

AMA (NEW TOWN) LIMITED

FINANCIAL STATEMENTS

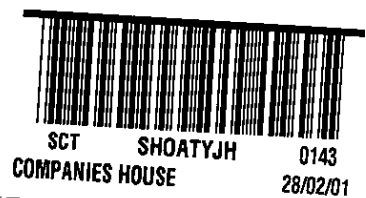
30 APRIL 2000

Registered number: SCO98553

McDONALD GORDON & CO. LTD

CHARTERED CERTIFIED ACCOUNTANTS

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AMA (NEW TOWN) LIMITED

FINANCIAL STATEMENTS

for the year ended 30 April 2000

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix	1
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AMA (NEW TOWN) LIMITED**COMPANY INFORMATION****30 April 2000**

NUMBER	SCO98553
DIRECTORS	A.B Afshar M Afshar A Afshar
SECRETARY	C Mackay
REGISTERED OFFICE	12 Bruntsfield Crescent Edinburgh
BANKERS	Adam & Co plc 22 Charlotte Square Edinburgh EH10 4HA
SOLICITORS	Menzies Dougall 12 Bruntsfield Crescent Edinburgh EH10 4HA
AUDITORS	McDonald Gordon & Co.Ltd Chartered Certified Accountants 29 York Place Edinburgh

AMA (NEW TOWN) LIMITED

DIRECTORS' REPORT

30 April 2000

The directors present their report and the audited financial statements for the year ended 30 April 2000.

Principal activity

The principal activity of the company is property development.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £2,587,795.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £60,000 is proposed.

Fixed assets

In the opinion of the directors, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 7.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	30 April 2000	1 May 1999
	Ordinary shares	Ordinary shares
A.B Afshar	25,000	25,000
M Afshar	25,000	25,000
A Afshar	-	-

continued

AMA (NEW TOWN) LIMITED**DIRECTORS' REPORT**
(continued)**30 April 2000**

On 6 June 1997 the company acquired a majority shareholding in Majestic Buildings Ltd (SC98553). Majestic Buildings Ltd principal activity is property investment.

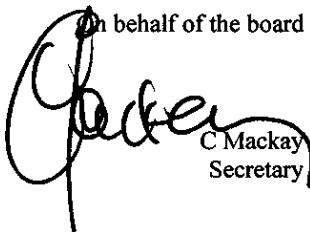
On 6 June 2000, AMA (New Town) Ltd acquired an additional 6,500 'B' ordinary £1 shares from existing shareholders. This increased the company's shareholding in Majestic Buildings Ltd to 97.12%.

The company is exempt from the requirement to produce Group accounts by virtue of S248 Companies Act 1985 as it qualifies as medium sized.

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, McDonald Gordon & Co.Ltd will continue in office.

12 Bruntsfield Crescent
Edinburgh

On behalf of the board

C Mackay
Secretary

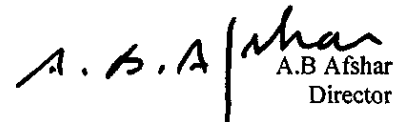
AMA (NEW TOWN) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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.

On behalf of the board


A.B Afshar
Director

AMA (NEW TOWN) LIMITED**AUDITORS' REPORT****Auditors' report to the members of****AMA (New town) Ltd**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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 error or other irregularity. 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 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



McDonald Gordon & Co.Ltd
Registered Auditors
Chartered Certified Accountants

AMA (NEW TOWN) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2000

	Note	2000 £	1999 £
Turnover	2	2,781,396	3,303,195
Cost of sales		(1,523,543)	(1,997,852)
Gross profit		1,257,853	1,305,343
Net operating expenses			
Administrative expenses		(625,037)	(783,074)
Other operating income		164,048	167,944
Operating profit	3	796,864	690,213
Interest payable	5	(311,880)	(198,028)
Profit on ordinary activities before taxation		484,984	492,185
Taxation	6	(147,250)	(152,738)
Profit on ordinary activities after taxation		337,734	339,447
Dividends	7	(60,000)	(60,000)
Retained profit for the year	18	277,734	279,447

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 2000 or 1999 other than the profit for the year.

AMA (NEW TOWN) LIMITED

BALANCE SHEET

at 30 April 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	8		1,474,036		1,459,827
Investments	10		216,689		216,689
			<u>1,690,725</u>		<u>1,676,516</u>
Current assets					
Stocks and work in progress	11	5,998,549		4,806,803	
Debtors	12	67,660		28,998	
Cash at bank and in hand		430		430	
			<u>6,066,639</u>	<u>4,836,231</u>	
Creditors: amounts falling due within one year	13	(4,103,114)		(3,045,476)	
Net current assets			<u>1,963,525</u>		<u>1,790,755</u>
Total assets less current liabilities			<u>3,654,250</u>		<u>3,467,271</u>
Creditors: amounts falling due after more than one year	14		(1,066,455)		(1,157,210)
			<u>2,587,795</u>		<u>2,310,061</u>
Capital and reserves					
Called up share capital	16		50,000		50,000
Revaluation reserve	17		843,149		843,149
Profit and loss account	18		1,694,646		1,416,912
Total shareholders' funds	15		<u>2,587,795</u>		<u>2,310,061</u>

The financial statements on pages 5 to 14 were approved by the board of directors on **28.2.2001** and signed on its behalf by:

A.B Afshar
Director

A. B. Afshar

AMA (NEW TOWN) LIMITED

CASH FLOW STATEMENT

for the year ended 30 April 2000

	Note	£	2000 £	£	1999 £
Net cash outflow from operating activities	22		(785,515)		(769,569)
Returns on investments and servicing of finance					
Interest paid			(311,880)		(198,028)
Taxation					
Corporation tax paid			(152,739)		(146,382)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(36,665)		(49,578)	
Purchase of fixed asset investments		-		(195,975)	
Sale of tangible fixed assets		-		5,580	
			<u>(36,665)</u>	<u></u>	<u>(239,973)</u>
			(1,286,799)		(1,353,952)
Equity dividends paid			<u>(60,000)</u>		<u>(120,000)</u>
			(1,346,799)		(1,473,952)
Financing					
Debt due within a year:					
Bank loan repayments		(47,866)		(43,981)	
Debt due beyond a year:					
Bank loan repayments		(19,238)		(941)	
			<u>(67,104)</u>	<u></u>	<u>(44,922)</u>
Decrease in cash			<u>(1,413,903)</u>		<u>(1,518,874)</u>

AMA (NEW TOWN) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 2000

1 Accounting policies**Basis of accounting**

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

Turnover

Turnover represents the amount derived from the provision of goods and services after deduction of trade discounts and value added tax except in respect of contracting activities where turnover represents the value of work carried out during the year including amounts not invoiced. Turnover is recognised on property developments when they are subject to substantially unconditional contracts for sale.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land and buildings	nil
Plant and machinery	25% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	20% reducing balance

No depreciation has been provided for on the cost of land and buildings. This does not comply with SSAP12 but it is the company's policy to maintain the property in such condition that the value of the property is not impaired by the passage of time. As a consequent, any element of depreciation would, in the opinion of the directors, be immaterial.

Work in progress

The cost of work in progress and finished goods includes all production overheads and the attributable proportion of indirect overheads based on the normal level of activity.

Profit recognition on contracting taxes

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts, taking a prudent view of future claims income immediately such losses are foreseen. Profit for the year includes the benefit of claims settled on contracts completed in prior years.

Deferred taxation

No provision is made for deferred taxation as there is reasonable evidence that such taxation will not be payable in the foreseeable future.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK (1999 nil).

3 Operating profit

	2000 £	1999 £
Operating profit is stated after crediting:		
Net rental income	161,971	167,944
Profit on sale of assets	-	2,226
and after charging:		
Auditors' remuneration	3,925	2,275
Depreciation of tangible fixed assets (note 7):		
Owned assets	22,456	19,955

AMA (NEW TOWN) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 2000

4 Directors and employees staff costs

	2000 £	1999 £
Wages and salaries	124,881	88,333
Average number of employed including executive directors	Number 9	Number 6

5 Interest payable

	2000 £	1999 £
Interest payable	311,880	197,700
Interest on late tax	-	328
	311,880	198,028

6 Taxation

	2000 £	1999 £
UK Corporation tax: Current tax on income for the period at 30% (1999 31/30%)	147,250	152,738

7 Dividends

	2000 £	1999 £
Equity - ordinary	60,000	60,000
	60,000	60,000

8 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost or valuation					
1 May 1999	41,303	25,969	64,527	1,400,000	1,531,799
Additions	14,775	9,576	12,314	-	36,665
30 April 2000	56,078	35,545	76,841	1,400,000	1,568,464
Depreciation					
1 May 1999	16,256	12,185	43,531	-	71,972
Charge for the year	9,956	5,840	6,660	-	22,456
30 April 2000	26,212	18,025	50,191	-	94,428
Net book amount					
30 April 2000	29,866	17,520	26,650	1,400,000	1,474,036
1 May 1999	25,047	13,784	20,996	1,400,000	1,459,827

AMA (NEW TOWN) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 April 2000

9 Tangible fixed assets (continued)

	2000 £	1999 £	
	Investment Property £	Office Buildings £	Total £
Cost	25,000	531,851	556,851
	<u> </u>	<u> </u>	<u> </u>
Balance at 30 April 2000	400,000	1,000,000	1,400,000
	<u> </u>	<u> </u>	<u> </u>

Office Buildings were revalued on an open market basis on 22 December, 1996 by Dixon Heaney, Chartered Surveyors. In the opinion of the directors, the open market value at 30 April 2000 is not materially different from that shown above.

10 Fixed asset investments

	Investments other than loans £
Cost	
1 May 1999	216,689
	<u> </u>
Net book amount	
30 April 2000	216,689
	<u> </u>
1 May 1999	216,689
	<u> </u>

As noted in the directors report, on 6 July 1997 the company acquired a majority shareholding in Majestic Buildings Ltd (SC98553).

On 27 July 1998, AMA (New Town) Ltd acquired an additional 6,500 'B' ordinary £1 shares which were subsequently converted into 'A' ordinary shares.

The company is exempt from the requirement to produce Group accounts by virtue of S248 Companies Act 1985 as it qualifies as medium sized.

At the balance sheet date the company held 78.39% of the issued share capital of Majestic Buildings Ltd made up of 27,214 'A' ordinary £1 shares (1999 78.39%).

As at 30 April 2000, the annual accounts of Majestic Buildings Ltd recorded the following:-

	30/4/00 £	30/4/99 £
Aggregate value of capital and reserves	1,913,287	1,776,554
	<u> </u>	<u> </u>
(Loss)/profit for year after taxation	(263,267)	133,527
	<u> </u>	<u> </u>

On 6 June 2000, AMA (New Town) Ltd acquired an additional 6,500 'B' ordinary £1 shares from existing shareholders. This increased the company's shareholding in Majestic Buildings Ltd to 97.12%.

AMA (NEW TOWN) LIMITED

NOTES ON FINANCIAL STATEMENTS

30 April 2000

11 Stocks and work in progress

	2000 £	1999 £
Land held for development	1,624,137	65,000
Work in progress	3,708,412	2,031,409
Completed developments and houses for sale	666,000	2,710,394
	<u>5,998,549</u>	<u>4,806,803</u>

12 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Other debtors	67,660	28,998
	<u>67,660</u>	<u>28,998</u>

Included within other debtors is an amount of £3,638 due by Majestic Buildings (1999 £3,638).

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts (secured)	3,841,886	2,404,332
Trade creditors	15,135	376,029
Corporation tax	147,250	152,739
Other taxation and social security	4,689	-
Other creditors	94,154	112,376
	<u>4,103,114</u>	<u>3,045,476</u>

Included within other creditors are directors loans amounting to £57,098 (1999 £58,943).

AMA (NEW TOWN) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 April 2000

14 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Other liabilities		
Bank loans (secured)	1,066,455	1,157,210
	<u>1,066,455</u>	<u>1,157,210</u>

Adam & Co plc hold a standard security over all properties of the company and a floating charge over all assets of the company for all sums due.

AMA (New Town) Ltd secures all overdraft bank borrowings of AMA Construction (Edinburgh) Ltd, a related company. (See note 20). Adam & Co plc also hold an inter-company cross guarantee between AMA (New Town) Ltd and AMA Construction (Edinburgh) Ltd.

An unlimited joint and several guarantee has been given by M Afshar and A Afshar, directors for the liabilities of AMA (New Town) Ltd.

Maturity of debt included above

In one year or less, or on demand	71,517	47,866
In more than one year but not more than two years	77,069	101,458
In more than two years but not more than five years	158,988	339,423
In more than five years	830,398	716,329
	<u>1,137,972</u>	<u>1,205,076</u>

Creditors other than finance lease and hire purchase contracts

Amounts falling due after more than five years	830,398	716,329
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15 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for the financial year	337,734	339,447
Dividends	(60,000)	(60,000)
Net addition to shareholders' funds	<u>277,734</u>	<u>279,447</u>
Opening shareholders' funds	2,310,061	2,030,614
Closing shareholders' funds	<u>2,587,795</u>	<u>2,310,061</u>

AMA (NEW TOWN) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 April 2000

16 Called up share capital

	2000		1999	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

17 Revaluation reserve

	2000 £
1 May 1999	
and	
30 April 2000	843,149
	<u>843,149</u>

18 Profit and loss account

	2000 £
1 May 1999	
Retained profit for the year	1,416,912
	<u>277,734</u>
30 April 2000	1,694,646
	<u>1,694,646</u>

19 Directors' interests and loans

As stated in note 13 to the accounts, directors loans amounted to £57,098 (1999 £59,943).
For the whole of the year, the company was controlled by the Afshar family.

20 Related party transactions

Included in trade debtors (note 12) is an amount of £28,070 due by AMA Building Design & Development (1999 £8,070). Payments of £267,000 were also made to AMA Building Design & Development during the year, these are included within professional fees (1999 £282,000). The directors of AMA (New Town) Ltd, AB Afshar and M Afshar are also partners of AMA Building Design & Development.

During the year, payments of £736,513 were made to AMA Construction (Edinburgh) Ltd for development work carried out on property held in stock (1999 £1,906,029). The directors of AMA (New Town) Ltd, AB Afshar and M Afshar are also directors of AMA Construction (Edinburgh) Ltd.

AMA (New Town) Ltd secures all overdraft bank borrowings of AMA Construction (Edinburgh) Ltd (see note 14).

21 Post balance sheet events

On 6 June 2000, AMA (New Town) Ltd increased their shareholding in Majestic Buildings Ltd to 97.12%.

This was as a result of acquiring a further 6,500 'B' ordinary shares from existing shareholders. Upon completion of the transaction in terms of the company's Articles of Association, these shares were duly converted into 6,500 'A' ordinary £1 shares.

AMA (NEW TOWN) LIMITED
NOTES ON FINANCIAL STATEMENTS

30 April 2000

22 Notes to the cash flow statement

**Reconciliation of operating profit
to operating cash flows**

	2000 £	1999 £
Operating profit	796,864	690,213
Depreciation charges	22,456	19,955
Profit on sale of fixed assets	-	(2,226)
Increase in stocks	(1,191,746)	(1,890,372)
(Increase)/decrease in debtors	(38,662)	3,971
(Decrease)/increase in creditors	(374,427)	408,890
Net cash outflow from operating activities	<u>(785,515)</u>	<u>(769,569)</u>

23 Analysis of changes in net debt

	At start of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	430	-	-	430
Bank overdrafts	(2,356,466)	(1,413,903)	-	(3,770,369)
		<u>(1,413,903)</u>		
Debt due within 1 year	(47,866)	47,866	(71,517)	(71,517)
Debt due after 1 year	(1,157,210)	19,238	71,517	(1,066,455)
		<u>67,104</u>		
Total	<u>(3,561,112)</u>	<u>(1,346,799)</u>	<u>-</u>	<u>(4,907,911)</u>

Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
Decrease in cash in the year	(1,413,903)	(1,518,874)
Cash outflow from decrease in debt and lease financing	67,104	44,924
Change in net debt resulting from cash flows	<u>(1,346,799)</u>	<u>(1,473,950)</u>
Net debt at 1 May 1999	(3,561,112)	(2,087,162)
Net debt at 30 April 2000	<u>(4,907,911)</u>	<u>(3,561,112)</u>

AMA (NEW TOWN) LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 30 April 2000

	2000		1999	
	£	£	£	£
Turnover				
Property development		2,757,081		3,282,608
Contracting		24,315		20,587
		<u>2,781,396</u>		<u>3,303,195</u>
Cost of sales				
Cost of sales		<u>1,523,543</u>		<u>1,997,852</u>
Gross profit		<u>1,257,853</u>		<u>1,305,343</u>
Other operating income				
Miscellaneous income	2,077		-	
Net rental income	<u>161,971</u>		<u>167,944</u>	
		<u>164,048</u>		<u>167,944</u>
		<u>1,421,901</u>		<u>1,473,287</u>
Administrative expenses	(625,037)		(783,074)	
Interest payable	<u>(311,880)</u>		<u>(198,028)</u>	
		<u>(936,917)</u>		<u>(981,102)</u>
Net profit for the year		<u><u>484,984</u></u>		<u><u>492,185</u></u>

AMA (NEW TOWN) LIMITED

SCHEDULE TO THE TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2000

	2000 £	1999 £
Administrative expenses		
Salaries and wages	124,881	88,333
Recruitment expenses	5,455	-
Heat and light	9,685	12,790
Repairs and renewals	1,693	2,092
Insurances	32,849	18,353
Officers insurance	1,769	-
Telephone	9,133	7,244
Printing, stationery and advertising	22,797	40,620
Rent and rates	23,351	24,163
Motor and travel	12,209	5,034
Sundry expenses	12,487	14,348
Computer costs	2,018	-
Entertaining	7,260	824
Bank charges	11,380	1,420
Legal and professional fees	317,247	545,908
Auditors' remuneration	3,925	2,275
Auditors' remuneration - non-audit work	-	624
Accountants' fees	4,442	1,317
Depreciation motor vehicles	9,956	8,348
Depreciation plant and equipment	5,840	4,595
Depreciation fixtures and fittings	6,660	7,012
(Profit)/loss on sale of motor vehicles	-	(2,226)
	<u>625,037</u>	<u>783,074</u>
Interest payable		
Bank interest	225,271	90,080
Bank loan interest	86,609	107,620
Interest on late tax	-	328
	<u>311,880</u>	<u>198,028</u>