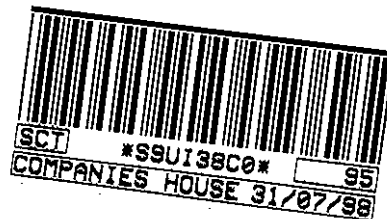


Erskine Estates Limited

Director's report and financial statements

30 September 1997

Registered number SC 128 010



Director's report and financial statements

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Director's report

The director has pleasure in submitting his fifth annual report and financial statements for the year ended 30 September 1997.

Principal activity

The principal activity of the company is property investment.

Business review

The profit for the financial year after taxation was £14,030.

Directors

The sole director in office for the financial year was GM Shaw and his interests in the share capital of the company are shown below.

	Ordinary shares of £1 each	
	Interest at end of year	Interest at beginning of year
GM Shaw	13,656	18,576

By order of the board


GM Shaw
Director

30 July 1998



Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Accountants' report on the unaudited financial statements to the director of Erskine Estates Limited

As described on the balance sheet, you are responsible for the preparation of financial statements for the year ended 30 September 1997, set out on pages 3 to 8, and you consider that the company is exempt from an audit and a report under section 249A(2) of the Companies Act 1985. In accordance with your instructions we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in dark ink, appearing to read 'K. H. G.' or similar, with a horizontal line underneath.

KPMG
Chartered Accountants

30 July 1998

Profit and loss account

for the year ended 30 September 1997

	<i>Note</i>	1997 £	1996 £
Turnover	<i>1</i>	43,005	37,658
Administrative expenses		(35,473)	(23,473)
		<hr/>	<hr/>
Operating profit/(loss)	<i>2-4</i>	7,532	14,185
Interest receivable	<i>5</i>	7,506	5,838
Interest payable	<i>6</i>	(665)	(157)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		14,373	19,866
Taxation	<i>7</i>	(343)	(3,308)
		<hr/>	<hr/>
Profit/(loss) for the financial year		14,030	16,558
Retained loss brought forward		(7,060)	(23,618)
		<hr/>	<hr/>
Retained profit/(loss) carried forward		6,970	(7,060)
		<hr/> <hr/>	<hr/> <hr/>

Other than the profit for the year there have been no recognised gains or losses.

Balance sheet

at 30 September 1997

	Notes	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	8		6,035		8,046
Investment properties	9		61,583		61,583
			<hr/>		<hr/>
			67,618		69,629
Current assets					
Debtors	10	47,411		9,102	
Cash at bank and in hand		116,804		116,375	
		<hr/>		<hr/>	
		164,215		125,477	
Creditors: amounts falling due within one year	11	(44,280)		(21,583)	
		<hr/>		<hr/>	
Net current assets			119,935		103,894
			<hr/>		<hr/>
Net assets			187,553		173,523
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		38,124		38,124
Share premium account			142,459		142,459
Profit and loss account			6,970		(7,060)
			<hr/>		<hr/>
Shareholders' funds - equity			187,553		173,523
			<hr/>		<hr/>

Statement by the director under section 249B(4) Companies Act 1985

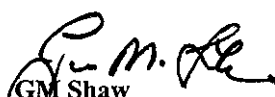
The company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its financial statements for the financial year ended 30 September 1997 audited.

No notice has been deposited under section 249B(2) of that Act requiring an audit in relation to the company's financial statements for that financial year.

The director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

The financial statements were approved by the director on 30 July 1998.


 GM Shaw
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared under the historical cost accounting rules and in accordance with applicable accounting standards except that investment properties are not included at open market values called for by Statement of Accounting Practice No. 19.

Cash flow statement

The company is a small company under sections 246 to 249 of the Companies Act 1985 and is granted exemption under FRS 1 from the requirement to prepare a cash flow statement.

Turnover

Turnover represents rents receivable from properties held.

Properties and depreciation

Properties which are held for investment purposes are shown as tangible fixed assets at cost.

In accordance with Statement of Standard Accounting Practice No 19, no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run but, contrary to that standard, investment properties have not been revalued.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation or amortisation of fixed assets. However, these properties are not held for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate.

Depreciation

Depreciation on other fixed assets is provided by the company to write off the cost of fixed assets over their anticipated useful lives using the following rates and bases:

Motor vehicles	-	25% reducing balance
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Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable within the foreseeable future.

2 Operating profit/(loss)

	1997 £	1996 £
<i>Operating profit/(loss) is stated after charging:</i>		
Depreciation of tangible fixed assets	2,011	2,682

Notes (continued)

3 Staff costs

The company has one employee in addition to the director. This employee received remuneration of £6,000 during the financial year (1996: £Nil).

4 Director's remuneration

	1997	1996
	£	£
<i>Director's emoluments</i>		
Salary	3,921	-
Benefits in kind	6,556	5,793
	<hr/>	<hr/>
	10,477	5,793
	<hr/>	<hr/>

5 Interest receivable

	1997	1996
	£	£
Bank interest	7,189	5,496
Other interest	317	342
	<hr/>	<hr/>
	7,506	5,838
	<hr/>	<hr/>

6 Interest payable

	1997	1996
	£	£
On bank overdraft	665	157
	<hr/>	<hr/>

7 Taxation

	1997	1996
	£	£
Corporation tax at 23% (1996 : 25%)	-	3,308
Underprovision in previous year	343	-
	<hr/>	<hr/>
	343	3,308
	<hr/>	<hr/>

Notes *(continued)*

8 Tangible fixed assets

Motor vehicles
£

Cost

At 30 September 1996 and 1997

29,903

Depreciation:

At 30 September 1996

21,857

Charge for year

2,011

At 30 September 1997

23,868

Net book value

At 30 September 1997

6,035

At 30 September 1996

8,046

9 Investment properties

Freehold
£

Cost

At 30 September 1996 and 1997

61,583

No depreciation is charged as the properties are held for investment purposes.

10 Debtors

	1997	1996
	£	£
Trade debtors	282	1,900
Loan to Erskine Properties Limited	22,977	3,182
ACT recoverable	-	2,668
Corporation tax recoverable	1,969	-
Prepayments and accrued income	325	1,352
Sundry debtors	21,858	-
	<hr/>	<hr/>
	47,411	9,102
	<hr/>	<hr/>

Erskine Properties Limited has a 44.2% shareholding in the company. GM Shaw is a director of and shareholder in that company.

Notes (continued)

11 Creditors: amounts falling due within one year

	1997	1996
	£	£
Bank overdraft	748	6,064
Corporation tax (including ACT)	-	2,776
VAT payable	2,861	1,841
Accruals and deferred income	13,382	10,902
Loan due to Erskine Properties Limited	20,664	-
Deposits held	6,625	-
	<hr/>	<hr/>
	44,280	21,583
	<hr/>	<hr/>

12 Share capital

	Authorised 1997 & 1996	Allotted, called up and fully paid 1997 & 1996
	£	£
Ordinary shares of £1 each	1,000,000	38,124
	<hr/>	<hr/>

13 Reconciliation of movements in shareholders' funds

	1997	1996
	£	£
Opening shareholders' funds	173,523	156,965
Profit for the financial year	14,030	16,558
	<hr/>	<hr/>
Closing shareholders' funds	187,553	173,523
	<hr/>	<hr/>

Detailed profit and loss account

year ended 30 September 1997

	1997	1996
	£	£
Turnover		
Rent receivable	43,005	37,658
	<hr/>	<hr/>
Administrative expenses		
Salaries and national insurance	6,921	-
Legal & Secretarial	1,145	2,669
Motor expenses	2,052	1,141
Travel	1,202	583
Repairs	16	28
Insurance	1,792	2,266
Miscellaneous	3,206	3,266
Bank charges	213	38
Accountancy and taxation fees	5,160	3,300
Management fees	7,500	7,500
Depreciation	2,011	2,682
Directors' fees	3,000	-
Letting fees	1,255	-
	<hr/>	<hr/>
	35,473	23,473
	<hr/>	<hr/>
	7,532	14,185
Bank interest receivable	7,189	5,496
Bank interest payable	(665)	(157)
	<hr/>	<hr/>
	14,056	19,524
Interest receivable on rentals	317	342
	<hr/>	<hr/>
Profit/(loss) before taxation	14,373	19,866
	<hr/> <hr/>	<hr/> <hr/>