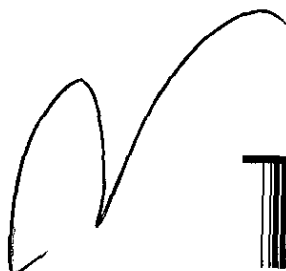


GRANGE (EDINBURGH) HERITABLE INVESTMENT
COMPANY LIMITED

DIRECTORS REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 NOVEMBER 2000

Company Number: SC24186



GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 NOVEMBER 2000

The directors present their annual report, together with the audited financial statements for the year ended 28 November 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 judgements and estimates that are reasonable and prudent; 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 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.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5 to the financial statements.

The directors recommend that no dividend be paid for the year to 28 November 2000 and that the loss for the year be transferred to reserves.

REVIEW OF THE BUSINESS

The principal activity of the company during the year continued to be that of carrying on business as a property company.

FIXED ASSETS/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 NOVEMBER 2000

FIXED ASSETS

The movements in tangible fixed assets during the year are shown in note 2 to the financial statements.

The directors have made an open market valuation of certain of the investment properties owned by the company. This valuation which takes account of the fact that certain of the properties are subject to tenants' rights has been incorporated in the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year are shown below.

Mrs Sheila S Miller
D O Douglas
John S Miller

At 28 November 1999 and at 28 November 2000 none of the directors had a beneficial interest in the share capital of the company.

CREDITORS PAYMENT POLICY

The company's policy is to pay creditors within their normal credit terms.

FUTURE DEVELOPMENTS

The company continues to look for investment properties and in the meantime satisfactory lets are being obtained for the properties.

BY ORDER OF THE BOARD

S S MILLER

SECRETARY



93 RAVELSTON DYKES
EDINBURGH
16 July 2001

AUDITORS' REPORT

**to the members of GRANGE (EDINBURGH) HERITABLE INVESTMENT
COMPANY LIMITED**

We have audited the financial statements on pages 4 to 12 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 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 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 as at 28 November 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



McCabe Partnership
Chartered Accountants
Registered Auditors
56 Palmerston Place
Edinburgh

16 July 2001

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDBALANCE SHEET AS AT 28 NOVEMBER 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Tangible assets	2	1,284,849	1,181,704
INVESTMENT	17	-	-
CURRENT ASSETS			
Debtors	3	2,770	17,220
Cash at bank and in hand		<u>10,681</u>	<u>8,542</u>
		13,451	25,762
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	4	<u>13,134</u>	<u>25,520</u>
NET CURRENT ASSETS		<u>317</u>	<u>242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,285,166	1,181,946
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	5	<u>(725,974)</u>	<u>(641,173)</u>
		559,192	540,773
CAPITAL AND RESERVES			
Called up share capital	6	2,000	2,000
Capital reserve	7	126,329	126,329
Revaluation reserve	7	530,614	425,614
Profit and loss account	7	<u>(99,751)</u>	<u>(13,170)</u>
SHAREHOLDERS FUNDS		559,192	540,773
		=====	=====

Signed on behalf of the board: 16 July 2001

S S MILLER

DIRECTOR

D O DOUGLAS

DIRECTOR

The notes on pages 6 to 12 form part of these financial statements.

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 28 NOVEMBER 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
Turnover	9	52,711	50,145
Cost of sales		<u>12,509</u>	<u>18,114</u>
Gross profit		40,202	32,031
Administrative expenses		(40,398)	(31,402)
Other operating income	10	<u>-</u>	<u>48</u>
Operating (loss)/profit		(196)	677
Interest receivable	11	208	445
Interest payable		<u>-</u>	<u>-</u>
Profit on ordinary activities before exceptional item and taxation	12	12	1,122
Exceptional item	17	<u>85,384</u>	<u>-</u>
		(85,372)	1,122
Tax on profit on ordinary activities	14	<u>1,209</u>	<u>1,046</u>
(Loss)/Profit on ordinary activities after taxation		(86,581) =====	76 =====

All trading arose from continuing operations.

Statement of Total Recognised Gains and Losses

(Loss)/Profit for the financial year	(86,581)	76
Unrealised surplus on revaluation of properties	<u>105,000</u>	<u>272,628</u>
Total recognised gains and losses relating to the year	18,419 =====	272,704 =====

The notes on pages 6 to 12 form part of these financial statements.

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

1. ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted in the preparation of these financial statements. The financial statements have been prepared in accordance with applicable accounting standards.

(a) BASIS OF PREPARATION

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of investment property.

(b) INCOME

Gains on sales of properties and feu redemptions are shown as other operating income in the profit and loss account.

An amount equal to the gains less the corporation tax liability thereon is then transferred from the profit and loss account to capital reserve.

(c) TANGIBLE FIXED ASSETS

In accordance with Statement of Standard Accounting Practice No. 19, (i) investment properties and superiorities are revalued annually, and the aggregate surplus or deficit is transferred to the revaluation reserve, and (ii) no depreciation is provided in respect of freehold or leasehold investment properties with over 20 years to run. The directors consider that this accounting policy results in the financial statements giving a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Furniture and furnishings are depreciated over 10 years.

(d) DEFERRED TAX

No provision is made in the accounts for deferred taxation as no liability is expected to arise in the foreseeable future. Details of the liability which would arise if the investment properties were sold at the 28 November 2000 valuation are shown in note 2 to the accounts.

(e) CASHFLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

2. TANGIBLE FIXED ASSETS/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

2. TANGIBLE FIXED ASSETS

	Investment Properties	Superior- ities	Furniture and Furnishings	Total
	£	£	£	£
<u>Cost or valuation</u>				
At 29 November 1999	1,140,000	2,839	83,075	1,225,914
Additions	-	-	3,953	3,953
Disposals	-	-	-	-
Revaluation	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>105,000</u>
At 28 November 2000	1,245,000	2,839	87,028	1,334,867
	=====			
<u>Depreciation</u>				
At 29 November 1999	-	-	44,210	44,210
Charge for year	<u>-</u>	<u>-</u>	<u>5,808</u>	<u>5,808</u>
At 28 November 2000	-	-	50,018	50,018
	=====			
Net book value:				
At 28 November 2000	1,245,000	2,839	37,010	1,284,849
	=====			
At 28 November 1999	1,140,000	2,839	30,865	1,181,704
	=====			

Investment properties, which cost £714,206 were valued by the directors on 28 November 2000 on the open market basis at £1,245,000. The potential tax liability if the properties were sold at the 28 November 2000 valuation would be £118,000.

The feu superiorities, which cost £2,295, were valued by the directors on 28 November 2000 at £2,839 on the basis of a value equivalent to 10 years feuduty. The potential tax liability if the superiorities were sold at this valuation would be negligible.

3. DEBTORS/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

	<u>2000</u>	<u>1999</u>
	£	£
3. DEBTORS		
Amounts falling due within one year		
Trade debtors	1,513	666
Other debtors	189	15,610
Prepayments	<u>1,068</u>	<u>944</u>
	2,770	17,220
	=====	=====
4. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		
Accruals	4,529	18,835
Corporation tax	1,180	1,035
Other taxation and social security costs	-	-
Dividend	-	-
Rental deposits	<u>7,425</u>	<u>5,650</u>
	13,134	25,520
	=====	=====
5. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Loan from parent company	725,974	641,173
	=====	=====
There are no agreed terms regarding the repayment of this inter company loan.		
6. CALLED UP SHARE CAPITAL		
<u>Authorised</u>		
5,000 ordinary shares of £1 each	5,000	5,000
	=====	=====
<u>Allotted and fully paid</u>		
2,000 ordinary shares of £1 each	2,000	2,000
	=====	=====
7. RESERVES/		

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

7. RESERVES

	<u>Capital Reserve</u> £	<u>Revaluation Reserve</u> £	<u>Profit & Loss Account</u> £	<u>Total</u> £
29 November 1999	126,329	425,614	(13,170)	538,773
Revaluation of properties	-	105,000	-	105,000
Transfers on feu redemption	-	-	-	-
Loss for the year	<u>-</u>	<u>-</u>	<u>(86,581)</u>	<u>(86,581)</u>
28 November 2000	126,329 =====	530,614 =====	(99,751) =====	557,192 =====

No taxation provision is made for amounts credited to the revaluation reserve.

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2000</u> £	<u>1999</u> £
(Loss)/profit for the year	(86,581)	76
Surplus on revaluations	<u>105,000</u>	<u>272,628</u>
Net addition/(reduction) to shareholders funds	18,419	272,704
Opening shareholders funds	<u>540,773</u>	<u>268,069</u>
	559,192 =====	540,773 =====

9. TURNOVER

Turnover represents rents and
feuduties receivable

Rents	52,437	49,872
Feuduties	<u>274</u>	<u>273</u>
	52,711 =====	50,145 =====

10. OTHER OPERATING INCOME/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

	<u>2000</u> £	<u>1999</u> £
10. OTHER OPERATING INCOME		
Gains on feu redemptions	-	48
	=====	=====
11. INTEREST RECEIVABLE		
On short term deposits	208	445
	=====	=====
12. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
This is stated after charging:		
Directors' remuneration	-	-
Auditors' remuneration	1,645	1,745
Depreciation	5,808	4,325
	=====	=====
13. STAFF COSTS		
Wages and salaries	-	-
Social security costs	-	-
	=====	=====

The only employees of the company are the three directors. None of them received any remuneration from the company during the year

14. TAX ON PROFIT ON ORDINARY ACTIVITIES/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

	<u>2000</u> £	<u>1999</u> £
14. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Based on the profit for the year		
Corporation tax at 20% (1999 - 21%)	1,180	1,068
Corporation tax underprovided in earlier years	<u>29</u>	<u>(22)</u>
	1,209	1,046
	=====	=====

15. DEFERRED TAXATION

Deferred tax provided in the financial statements, and the total potential tax liability including the amounts for which provision has been made, are as follows.

	Provided		Potential	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£	£	£	£
Revaluation surplus	-	-	118,000	97,000
	=====	=====	=====	=====

The directors do not intend to dispose of any properties and so no deferred tax provision is required.

16. RELATED PARTY TRANSACTIONS

The following transactions with related parties were undertaken such as require to be disclosed under Financial Reporting Standard 8.

Stewart's (Edinburgh) Holdings Limited:

	£
Management charges payable	32,000

The House Hunter Property Marketing Limited:

Shares acquired	2,500
Loans advanced	67,500

Amounts due (to) from related parties
at year end:

Stewart's (Edinburgh) Holdings Limited	(725,973)
The House Hunter Property Marketing Limited	-

Mr John S Miller and Mr David O. Douglas are also directors of Stewart's (Edinburgh) Holdings Limited and of The Househunter Property Marketing Limited.

17. INVESTMENT/

GRANGE (EDINBURGH) HERITABLE INVESTMENT COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 28 NOVEMBER 2000

17. INVESTMENT

The company acquired 2,500 Ordinary Shares of £1 at par in The House Hunter Property Marketing Limited on 25 April 2000. Full provision has been made against this investment. (see note 18).

18. EXCEPTIONAL ITEM

	<u>2000</u>	<u>1999</u>
	£	£
Provision against shares in and balance due by The House Hunter Property Marketing Limited (see Notes 16 and 17)	85,384	-
	=====	=====

18. ULTIMATE PARENT COMPANY

The Ultimate Parent Company is Stewart's (Edinburgh) Holdings Limited.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board at a meeting held on 16 July 2001.