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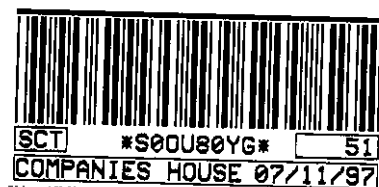
MILMOR PROPERTIES LIMITED

(Company Number: 53921)

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1997

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Anderson Anderson & Brown
Chartered Accountants

MILMOR PROPERTIES LIMITED
DIRECTORS' REPORT

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Directors: B J Milne
A Milne

Secretary: A Milne

Registered office: 12 Carden Place, Aberdeen

The directors submit their report and the accounts of the company for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounts to £81,245 and is dealt with as shown in the profit and loss account. A dividend of £100,000 has been proposed at the year end.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company during the year was property investment and letting.

No significant developments have taken place since the year end.

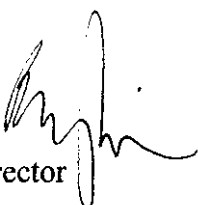
DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year were as noted above.

The directors' interests in the shares of the company during the year were as follows:

	Ordinary shares
B J Milne	3,000
A Milne	-

By order of the board


Director

MILMOR PROPERTIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

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	Note	1997 £	1996 £
TURNOVER		84,053	75,208
Operating (costs)/income	3	(12,738)	9,688
Other operating income - lease premiums		<u>25,816</u>	<u>-</u>
OPERATING PROFIT		97,131	84,896
Interest received	5	2,391	139
Interest payable	6	<u>-</u>	<u>(88)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		99,522	84,947
Taxation	7	<u>18,277</u>	<u>14,728</u>
PROFIT FOR FINANCIAL YEAR		81,245	70,219
Dividends	8	<u>100,000</u>	<u>62,000</u>
(ACCUMULATED LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>£ (18,755)</u>	<u>£ 8,219</u>

The company has made no gains or losses other than those reported above.

Movements on reserves are set out in Note 14.

MILMOR PROPERTIES LIMITED
BALANCE SHEET - 31 MARCH 1997

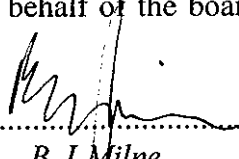
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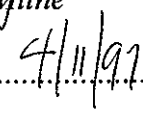
	Note	1997 £	1996 £
TANGIBLE FIXED ASSETS	9	<u>238,164</u>	<u>238,608</u>
CURRENT ASSETS			
Debtors	10	31,717	35,087
Cash at bank and in hand	11	<u>120,286</u>	<u>9,153</u>
		152,003	44,240
CREDITORS: <i>amounts falling due within one year</i>	12	<u>159,236</u>	<u>33,162</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(7,233)</u>	<u>11,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 230,931</u>	<u>£ 249,686</u>
CAPITAL AND RESERVES			
Called up share capital	13	6,000	6,000
Profit and loss account	14	<u>224,931</u>	<u>243,686</u>
SHAREHOLDERS' FUNDS	14	<u>£ 230,931</u>	<u>£ 249,686</u>

In the directors' opinion the company is entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31 March 1997. No members who are entitled to have requested an audit in terms of Section 249B(2) of the Companies Act 1985.

The directors are responsible for ensuring that the company keeps accounting records which comply with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each year in accordance with the requirements of Section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company.

Signed on behalf of the board of directors


.....
Director - B J Milne


..... Date

1. 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:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) 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 which enable them to ensure that the accounts 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.

2. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Investment properties*

Depreciation is not provided on investment properties as the directors consider that this accounting policy is necessary for the accounts to give a true and fair view.

(c) *Depreciation*

Fixed assets are depreciated over their useful lives as follows:

Furniture and fittings	10% reducing balance
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Property and property improvements are stated at cost and have not been revalued. No depreciation is provided on investment property as the directors consider this accounting policy necessary for the accounts to show a true and fair view.

(d) *Deferred taxation*

Provision is made for deferred taxation using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

MILMOR PROPERTIES LIMITED
NOTES ON THE ACCOUNTS - 31 MARCH 1997

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3. OPERATING COSTS

	1997 £	1996 £
Gain on sale of fixed assets	-	(17,758)
Depreciation	444	494
Other operating charges	<u>12,294</u>	<u>7,576</u>
	<u>£ 12,738</u>	<u>£ (9,688)</u>

4. STAFF NUMBERS

The average number of persons employed by the company during the year, including the directors, was as follows:

	1997 No	1996 No
Administration	<u>2</u>	<u>2</u>

The remuneration paid to the directors was:

Emoluments (including benefits in kind)	<u>£ -</u>	<u>£ -</u>
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5. INTEREST RECEIVED

	1997	1996
Bank interest	<u>£ 2,391</u>	<u>£ 139</u>

6. INTEREST PAYABLE

	1997 £	1996 £
Interest on corporation tax	-	83
Bank interest paid	<u>-</u>	<u>5</u>
	<u>£ -</u>	<u>£ 88</u>

MILMOR PROPERTIES LIMITED
NOTES ON THE ACCOUNTS - 31 MARCH 1997

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7. TAXATION *charge for the year comprises:*

	1997 £	1996 £
Adjustment relating to prior years	(223)	27
Corporation tax	<u>18,500</u>	<u>14,701</u>
	<u>£ 18,277</u>	<u>£ 14,728</u>

8. DIVIDENDS

	1997 £	1996 £
£16.67 per share - proposed	100,000	-
£10.33 per share - paid	<u>-</u>	<u>62,000</u>
	<u>£ 100,000</u>	<u>£ 62,000</u>

9. TANGIBLE FIXED ASSETS

	Property improve- ments £	Investment property £	Furniture & fittings £	Total £
COST				
At 31 March 1996 and 31 March 1997	<u>57,484</u>	<u>176,680</u>	<u>20,434</u>	<u>254,598</u>
DEPRECIATION				
At 31 March 1996	-	-	15,990	15,990
Charge for year	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>
At 31 March 1997	<u>-</u>	<u>-</u>	<u>16,434</u>	<u>16,434</u>
Net book amounts at:				
31 March 1997	<u>£ 57,484</u>	<u>£ 176,680</u>	<u>£ 4,000</u>	<u>£ 238,164</u>
31 March 1996	<u>£ 57,484</u>	<u>£ 176,680</u>	<u>£ 4,444</u>	<u>£ 238,608</u>

Property is stated at cost and has not been revalued. No depreciation is provided on investment property as the directors consider that this accounting policy is necessary for the accounts to give a true and fair view.

MILMOR PROPERTIES LIMITED
NOTES ON THE ACCOUNTS - 31 MARCH 1997

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10. DEBTORS

	1997 £	1996 £
Trade debtors	3,077	-
Prepayments	2,693	2,287
Corporation tax recoverable	-	800
Other debtors	<u>25,947</u>	<u>32,000</u>
	<u>£ 31,717</u>	<u>£ 35,087</u>

Included within other debtors is an amount of £25,000 which relates to advance corporation tax which is recoverable after more than one year.

11. SECURITY

Clydesdale Bank PLC hold a standard security over the property at 26 Merkland Road East.

12. CREDITORS: *amounts falling due within one year*

	1997 £	1996 £
Proposed dividend	100,000	-
Trade creditors	5,716	4,240
Other creditors	3,510	3,625
Accruals	1,644	2,607
Corporation tax	18,500	-
Advance corporation tax	25,000	6,500
Directors' loans	<u>4,866</u>	<u>16,190</u>
	<u>£ 159,236</u>	<u>£ 33,162</u>

13. CALLED UP SHARE CAPITAL

	1997 & 1996
Authorised, allotted, called up and fully paid 6,000 ordinary shares of £1 each	<u>£ 6,000</u>

MILMOR PROPERTIES LIMITED
NOTES ON THE ACCOUNTS - 31 MARCH 1997

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**14. RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total £
At 4 August 1995	6,000	235,467	241,467
Profit for year	-	70,219	70,219
Dividends	-	(62,000)	(62,000)
At 31 March 1996	6,000	243,686	249,686
Profit for year	-	81,245	81,245
Dividends - proposed	-	(100,000)	(100,000)
At 31 March 1997	<u>£ 6,000</u>	<u>£ 224,931</u>	<u>£ 230,931</u>

15. TRANSACTIONS INVOLVING DIRECTORS

During the year the directors of the company received income of £13,375 in respect of rents and premiums received from properties in which they have part ownership.

16. RELATED PARTIES

Throughout the year the company was controlled by B J Milne and A Milne who were both directors during the year. B J Milne is the only shareholder.

During the year the company entered into transactions with related parties as follows:

Related party	Transaction	£	Balance at year end £
Langstanes Chip Shop, a firm in which B J Milne is a partner	Rental income	11,667	2,333