

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

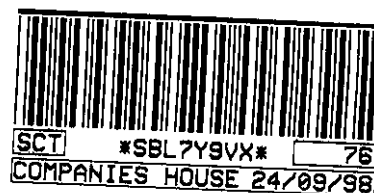
Company No: SCO45164

FINANCIAL STATEMENTS

- for the year to -

28 MAY 1998

JOHNSTON SMILLIE
Chartered Accountants
22 Craigmount Avenue
Corstorphine, Edinburgh
EH12 8HQ



INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

DIRECTORS

Mr E I Cuthbertson
Mrs S C A Cuthbertson
Mr R A M Mackenzie
Mr R B Methven
Mr M D Reid-Thomas
Mrs V C Reid-Thomas
Mr A S Spratt
Mrs E K Spratt
Mr A E L Weir
Mrs N R L Weir

SECRETARY

Cuthbertson Riddle & Graham W.S.

BUSINESS ADDRESS

21 Melville Street Lane
Edinburgh
EH3 7QB

REGISTERED OFFICE

21 Melville Street Lane
Edinburgh
EH3 7QB

AUDITORS

Johnston Smillie
Chartered Accountants
22 Craigmount Avenue
Corstorphine
Edinburgh
EH12 8HQ

SOLICITORS

Cuthbertson Riddle & Graham W.S.
21 Melville Street Lane
Edinburgh
EH3 7QB

PRINCIPAL BANKERS

Royal Bank of Scotland
142/144 Princes Street
Edinburgh
EH2 4EQ

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

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INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 28 May 1998.

During the previous accounting period the company changed its Accounting Reference Date from 15 May to 28 May. These financial statements reflect the results for the year to 28 May 1998. The comparatives reflect the results for the period 16 May 1996 to 28 May 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of the purchase, management, letting and sale of heritable properties.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £18,030 is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year, were as follows:

		<u>Number of shares</u>	
		<u>1998</u>	<u>1997</u>
<u>Class of share</u>			
Mr E I Cuthbertson	Ordinary shares	45	45
Mrs S C A Cuthbertson	Ordinary shares	-	-
Mr R A M Mackenzie	Ordinary shares	135	135
Mr R B Methven	Ordinary shares	45	45
Mr M D Reid-Thomas	Ordinary shares	45	45
Mrs V C Reid-Thomas	Ordinary shares	-	-
Mr A S Spratt	Ordinary shares	45	45
Mrs E K Spratt	Ordinary shares	-	-
Mr A E L Weir	Ordinary shares	45	45
Mrs N R L Weir	Ordinary shares	-	-

The following directors waived any entitlement to directors' fees during the year under review:

Mr E I Cuthbertson	Mrs E K Spratt
Mr M D Reid-Thomas	Mr A E L Weir

The following directors fall to retire by rotation and, being eligible, offer themselves for re-election:

Mrs E K Spratt	Mr A E L Weir
Mrs N R L Weir	Mr E I Cuthbertson

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

REPORT OF THE DIRECTORS (Continued)

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 the 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;
- 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.

SMALL COMPANY DISCLOSURE

In preparing this report, the directors have taken advantage of the special provisions of section 246 Companies Act 1985 relating to small companies.

Date: 16/9/98.....

By Order of the Board
Cuthbertson Riddle & Graham
Cuthbertson Riddle & Graham W.S.
Secretary

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF
INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report 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

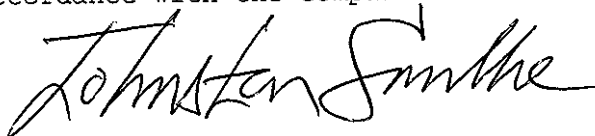
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements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

Qualified opinion arising from non-compliance with Statement of Standard Accounting Practice Number 19.

The directors of the company have decided to depart from the accounting requirements of Statement of Standard Accounting Practice Number 19 as regards the regular revaluation of Investment Properties held as Fixed Assets.

Except for this departure, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 May 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



JOHNSTON SMILLIE
Chartered Accountants
Registered Auditors

22 Craigmount Avenue
Corstorphine
Edinburgh
EH12 8HQ

Date: *22 September 1998*

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 MAY 1998

	Notes	£	16/5/96 to 28/5/97 £
TURNOVER		29,850	297,169
Cost of sales		(26,886)	(127,413)
GROSS PROFIT		2,964	169,756
Administrative expenses		(70,416)	(75,522)
		(67,452)	94,234
Other operating income		106,361	92,778
OPERATING PROFIT	2	38,909	187,012
Interest receivable		2,149	8,665
Interest payable		(17,979)	(10,144)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,079	185,533
Tax on profit on ordinary activities	4	(5,049)	(43,491)
PROFIT FOR THE FINANCIAL YEAR	11	18,030	142,042

None of the company's activities were acquired or discontinued during the above financial year or period.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 9 form part of these financial statements.

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

BALANCE SHEET AT 28 MAY 1998

	Notes	£	£	£	£
FIXED ASSETS					
Investment property	5		171,275		171,275
CURRENT ASSETS					
Stocks	6	1,326,102		1,344,536	
Debtors	7	36,153		30,900	
Cash on deposit		365		5	
		<u>1,362,620</u>		<u>1,375,441</u>	
CREDITORS: Amounts falling due within one year	8	(16,510)		(67,361)	
NET CURRENT ASSETS			<u>1,346,110</u>		<u>1,308,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,517,385		1,479,355
CREDITORS: Amounts falling due after more than one year	9		(210,000)		(190,000)
			<u>1,307,385</u>		<u>1,289,355</u>
CAPITAL AND RESERVES					
Called up share capital	10		360		360
Profit and loss account	11		1,307,025		1,288,995
			<u>1,307,385</u>		<u>1,289,355</u>

These financial statements are prepared in accordance with the special provisions of section 246 of the Companies Act 1985 relating to small companies, and Schedule 8 to that act.

The financial statements were approved on behalf of the board on ... 16/9/98... and signed on its behalf by

Mr E I Cuthbertson
Mr E I Cuthbertson

Director

The notes on pages 6 to 9 form part of these financial statements.

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MAY 1998

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total proceeds of properties sold during the year.

1.3 INVESTMENT PROPERTIES

No depreciation or amortisation is provided in respect of the investment property which is stated at cost.

The Directors of the company do not propose the regular revaluation of Investment Properties.

1.4 STOCKS

Unsold properties are stated at their original cost, including expenses of purchase, plus the cost of any alterations/improvements undertaken whilst in the company's ownership.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

2. OPERATING PROFIT	16/5/96 to 28/5/97	
	£	£
The operating profit is stated after charging:		
Auditors' remuneration	2,115	2,233
	<u>2,115</u>	<u>2,233</u>
3. DIRECTORS	16/5/96 to 28/5/97	
	£	£
Directors' emoluments	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MAY 1998

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

16/5/96
to 28/5/97

The taxation charge comprises:

U.K. corporation tax

£

£

5,036

43,927

5,036

43,927

Adjustment in respect of prior years

13

(436)

5,049

43,491

5. INVESTMENT PROPERTY

Land and
buildings
£

Cost

At 29 May 1997 and

At 28 May 1998

171,275

Net book value at

28 May 1998

171,275

Net book value at

28 May 1997

171,275

6. STOCK

£

£

Properties

1,326,102

1,344,536

7. DEBTORS

£

£

Trade debtors

34,475

29,505

Others

1,678

1,395

36,153

30,900

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MAY 1998

8. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	£	£
Other creditors	16,510	67,361

9. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Building Society loan	210,000	190,000
	210,000	190,000
Secured creditors	210,000	190,000

There is a standard security in favour of SBS Mortgages Limited to the value of £150,000 over the heritable property of the company at 23 Barns Street, Ayr and £100,000 over several of the properties included in stock.

The Building Society loan amounting to £210,000 at 28 May 1998 has no fixed repayment terms but must be repaid no later than November 2001. The original sum advanced was £250,000 and £60,000 was repaid during the period to 28 May 1997. A further £40,000 has been advanced to the company and a repayment of £20,000 made by the company in the year to 28 May 1998.

The company has the right to accelerate repayment in whole or in part. At the Balance sheet date there were no definite proposals for sums repayable by 28 May 1999 and therefore the whole balance outstanding at £210,000 has been classified as falling due outwith one year.

10. SHARE CAPITAL

	£	£
<u>Authorised</u>		
Equity interests:		
100,000 Ordinary shares of £1 each	100,000	100,000
<u>Allotted, called up and fully paid</u>		
Equity interests:		
360 Ordinary shares of £1 each	360	360

INVERTEVIOT PROPERTIES (EDINBURGH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 MAY 1998

11. PROFIT AND LOSS ACCOUNT

	28/5/97	15/5/96
	£	£
Retained profits at 29 May 1997	1,288,995	1,146,953
Profit for the financial year	18,030	142,042
Retained profits at 28 May 1998	1,307,025	1,288,995

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28/5/97	15/5/96
	£	£
Profit for the financial year	18,030	142,042
Shareholders' funds at 29 May 1997	1,289,355	1,147,313
Shareholders' funds at 28 May 1998	1,307,385	1,289,355
Represented by:-		
Equity interests	1,307,385	1,289,355
	1,307,385	1,289,355

13. TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS

During the year, payments for legal and secretarial fees in the sum of £3,335 net have been made to Cuthbertson Riddle & Graham WS, being a firm in which Mr E I Cuthbertson is a partner.

Also during the year, the company repaid the short term bridging finance from Cuthbertson Riddle & Graham WS. The opening balance was £12,300 and this was paid in full. Interest of £54 was also paid at the repayment date.

Inverleith Properties (Edinburgh) Limited
Schedule of Properties at 28 May 1998

Address	Fat	No. of Houses	Value at 15 May 1997	Additional Property Purchased	Purchase Costs	Sales Proceeds	Cost of Property Sold	Costs of Sale (Advertising etc)	Profit/ (Loss)	No. of Houses	Value at 28 May 1998	Property Sold
69 Albert Street	3F/4	1.00	25,095.50							1.00	25,095.50	
32 Balcarres Street	3F/4	1.00	16,520.00							1.00	16,520.00	
6 Bothwell Street	1F1, 2F/4	2.00	51,794.02							2.00	51,794.02	
4 Bryson Road	GF	1.00	28,261.00							1.00	28,261.00	
115 Buccleuch Street	2F/3, 1F/1	2.00	25,653.00							2.00	25,653.00	
130 Buccleuch Street	GF/1, 1F/1	3.00	129,615.12							3.00	129,615.12	
114/118 Canongate	2F/1	3.00	51,745.00							3.00	51,745.00	
114/118 Canongate	1F/2, 1F/3	1.00	4,627.00							1.00	4,627.00	
98 Duke Street	1F/2	1.00	8,827.00							1.00	8,827.00	
98 Duke Street	3F/3	1.00	4,627.00							1.00	4,627.00	
104 Duke Street	1F/3	1.00	29,918.50							1.00	29,918.50	
80 East Crosscauseway	2F/3	1.00	14,728.00							1.00	14,728.00	
1 Eyre Terrace	2F/1	1.00	16,739.00							1.00	16,739.00	
13 Fowler Terrace	3F/4	1.00	45,580.92							2.00	45,580.92	
42 Gilles Street	2F/2, 3F/3	2.00	72,511.62							2.00	72,511.62	
195 Great Junction Street	1F1, 2F/3	1.00	26,941.69							1.00	26,941.69	
21 Henderson Gardens	2F/3	1.00	26,941.69							1.00	26,941.69	
40 Henderson Street	2F/3	1.00	23,223.00							1.00	23,223.00	
67 Henderson Street	1F/2	1.00	24,578.00							1.00	24,578.00	
3 Home Street	2F/3	1.00	1,045.00							1.00	1,045.00	
29 Iona Street	3F/3	1.00	1,378.00							1.00	1,378.00	
37 Iona Street	1F/3	1.00	1,998.00							1.00	1,998.00	
39 Iona Street	M/D	1.00	29,100.00							1.00	29,100.00	
46 Jordan Lane	3F/1	1.00	17,296.00							1.00	17,296.00	
51 Leith Walk	1F/1	1.00										
248 Leith Walk	1F/3, 2F/1	6.00	38,775.00							6.00	38,775.00	
248 Leith Walk	2F/2, 2F/3	1.00	9,561.00							1.00	9,561.00	
248 Leith Walk	3F/1, 3F/2	1.00	24,863.34							1.00	24,863.34	
17 Lochin Place	3F/3	1.00	1,644.00							1.00	1,644.00	
262 Marlborough Road	1F/4	1.00	27,137.00							1.00	27,137.00	
16 Marlborough Street	1F/2	1.00	27,137.00							1.00	27,137.00	
5 Merchiston Grove	1F/2	1.00	23,829.64							1.00	23,829.64	
7 Merchiston Grove	1F/2	1.00	24,863.34							1.00	24,863.34	
46 Milton Street	GF/2	1.00	18,434.00			29,850.00	(18,434.00)	(1,576.05)	9,839.95	0.00	0.00	11/7/97
5 Milton Street	1F/1	1.00	48,523.00							1.00	48,523.00	
46 Most Street	1F/2	1.00	34,165.00							1.00	34,165.00	
4 Northumberland Place	1F/2	1.00										
4 Northumberland Place	BF/1	1.00										
7 Ormiston Terrace	1F/1, 1F/3	4.00	157,460.44							4.00	157,460.44	
7 Ormiston Terrace	2F/1, 2F/2	1.00	10,924.00							1.00	10,924.00	
8 Parkside Street	2F/1	1.00	416.00							1.00	416.00	
8 Raeburn Place	2F/3	1.00	16,020.00							1.00	16,020.00	
3 Robertson Avenue	2F/1	1.00	39,793.00							1.00	39,793.00	
22 Roseneath Place	M/D	1.00	7,891.00							1.00	7,891.00	
69 St Leonards Hill	GF/1	1.00	8,618.00							1.00	8,618.00	
15 Shandon Place	2F/2	1.00										
1 Spiers Place	1F/1, 2F/1	3.00	84,948.80							3.00	84,948.80	
1 Spiers Place	3F/2	1.00	27,655.00							1.00	27,655.00	
23 Springvalley Gardens	1F/2	1.00	9,832.00							1.00	9,832.00	
8 Victor Park Terrace	1F/1	1.00	9,832.00							1.00	9,832.00	
8 Victor Park Terrace	2F/3	1.00										
11 Wardlaw Place	2F/4	2.00	11,977.00							2.00	11,977.00	
11 Wardlaw Place	3F/4	1.00	1,492.00							1.00	1,492.00	
26 Yearman Place	1F/2	67.00	1,344,535.62	0.00	0.00	29,850.00	(18,434.00)	(1,576.05)	9,839.95	66.00	1,326,101.62	