1996

Registered number SC126384

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New Edinburgh Limited

Directors' report

The directors have pleasure in presenting their report together with the financial statements of the company for the year ended 31 December 1996.

Principal activity

The principal activities of the company are commercial land development for sale and commercial property development.

Results and dividend

The results for the year are set out in the profit and loss account on page 5. After deducting total dividends of £1,500,000 the retained loss for the year is £58,312.

Business review and future developments

Sales and lettings

Phase 1, Lochside Court (let to British Energy) was sold to AMP. Kingston SCL have leased Block E1, currently under construction on a forward funding agreement with the British Gas Pension Fund.

Construction

The second office block at Lochside Court of 40,000 sqft (net) is virtually complete. The construction of Block E1 is continuing and is programmed to complete in September 1997.

The second phase of the Park infrastructure was completed during the summer of 1996.

Planning

Detailed consent was granted for the development of approximately 40,000 sqft (net) at Block E1.

Detailed consent has also been obtained for 73,000 sqft (net) at Block D3.

Directors and directors' interests

The directors of the company during the year were:

KM Miller	
PH Miller	
S Kennedy	(resigned 3 December 1996)
I Wall	(appointed 30 May 1996)
D Anderson	(appointed 3 December 1996)

The directors are sad to report the death of Mr W Ross on 21 May 1996 who served as a director until that date.

The directors had no interests in the shares of the company during the year.

New Edinburgh Limited

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



M Wilson
Secretary

21 February 1997
Edinburgh

New Edinburgh Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Report of the auditors to the members of New Edinburgh Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 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 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 at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

21 February 1997

New Edinburgh Limited

Profit and loss account

for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	9,703,209	23,597,156
Cost of sales		(6,601,206)	(16,811,585)
		<hr/>	<hr/>
Gross profit		3,102,003	6,785,571
Administrative expenses		(754,736)	(733,938)
		<hr/>	<hr/>
Operating profit		2,347,267	6,051,633
Interest receivable - bank		77,577	30,698
Interest payable	3	(274,270)	(188,811)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	2,150,574	5,893,520
Tax on profit on ordinary activities	5	(708,886)	(1,952,012)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,441,688	3,941,508
Dividends		(1,500,000)	(1,560,574)
		<hr/>	<hr/>
Retained (loss)/profit for the financial year		(58,312)	2,380,934
Retained profit brought forward		2,469,362	88,428
		<hr/>	<hr/>
Retained profit carried forward		2,411,050	2,469,362
		<hr/>	<hr/>


There have been no recognised gains or losses other than the loss for the current year and the profit in the preceding financial year.

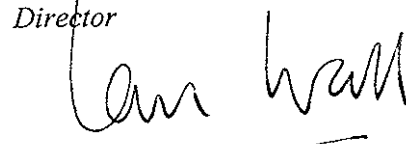
New Edinburgh Limited

Balance sheet at 31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	6	3	6,932
Current assets			
Stocks - land and commercial developments in progress		15,623,142	14,766,267
Debtors	7	817,062	224,956
Cash at bank		186,785	-
Creditors: amounts falling due within one year	8	16,626,989 (10,616,239)	14,991,223 (8,929,090)
Net current assets		6,010,750	6,062,133
Net assets		6,010,753	6,069,065
Capital and reserves			
Called up share capital	9	100,000	100,000
Share premium		3,499,703	3,499,703
Profit and loss account		2,411,050	2,469,362
Shareholders' funds		6,010,753	6,069,065

These financial statements were approved by the board of directors on 21 February 1997 and were signed on its behalf by:


Keith Miller
 Director


I Wall
 Director

New Edinburgh Limited

Cash flow statement

for the year ended 31 December 1996

	Notes	1996 £	1995 £
Net cash outflow from operating activities	10	(1,110,375)	(8,823,089)
Return on investments and servicing of finance			
Interest received		79,873	27,102
Interest paid		(259,912)	(156,334)
Dividends paid		(1,500,000)	(1,560,574)
Net cash outflow from returns on investments and servicing of finance		(1,680,039)	(1,689,806)
Taxation			
Corporation tax paid		(2,080,075)	(249,963)
Investing activities			
Long term loans		-	7,560,574
Net cash inflow from investing activities		-	7,560,574
Net cash outflow before financing		(4,870,489)	(3,202,284)
Financing			
Bank loan received		6,000,000	2,000,000
Net cash inflow from financing	11	6,000,000	2,000,000
Increase/(decrease) in cash and cash equivalents	12	1,129,511	(1,202,284)

New Edinburgh Limited

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Stocks

Stocks, which comprise land and commercial property development work in progress, are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of timing differences if liabilities are likely to crystallise in the foreseeable future.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Marketing suite	3 years
Furniture and office equipment	5 years

Profit recognition

Profits in respect of long-term contracts are recognised when the contract outcome can be foreseen with reasonable certainty and are determined by reference to work done less related costs.

2. Turnover

Turnover represents the amounts derived from sales of land for commercial development and, in the case of long-term contracts, the value of work done during the year. Turnover arises entirely in the United Kingdom.

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Notes (continued)

			1996 £	1995 £
3.	Interest payable			
	On bank loan and overdrafts		274,270	188,811
			<u> </u>	<u> </u>
4.	Profit on ordinary activities before taxation			
	<i>This is arrived at after charging:</i>			
	Auditors' remuneration		4,300	4,120
	Directors' emoluments		-	-
	Depreciation		6,929	34,152
			<u> </u>	<u> </u>
5.	Tax on profit on ordinary activities			
	UK corporation tax		710,073	1,952,012
	Prior year adjustment		(1,187)	-
			<u> </u>	<u> </u>
			708,886	1,952,012
			<u> </u>	<u> </u>
6.	Tangible fixed assets			
		Marketing Suite £	Furniture £	Office equipment £
	<i>Cost</i>			
	At 31 December 1995 and 1996	50,000	77,652	9,730
		<u> </u>	<u> </u>	<u> </u>
	<i>Depreciation</i>			
	At 31 December 1995	43,070	77,652	9,728
	Charge for year	6,929	-	-
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 1996	49,999	77,652	9,728
		<u> </u>	<u> </u>	<u> </u>
	<i>Net book value</i>			
	At 31 December 1996	1	-	2
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 1995	6,930	-	2
		<u> </u>	<u> </u>	<u> </u>

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Notes (continued)

7.	Debtors	1996 £	1995 £
	Trade debtors	360,394	12,654
	Other debtors	452,807	212,302
	Prepayments and accrued income	3,861	-
		<u>817,062</u>	<u>224,956</u>

8. Creditors: amounts falling due within one year

Bank overdraft	-	942,726
Bank loan	8,000,000	2,000,000
Payments received on account	279,073	279,073
Trade creditors	1,440,587	3,082,750
Other creditors	3,478	353,477
Accruals	312,278	319,052
Corporation tax payable	580,823	1,952,012
	<u>10,616,239</u>	<u>8,929,090</u>

The bank loan is a three month revolving credit facility. Interest is applied to the loan balance at LIBOR plus 1.5%. The loan is secured by a Bond and Floating charge over the development land at Edinburgh Park, Hermiston Gait and Westway Park.

9.	Share capital	1996 £	1995 £
	<i>Authorised, allotted, called up and fully paid</i>		
	50,000 ordinary 'A' shares of £1 each	50,000	50,000
	50,000 ordinary 'B' shares of £1 each	50,000	50,000
		<u>100,000</u>	<u>100,000</u>

10. Reconciliation of operating profit to net cash outflow from operating activities

Operating profit	2,347,267	6,051,633
Depreciation	6,929	34,152
Increase in stocks	(856,875)	(6,019,416)
Increase in debtors	(594,404)	(114,467)
Decrease in creditors	(2,013,292)	(8,774,991)
	<u>(1,110,375)</u>	<u>(8,823,089)</u>

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Notes (continued)

11. Analysis of changes in financing

	1996 £	1995 £
<i>Bank loan</i>		
Opening balances	2,000,000	-
Cash inflow from financing	6,000,000	2,000,000
	<hr/>	<hr/>
Closing balances	8,000,000	2,000,000
	<hr/>	<hr/>

12. Increase/(decrease) in cash and cash equivalents

Opening balances	(942,726)	259,558
Increase/(decrease) in the year	1,129,511	(1,202,284)
	<hr/>	<hr/>
Closing balances	186,785	(942,726)
	<hr/>	<hr/>

13. Analysis of cash and cash equivalents

Bank overdraft	-	(942,726)
Cash at bank	186,785	-
	<hr/>	<hr/>
	186,785	(942,726)
	<hr/>	<hr/>

14. Reconciliation of movements in shareholders' funds

Profit after taxation for the financial year	1,441,688	3,941,508
Dividends	(1,500,000)	(1,560,574)
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(58,312)	2,380,934
Opening shareholders' funds	6,069,065	3,688,131
	<hr/>	<hr/>
Closing shareholders' funds	6,010,753	6,069,065
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15. Contingent liabilities

The company has granted guarantees in favour of Lothian and Edinburgh Enterprise Limited amounting to £300,000 (1995 - £100,000).