

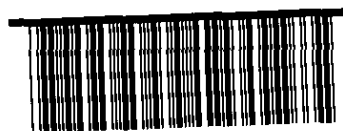
Legal Registration
for Signature

PALISADE PROPERTIES PLC

REPORT AND FINANCIAL STATEMENTS

for the year ended 30th April 1999

Company Number 157989



SCT S331Q09M 0475
COMPANIES HOUSE 24/02/00

DIRECTORS AND ADVISERS

DIRECTORS

Paul F Doherty

Alan B Wilson (Chairman)

SECRETARIES AND REGISTERED OFFICE

Paul & Williamsons
Investment House
6 Union Row
Aberdeen

AUDITORS

Bower and Smith
Chartered Accountants
30 Carden Place
Aberdeen

BANKERS

Bank of Scotland
39 Albyn Place
Aberdeen

REPORT OF THE DIRECTORS

The Directors submit to the Shareholders the Financial Statements for the year ended 30th April 1999.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was property development.

DIRECTORS

The Directors of the Company and their interests in the Issued Ordinary Share Capital of the Company were as follows:-

	At <u>30.4.99</u>	At <u>30.4.98</u>
P F Doherty	25,000	25,000
A B Wilson	25,000	25,000

RESULTS

The Profit for the year after Taxation was £221,294 (1998 Loss £292,324).

REVIEW OF THE BUSINESS

During the year the Company completed and sold a development at High Street, Ayr and sold parts of the development properties in Crow Road, Glasgow and Gorgie Road, Edinburgh held at the beginning of the year. The retail elements of these developments were under construction at the year end. A site, in Byres Road, Glasgow, for a mixed residential and retail development was acquired prior to the year end.

Since the year end the retail developments at Crow Road, Glasgow and Gorgie Road, Edinburgh have been completed and the Edinburgh unit has been let on a long term lease.

The development at Byres Road has progressed on programme and is expected to be completed before 30th April 2000. Part of the development was completed and sold in December 1999 and the remainder of the development is pre-let or pre-sold. Turnover for the year to April 2000 is expected to be in the region of £3.5m.

PAYMENT OF ACCOUNTS

It is the policy of the Company to pay all verified accounts within agreed settlement terms. The average period taken to pay suppliers was 19 days (1998 102 days).

AUDITORS

A resolution proposing the re-appointment of Messrs Bower and Smith, Chartered Accountants as Auditors to the Company will be put to the Annual General Meeting.

By Order of the Board



ALAN B WILSON

Director

Aberdeen
15th February 2000

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 of the Company for that period. In preparing those Financial Statements, the Directors are required to:-

Select suitable accounting policies and then apply them consistently

Make judgments 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 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.

PROFIT AND LOSS ACCOUNT - for the year ended 30th April 1999

			Period 1.11.96 to 30.4.98
	Notes	1999 £	£
TURNOVER	2	2232989	76402
COST OF SALES		<u>1824625</u>	<u>191234</u>
GROSS PROFIT /(LOSS)		408364	(114832)
ADMINISTRATIVE EXPENSES		<u>79560</u>	<u>80873</u>
OPERATING PROFIT /(LOSS)		328804	(195705)
EXCEPTIONAL ITEM	3	-	<u>19226</u>
		328804	(214931)
INTEREST PAYABLE	4	<u>107510</u>	<u>81217</u>
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	221294	(296148)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	6	-	<u>(3824)</u>
		221294	(292324)
BALANCE BROUGHT FORWARD		<u>(281105)</u>	<u>11219</u>
		(59811)	(281105)
		=====	=====

All amounts relate to continuing activities

All recognised gains and losses are included in the Profit and Loss Account

The Notes on pages 7 to 11 form part of the Financial Statements

BALANCE SHEET - as at 30th April 1999

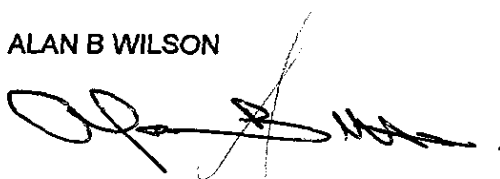
	Notes	1999 £	1999 £	1998 £	1998 £
FIXED ASSETS					
Tangible Assets	8		53949		53949
Investments	9		<u>2</u>		<u>1</u>
			53951		53950
CURRENT ASSETS					
Stock	10	1469109		634649	
Debtors	11	<u>174974</u>		<u>30863</u>	
		1644083		665512	
CREDITORS - Amounts falling due within one year	12	<u>1185415</u>		<u>792879</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>458668</u>		<u>(127367)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			512619		(73417)
CREDITORS - Amounts falling due after more than one year	13		<u>522430</u>		<u>157688</u>
			(9811)		(231105)
			=====		=====
CAPITAL AND RESERVES					
Issued Share Capital	14		50000		50000
Profit and Loss Account			<u>(59811)</u>		<u>(281105)</u>
			(9811)		(231105)
			=====		=====

All items under Capital and Reserves are equity

The Financial Statements were approved by the Board on 15th February 2000

Director

ALAN B WILSON



The Notes on pages 7 to 11 form part of the Financial Statements

CASH FLOW STATEMENT - for the year ended 30th April 1999

	<u>Notes</u>	<u>1999</u> £	Period 1.11.96 to <u>30.4.98</u> £
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES			
Operating Profit /(Loss)		328804	(195705)
Increase in Debtors		(144111)	(26908)
Increase in Creditors		55104	63381
Increase in Stock		<u>(834460)</u>	<u>(588247)</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(594663) =====	(747479) =====
CASH FLOW STATEMENT			
Net Cash Outflow from Operating Activities		(594663)	(747479)
Returns on Investments and Servicing of Finance - Interest Paid		(107510)	(81217)
Capital Expenditure and Financial Investment	16	(1)	(73176)
Taxation		<u>-</u>	<u>(3815)</u>
Financing	16	<u>(702174)</u> <u>364477</u>	<u>(905687)</u> <u>88873</u>
DECREASE IN CASH		(337697) =====	(816814) =====
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in Cash		(337697)	(816814)
Loans Received		(365773)	(89336)
Loan Repayments		<u>1296</u>	<u>463</u>
Net Funds Brought Forward		<u>(702174)</u> <u>(878918)</u>	<u>(905687)</u> <u>26769</u>
NET DEBT CARRIED FORWARD	17	(1581092) =====	(878918) =====

The Notes on pages 7 to 11 form part of the Financial Statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th April 1999

1 ACCOUNTING POLICIES

The Financial Statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:-

Classification of Property

Properties held for their investment potential which have been completed are treated as investment properties. Land and property in the course of development is treated as work in progress.

Investment Properties

Investment properties are valued at their open market value. No depreciation is charged on these properties. Properties are revalued annually.

Stock and Work in Progress

Stock and Work in Progress is valued at the lower of cost and net realisable value. Cost comprises all direct costs incurred on the development up to the Balance Sheet date. Financing costs are not included.

Rental Income

All leases are operating leases. Rentals receivable are credited to the Profit and Loss Account on an accruals basis.

Leased Assets

All leases are treated as "operating leases". Their annual rentals are charged to the Profit and Loss Account on a straight line basis over the lease term.

Investments

Investments are stated at cost.

2 TURNOVER

Turnover represents amounts invoiced to third parties, stated net of Value Added Tax.

	<u>1999</u>	1.11.96 to <u>30.4.98</u>
	£	£
Sale of Property	2080000	55000
Management Fees	147589	13500
Rent Received	<u>5400</u>	<u>7902</u>
	2232989	76402
	=====	=====

3 EXCEPTIONAL ITEM

Provision against Loan given to Third Party	-	19226
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th April 1999

		1.11.96	
		to	
4 INTEREST PAYABLE	1999	30.4.98	
	£	£	
Interest on Bank Loans and Overdrafts	61236	62752	
Interest on Director's Loan	<u>46274</u>	<u>18465</u>	
	107510	81217	
	=====	=====	
5 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			
This is stated after charging:-			
Directors Emoluments	8972	1800	
Auditors Remuneration			
Audit Services	3000	2500	
Non-Audit Services	400	250	
Operating Lease Rentals	9700	16277	
	=====	=====	
6 TAXATION			
Corporation Tax on Profit/(Loss) for current year	-	(3815)	
Prior Period Adjustment	<u>-</u>	<u>(9)</u>	
	-	(3824)	
	=====	=====	
7 STAFF COSTS			
Wages and Salaries	14344	6000	
Social Security Costs	-	-	
Pension Costs	<u>-</u>	<u>-</u>	
	14344	6000	
	=====	=====	
The average number of employees during the year was 4 (1998 4).			
8 TANGIBLE FIXED ASSETS	1999	1998	
	£	£	
Investment Property	53949	53949	
	=====	=====	
Investment property is stated at Directors' valuation as at 30th April 1999. The Directors are of the opinion that there is no difference between the valuation of the property and its cost. The value of property held for use in operating leases is £53,949 (1998 £53,949).			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th April 1999

9	INVESTMENTS	<u>1999</u>	<u>1998</u>
		£	£
	Investments in Associated Undertakings	2	1
		=====	=====

<i>Name of Company</i>	<i>Country of Registration</i>	<i>Holding</i>	<i>Proportion of Voting Rights Held</i>	<i>Nature of Business</i>
Park Lane Palisade Limited	Scotland	Ordinary Shares	50%	Property Development
Park Lane Palisade (Newlands) Limited	Scotland	Ordinary Shares	50%	Property Development

At 30th September 1999 the Balance Sheet of Park Lane Palisade Limited showed a deficit on Capital and Reserves of £97. The loss for the period from 31st July 1998 to 30th September 1999 was £80.

Accounts have yet to be prepared for Park Lane Palisade (Newlands) Limited.

10	STOCKS	<u>1999</u>	<u>1998</u>
		£	£
	Work in Progress	1469109	634649
		=====	=====

11	DEBTORS		
	Trade Debtors	136726	23750
	Other Debtors	38248	7113
		=====	=====
		174974	30863
		=====	=====

12	CREDITORS - Amounts falling due within one year		
	Bank Loans and Overdrafts	1058662	721230
	Trade Creditors	99902	49685
	Accruals	26851	21964
		=====	=====
		1185415	792879
		=====	=====

The Bank of Scotland holds a bond and floating charge over the whole of the assets of the Company. It also holds standard securities over the Company's investment property and over the Company's development sites in Glasgow and Edinburgh.

13	CREDITORS - Amounts falling due after more than one year		
	Bank Loan	50321	51352
	Directors' Loans	472109	106336
		=====	=====
		522430	157688
		=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th April 1999

13 CREDITORS – Amounts falling due after more than one year (Continued)	1999	1998
	£	£
<i>Bank Loan</i>		
The Bank Loan is repayable in monthly instalments over 20 years.		
Amount outstanding as at 30th April 1999	51241	52537
Amount repayable within one year	<u>(920)</u>	<u>(1185)</u>
	50321	51352
	=====	=====
Amounts repayable in 1 - 2 years	1004	1296
Amounts repayable in 2 - 5 years	3601	4655
Amounts repayable in more than 5 years	<u>45716</u>	<u>45401</u>
	50321	51352
	=====	=====
14 SHARE CAPITAL		
<i>Authorised</i>		
50,000 Ordinary Shares of £1 each	50000	50000
	=====	=====
<i>Issued and Fully Paid</i>		
50,000 Ordinary Shares of £1 each	50000	50000
	=====	=====
		1.11.96
		to
15 RECONCILIATION OF SHAREHOLDERS FUNDS	1999	30.4.98
	£	£
Profit /(Loss) for the Financial Year	221294	(292324)
Opening Shareholders Funds	<u>(231105)</u>	<u>61219</u>
	(9811)	(231105)
	=====	=====
16 GROSS CASH FLOWS		
<i>Financing</i>		
Loans Received from Directors	365773	36336
Bank Loan Received	-	53000
Bank Loan - Capital Repaid	<u>(1296)</u>	<u>(463)</u>
	364477	88873
	=====	=====
<i>Capital Expenditure and Financial Investment</i>		
Purchase of Investment Property	-	(53949)
Purchase of Investments	(1)	(1)
Loan to Third Party	<u>-</u>	<u>(19226)</u>
	(1)	(73176)
	=====	=====

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th April 1999

17 ANALYSIS OF CHANGES IN NET DEBT	At 30.4.98 £	Cash Flows £	At 30.4.99 £
Bank Overdrafts	(720045)	(337697)	(1057742)
Debts due within one year	(1185)	265	(920)
Debts due after one year	(157688)	(364742)	(522430)
	(878918)	(702174)	(1581092)
	=====	=====	=====

18 RELATED PARTY TRANSACTIONS

The Company's investment property is let to Mr Paul Doherty's sister. The rental income for the year was £5,400 (1998 £5,456).

Included in Trade Debtors is £5,827 (1998 £12,000) due by Elmford Limited, a Nominee Company. This Company holds title to land on behalf of certain Offshore Trusts. Palisade Properties plc has a management agreement to provide estate management and planning advice services for some of the Trusts which Elmford Limited holds title to land for. Mr Alan Wilson has an interest in some of these Trusts. Turnover with Elmford Limited amounted to £15,640 (1998 £12,000).

During the year the Company paid £4,765 to Park Lane Palisade Limited. A further £2,924 due to that Company is included in trade creditors. These transactions were made in the ordinary course of business.

19 GOING CONCERN

At 30th April 1999 the Company had a net deficiency of assets of £9,811. At 30th April 1999 the balance on Directors's Loan Accounts was £472,109. The Directors have intimated that the Company will not be required to repay the loans from them until such time as sufficient funds are available. In view of these circumstances the Directors consider that it is appropriate to prepare Accounts on the going concern basis.

AUDITORS' REPORT TO THE SHAREHOLDERS OF PALISADE PROPERTIES PLC

We have audited the Financial Statements on pages four to eleven which have been prepared under the historical cost convention and the Accounting Policies set out on page seven.

Respective responsibilities of Directors and Auditors

As described on page three 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 judgments made by the Directors 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.

Going Concern

In forming our opinion we have considered the adequacy of the disclosure made in Note 19 to the Financial Statements concerning the deficiency of assets. In view of the significance of this fundamental uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the company's affairs as at 30th April 1999 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BOWER AND SMITH C.A.,

Registered Auditors and
Chartered Accountants

30 Carden Place
Aberdeen

15th February 2000