

Fred Hill Properties Limited

Directors' report and financial statements

Registered Number SCO31613

31 March 2000



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Directors' report

The directors present their annual report and audited financial statements for the year ended 31 March 2000.

Principal activity

The principal activity of the company is that of property investment.

Results and dividend

The profit for the year after taxation was £27,794 (1999: £52,160). The directors recommend that no dividend be paid for the year and that the balance on the profit and loss account of £2,537,455 be carried forward to the next financial year.

Year 2000

All systems were millennium compliant before the end of 1999 and the changeover to the new millennium went off without any significant disruption. Future risks are considered to be minimal. The cost to the company of Year 2000 compliance was not significant.

Directors and directors' interests

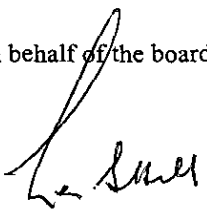
The directors who held office during the year and their holdings in the company's share capital were as follows:

	Ordinary shares of £1 each fully paid			
	2000		1999	
	Beneficial interest	Non-beneficial interest	Beneficial interest	Non-beneficial interest
Lewis S Hill	10,000	25,660	10,000	25,660
Clive L Hill	16,200	-	16,200	-
Lynne Hamme	10,180	-	10,180	-
Jacqueline Hill	9,940	8,020	9,940	8,020

Auditors

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually and KPMG will therefore continue in office.

On behalf of the board


Lewis S Hill
Chairman

19 Queen Street
Glasgow
G1 3ED

5 June 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 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.



24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Report of the auditors to the members of Fred Hill Properties Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

30 June 2000

Profit and loss account
for the year ended 31 March 2000

	<i>Note</i>	2000 £	1999 £
Rents receivable		94,077	84,426
Operating costs		(3,687)	(5,350)
Operating profit		90,390	79,076
(Loss) on sale of investment properties		(35,495)	(26,448)
Profit before interest and taxation		54,895	52,628
Interest receivable		-	42,418
Profit on ordinary activities before taxation		54,895	95,046
Tax on profit on ordinary activities	2	(27,101)	(42,886)
Retained profit for the financial year	7	27,794	52,160

There were no acquisitions or discontinued operations in the year or the previous year.

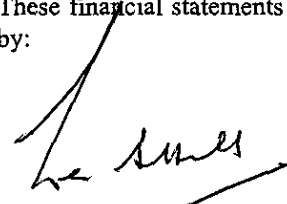
No gains or losses have been recognised since the last annual report other than as disclosed above.

A statement of movements on reserves is given in note 7.

Balance sheet
at 31 March 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	3		4,682,500		4,967,500
Current assets					
Debtors	4	1,914,113		1,612,849	
Creditors: amounts falling due within one year	5	(29,130)		(40,660)	
Total net current assets			1,884,983		1,572,189
Due within one year		(29,130)		(40,660)	
Debtors due after one year		1,914,113		1,612,849	
Net assets			6,567,483		6,539,689
Capital and reserves					
Called up share capital	6		80,000		80,000
Revaluation reserve	7		3,950,028		3,950,028
Profit and loss account	7		2,537,455		2,509,661
Equity shareholders' funds			6,567,483		6,539,689

These financial statements were approved by the board of directors on 5 June 2000 and were signed on its behalf by:


Lewis S Hill
Director

Statement of total recognised gains and losses
for the year ended 31 March 2000

	2000 £	1999 £
Profit for the financial year	27,794	52,160
Surplus on revaluation of properties	-	863,950
Total recognised gains and losses	27,794	916,110

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2000

	2000 £	1999 £
Profit for the financial year	27,794	52,160
Surplus on revaluation of properties	-	863,950
Opening shareholders' funds	6,539,689	5,623,579
Closing shareholders' funds	6,567,483	6,539,689

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 in relation 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, modified to include the revaluation of certain land and buildings.

Investment properties

In accordance with SSAP 19, investment properties are revalued annually, the aggregate surplus or deficit being transferred to a revaluation reserve, and no depreciation is provided. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Rental income

Gross rents received on properties are taken into account when the rents are received.

Cash flow statement

Companies which are entitled to the filing exemptions for small companies, under sections 246 to 249 of the Companies Act 1985, are granted exemption by FRS1 (revised) from the requirements to prepare a cash flow statement. Fred Hill Properties Limited is a small company under those sections.

2 Taxation

	2000 £	1999 £
UK corporation tax at 30% (1999: 31%) on the profit for the year on ordinary activities	27,120	38,000
Adjustment relating to earlier years	(19)	4,886
	27,101	42,886

The taxation charge does not reflect a deduction for the loss on sale of investment properties as this is a capital loss for taxation purposes.

Notes *(continued)*

3 Tangible fixed assets

	Open market value £
<i>Investment properties</i>	
At beginning of year	4,967,500
Disposals	(285,000)
At end of year	4,682,500

The properties were valued by the directors at their estimate of open market value as at 31 March 2000. Such values are based on estimated current market rents which are not in all cases reflected in the company's rental income (see note 9).

The historic cost of these assets was £732,472 (1999: £1,017,472).

4 Debtors

	2000 £	1999 £
Other debtors - amounts due from related parties (see note 9)	1,914,113	1,612,849

No fixed repayment terms exist for the repayment of other debtors.

5 Creditors: amounts falling due within one year

	2000 £	1999 £
Corporation tax	27,120	38,000
Accruals and deferred income	2,010	2,660
	29,130	40,660

6 Share capital

	2000 £	1999 £
<i>Authorised</i>		
Ordinary shares of £1 each	80,000	80,000
<i>Allotted, issued and fully paid</i>		
Ordinary shares of £1 each	80,000	80,000

Notes *(continued)*

7 Reserves

	Revaluation reserve £	Profit and loss account £
At beginning of year	3,950,028	2,509,661
Retained profit for year	-	27,794
At end of year	<u>3,950,028</u>	<u>2,537,455</u>

8 Deferred taxation

No provision for deferred taxation has been made in relation to the surplus arising on the revaluation of investment properties included in the revaluation reserve as in the foreseeable future the company does not intend to sell any of its properties.

9 Related party transactions

In the year to 31 March 1999, the company acquired a property from a director for a consideration of £255,000. This was subsequently sold during the current year at a loss of £35,827.

During the year £50,200 was received from Fraser Hart Limited in respect of rental of properties owned by the company. The rental income on these properties, for which no lease agreements exist, on a commercial basis would be considerably higher. Mr Lewis Hill, Mrs Jacqueline Hill, Mr Clive Hill and Mrs Lynne Hamme, who are directors of Fred Hill Properties Limited, have an interest in Fraser Hart Limited.

An interest free loan of £1,714,232 (1999: £1,412,968) was made to Fraser Hart Limited. No fixed repayment terms have been agreed in respect of this loan. As noted above, the directors of the company are also directors of, and have an interest in, Fraser Hart Limited.

An interest free loan of £199,881 (1999: £199,881) was made to Fred Hill (Glasgow) Limited. The directors of the company are also directors of, and have an interest in, Fred Hill (Glasgow) Limited.