

DUNALASTAIR ESTATES

ACCOUNTS

For the year ended 31st January 1996

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DUNALASTAIR ESTATES

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31st January 1996.

Results and dividends

The loss for the year after taxation amounted to £64,890. The directors do not recommend payment of a dividend.

Principal activity

Throughout the year ended 31st January 1996 the company carried on the business of property development and letting. In drawing up the accounts the directors have departed from the requirement of the Companies Act to depreciate property in order to show a true and fair view.

Fixed assets

Changes to fixed assets are shown in note 6 to the accounts.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 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.

Directors and their interests

The directors of the company and their interests in the share capital of the company throughout the year ended 31st January 1996 were as follows.

	Ordinary Shares	
	1996	1995
D Scott	1	1
M J Scott	99	99
R S Law	-	-

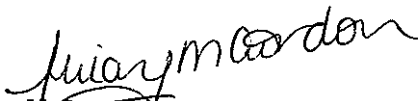
DUNALASTAIR ESTATES

DIRECTORS' REPORT

Auditors

A resolution to reappoint Messrs Chiene & Tait, CA as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


Hilary M Gordon
Secretary
9-11 Blair Street
Edinburgh

29. 11. 1996

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

Consultant
RONALD M SINCLAIR

AUDITORS' REPORT TO THE MEMBERS OF DUNALASTAIR ESTATES

We have audited the accounts on pages 4 to 10 which have been prepared on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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

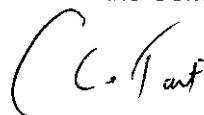
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the company is entitled for the year ended 31st January 1996 to the exemption under section 248 of the Companies Act 1985 to prepare group accounts.

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st January 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHIENE & TAIT, CA
Registered Auditors

29 Nov 1996

DUNALASTAIR ESTATES**PROFIT and LOSS ACCOUNT****For the year ended 31st January 1996**

	Notes	1996 £	1995 £
Turnover	2	39,000	139,000
Cost of sales		23,801	129,067
Gross profit		----- 15,199	----- 9,933
Administration expenses		107,228	24,564
Other operating income		81,753	43,301
Operating (loss)/profit	3	----- (10,276)	----- 28,670
Loan interest receivable		5,082	-
Interest payable	4	(59,696)	(32,747)
Loss on ordinary activities before taxation		----- (64,890)	----- (4,077)
Taxation	5	-	-
Loss for the year after taxation		----- (64,890) =====	----- (4,077) =====

**Statement of total Recognised Gains and Losses
for the Year ended 31st January 1996**

	Note	1996 £	1995 £
Loss for the year after taxation		(64,890)	(4,077)
Unrealised (deficit)/surplus on revaluation of freehold land and buildings	13	(101,850)	342,112
Total recognised gains and losses related to the year		----- (166,740) =====	----- 338,035 =====

The notes on pages 6 to 10 form part of these accounts

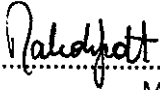
DUNALASTAIR ESTATES

BALANCE SHEET

At 31st January 1996

	Notes	£	1996 £	£	1995 £
Fixed assets					
Tangible fixed assets	6		822,778		804,987
Investments	7		4		4
			-----		-----
			822,782		804,991
Current assets					
Work in progress	8	265,586		21,000	
Debtors	9	99,365		34,394	
Cash at bank and in hand		-		3,936	
			-----	-----	
			364,951	59,330	
Creditors: Amounts falling due within one year	10	765,764		248,408	
			-----	-----	
Net current liabilities			(400,813)		(189,078)
Total assets less current liabilities			-----	-----	-----
			421,969		615,913
Creditors: Amounts falling due after more than one year	11		250,574		277,778
			-----	-----	-----
Total assets less liabilities			171,395		338,135
			=====		=====
Capital and reserves					
Called up share capital	13		100		100
Revaluation reserve	14		240,262		342,112
Profit and loss account	14		(68,967)		(4,077)
			-----		-----
Equity shareholders' funds	15		171,395		338,135
			=====		=====

Approved by the board of directors and signed on their behalf by



 Malcolm J Scott Director

29 November 1996

The notes on pages 6 to 10 form part of these accounts

DUNALASTAIR ESTATES

NOTES to the ACCOUNTS

As at 31st January 1996

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of certain investment properties.

Depreciation

The cost of furnishings and equipment is written off by equal annual instalments over ten years. The cost of motor vehicles is written off by equal annual instalments over four years.

Investment properties

Investment properties will be revalued annually and the aggregate surplus or deficit transferred to revaluation reserve. No depreciation is provided in respect of investment properties. The directors consider that the accounting policy results in the accounts giving a true and fair view.

Work in progress

Work in progress is stated at the lower of cost and net realisable value.

Cash flow statement

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

Consolidation

The accounts present information about the company as an individual and not about the group. The company is entitled to the exemption under section 248 of the Companies Act to prepare group accounts.

2. Turnover

Turnover comprises proceeds from sales of property.

3. Net operating profit

	1996	1995
	£	£
This is stated after charging/(crediting)		
Directors' remuneration	Nil	Nil
Auditors' remuneration	1,920	2,350
Depreciation	6,259	554
Rent	(64,131)	(43,001)
	=====	=====

4. Interest payable

Bank overdraft	2,922	3,821
Loans	52,891	28,926
Interest rate cap amortisation	3,883	-
	-----	-----
	59,696	32,747
	=====	=====

DUNALASTAIR ESTATES

NOTES to the ACCOUNTS (Contd)

As at 31st January 1996

5. Taxation

	1996	1995
	£	£
Based on the loss for the year:		
Corporation tax at 25%	422	-
Underprovision in previous years	(422)	-
	-----	-----
	-	-
	=====	=====

There is no tax due on the results for the period.

6. Tangible fixed assets	Freehold Land and Buildings £	Furnishings and Equipment £	Motor Vehicles £	Total £
Value at 1/2/95	800,000	5,541	-	805,541
Additions	-	2,055	29,367	31,422
Disposals	-	-	(7,372)	(7,372)
	-----	-----	-----	-----
Value at 31/1/96	800,000	7,596	21,995	829,591
	-----	-----	-----	-----
Depreciation	-	554	-	554
Charge for year at 1/1/95	-	760	5,499	6,259
	-----	-----	-----	-----
Depreciation at 31/1/96	-	1,314	5,499	6,813
	-----	-----	-----	-----
Net Book Value at 31st January 1996	800,000	6,282	16,496	822,778
	=====	=====	=====	=====
Net Book Value at 31st January 1995	800,000	4,987	-	804,987
	=====	=====	=====	=====

Freehold land and buildings are all considered to be investment properties in terms of Statement of Standard Accounting Practice No.19. The company's land and buildings were valued at a market value of £800,000 by Montagu Evans, Chartered Surveyors on 31st January 1996.

7. Investments at cost

	1996	1995
	£	£
Investment in subsidiary undertakings	4	4
	=====	=====

The company owns 100% of the issued ordinary share capital of Beaver Estates Ltd and Dunalastair Property Management Ltd, unlisted companies incorporated in Scotland. The transactions of these undertakings are not consolidated in these accounts due to the company's exemption from the requirement to prepare group accounts. Beaver Estates Ltd is involved in the restoration and development of buildings and Dunalastair Property Management Ltd manages properties.

The aggregate amount of capital and reserves of Beaver Estates Ltd at 31st January 1996 was a deficit of £20,164. The loss for the period was £16,257.

The aggregate amount of capital and reserves of Dunalastair Property Management Ltd at 31st January 1996 was a deficit of £58. The loss for the period was £60.

DUNALASTAIR ESTATES

NOTES to the ACCOUNTS (Contd)

As at 31st January 1996

8. Work in progress	1996 £	1995 £
Property for resale	265,586	21,000
	=====	=====

9. Debtors: amounts falling due within one year

Prepayments and accrued income	2,051	1,492
Amounts due from subsidiary undertakings	85,245	32,902
Interest cap	11,647	-
Tax recoverable	422	-
	-----	-----
	99,365	34,394
	=====	=====

10. Creditors: amounts falling due within one year

Bank overdraft	82,865	-
Trade creditors	3,884	385
Accruals and deferred income	165,572	4,245
Other creditors	226,638	221,556
Current instalments due on bank loan (note 11)	33,333	22,222
Hire purchase creditors	3,082	-
Bridging loan	234,860	-
Interest cap	15,530	-
	-----	-----
	765,764	248,408
	=====	=====

Included in other creditors are unsecured loans which have no fixed terms for repayment and attract interest at 1.5% above base rate.

11. Creditors: amounts falling due after more than one year	1996 £	1995 £
Loan from Bank of Scotland	244,445	277,778
Hire purchase creditors	6,129	-
	-----	-----
	250,574	297,778
	=====	=====

The loan is repayable in monthly instalments of £2,778 commencing on 27th June 1995. A standard security over 228 Morrison Street has been granted to the Bank of Scotland in respect of the above loan.

	1996 £	1995 £
Amounts repayable by instalments:		
Within five years	166,667	155,568
After five years	111,111	144,432
	-----	-----
	277,778	300,000
Included in creditors: amounts falling due within one year	33,333	22,222
	-----	-----
	244,445	277,778
	=====	=====

DUNALASTAIR ESTATES

NOTES to the ACCOUNTS (Contd)

As at 31st January 1996

12. Obligations under Hire Purchase

	1996 £	1995 £
The maturity of this amount is as follows:		
Amounts payable		
Within one year	4,080	-
Within two to five years	7,720	-
	-----	-----
	11,800	-
Less: finance charges allocated to future periods	2,589	-
	-----	-----
	9,211	-
	=====	=====

The Hire Purchase contract is analysed as follows:

Current obligations	3,082	-
Non-current obligations	6,129	-
	-----	-----
	9,211	-
	=====	=====

13. Share capital

	Authorised		Allotted and called up	
	No.	No.	£	£
Ordinary shares of £1 each	100	100	100	100
	=====	=====	=====	=====

14. Reserves

	Revaluation Reserve £	Profit and loss Account £
At 1st February 1995	342,112	(4,077)
Loss for the year	-	(64,890)
Deficit on Revaluation	(101,850)	-
	-----	-----
	240,262	(68,967)
	=====	=====

The above deficit on revaluation represents repair work carried out during the year on the buildings. This was taken into account in the revaluation of the freehold land and buildings at 31st January 1995.

DUNALASTAIR ESTATES**NOTES to the ACCOUNTS (Contd)****As at 31st January 1996**

15. Reconciliation of movements in shareholders' funds	1996	1995
	£	£
Shareholders' funds at 1st February 1995	338,135	-
Share capital issued	-	100
Loss for the year	(64,890)	(4,077)
Revaluation	(101,850)	342,112
	-----	-----
Shareholders' funds at 31st January 1996	171,395	(338,135)
	=====	=====

DUNALASTAIR ESTATES**TRADING ACCOUNT****For the year ended 31st January 1996**

	1996	1995
	£	£
Sale of properties	39,000	139,000
Cost of sales		
Property cost	22,096	127,000
Legal fees	1,705	2,067
	-----	-----
	23,801	129,067
	-----	-----
Gross profit	15,199	9,933
Rental income	64,131	43,001
Management fees	13,494	300
Gain on sale of fixed assets	4,128	-
Loan interest receivable	5,082	-
	-----	-----
	102,034	53,234
Administration expenses		
Management fees	48,958	879
Maintenance and repairs	21,124	3,845
Renewals and replacements	12,022	-
Insurance	376	3,787
Printing, stationery and office supplies	1,966	344
Professional fees	5,710	2,004
Subscriptions	-	895
Heat, light and telephone	1,052	963
Advertising and publicity	2,120	2,484
Depreciation	6,259	554
Overdraft and loan interest	59,696	32,747
Entertaining expenses	667	1,525
Audit, accountancy and tax fees	2,214	3,231
Bank charges	2,600	3,270
Sundry expenses	831	783
Hire purchase interest	471	-
Motor expenses	858	-
	-----	-----
	166,924	57,311
	-----	-----
Loss on ordinary activities before taxation	(64,890)	(4,077)
	=====	=====