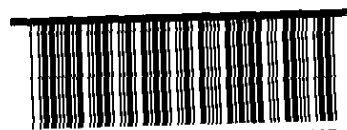


KINNOULL HOUSE LIMITED
STATUTORY ACCOUNTS
FOR THE YEAR ENDED
30th NOVEMBER 2000



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COMPANIES HOUSE 27/09/01

KINNOULL HOUSE LIMITED
REPORT OF THE DIRECTORS – YEAR ENDED 30 NOVEMBER 2000

1. *The directors submit their report and the audited financial statements for the 12 months to 30th November 2000.*

2. **REVIEW OF ACTIVITIES**

The Company carries on the business of developers of land and buildings and provides assets for use under PFI arrangements.

The construction of offices and a car park for the Perth and Kinross Council commenced in March 1999 and was completed on 11 September 2000.

The Directors are confident that the Company will continue to develop successfully for the foreseeable future.

3. **RESULTS AND DIVIDEND**

The trading results for the period are as shown in the profit and loss account on page 4. The directors do not recommend a dividend in respect of the period.

4. **DIRECTORS**

The directors of the Company who held office during the period and to date were:

J A Hope
R S Fullerton
W J Mackintosh
J M Thornton

In accordance with the Company's Articles of Association, none of its directors are required to retire. *None of the directors who held office at the beginning or end of the period had any interests in the shares of the company.*

5. **DIRECTORS' RESPONSIBILITIES**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of that year and of the profit or loss of the company for the period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 November 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KINNOULL HOUSE LIMITED
REPORT OF THE DIRECTORS – YEAR ENDED 30 NOVEMBER 2000 - CONTINUED

6. **AUDITORS**

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J Hope', with a stylized flourish at the end.

J Hope
Director
19 September 2001

Registered in Scotland - No. - 190800

REPORT OF THE AUDITORS TO THE MEMBERS OF KINNOULL HOUSE LIMITED

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

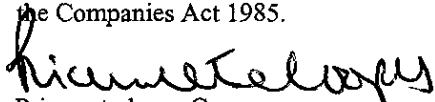
Basis of audit opinion

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 at 30 November 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Edinburgh

24 September 2001

KINNOULL HOUSE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 30 NOVEMBER 2000

	<u>Notes</u>	<u>Year ended</u> <u>30.11.00</u> <u>£</u>	<u>Period to</u> <u>30.11.99</u> <u>£</u>
Turnover		657,989	-
Cost of Sales		<u>(180,465)</u>	<u>-</u>
Gross profit		477,524	-
Administration Expenses		(27,511)	(2,000)
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES			
BEFORE TAX AND INTEREST	3	450,013	(2,000)
Interest payable and similar charges	4	(295,028)	-
Interest receivable		15,373	-
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES			
BEFORE TAX		170,358	(2,000)
Taxation	5	(69,314)	-
RETAINED PROFIT/(LOSS) FOR THE PERIOD	12	<u>101,044</u>	<u>(2,000)</u>

STATEMENT OF RETAINED PROFITS/(LOSSES)

Opening Balance	(2,000)	-
RETAINED PROFITS/(LOSSES) FOR THE PERIOD	101,044	(2,000)
Balance at 30 November	<u>99,044</u>	<u>(2,000)</u>

All activities are continuing.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the period stated above and their historic cost equivalents.

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

KINNOULL HOUSE LIMITED
BALANCE SHEET AS AT
30 NOVEMBER 2000

	Notes	30.11.00 £	30.11.99 £
TANGIBLE FIXED ASSETS			
Land and Buildings	6	18,042,444	7,776,696
		18,042,444	7,776,696
CURRENT ASSETS			
Debtors due within one year	7	430,311	513,903
Cash at bank and in hand		1,456,515	34,148
		1,886,826	548,051
CURRENT LIABILITIES			
Creditors - Amounts falling due within one year	8	1,365,119	2,513,146
TOTAL ASSETS LESS CURRENT LIABILITIES		18,564,151	5,811,601
Creditors - amounts falling due after one year	9	18,261,793	5,679,601
Provision for Liabilities and Charges	10	69,314	-
NET ASSETS		233,044	132,000
CAPITAL AND RESERVES			
Called-up share capital	11	134,000	134,000
Profit and loss account		99,044	(2,000)
EQUITY SHAREHOLDERS' FUNDS	12	233,044	132,000

DIRECTOR

The Directors approved the financial statements on 19 September 2001. The notes on pages 6 to 10 form part of these financial statements.

KINNOULL HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 30 NOVEMBER 2000

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been consistently applied, is set out below.

(a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

(b) TURNOVER

Turnover represents the value of rental income and service charges receivable during the period, wholly within the UK, excluding Value Added Tax.

(c) ACCOUNTING FOR PROFITS

No profit is included in the financial statements in connection with Property Developments unless a legally binding contract for the sale of the development has been entered into and completion has taken place before or shortly after the period end.

(d) TANGIBLE FIXED ASSETS

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of land and buildings includes interest paid and finance costs specifically incurred to finance assets in the course of construction.

Provision for depreciation is made so as to write off the cost, or valuation, of tangible fixed assets to their estimated residual value on a straight line basis over the expected useful economic lives of the assets concerned.

(d) DEFERRED TAXATION

Deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts is provided under the liability method to the extent that a liability is likely to arise in the foreseeable future.

2. CASHFLOW

The Company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cashflow statement, as it is a small company by definition.

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

None of the directors received any remuneration as directors from the company during the period. The company has no directly employed personnel. The profit on ordinary activities includes auditors remuneration of £2,250 (2000- £2,100).

KINNOULL HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 30 NOVEMBER 2000 - CONTINUED
4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended <u>30.11.00</u> £	Period to <u>30.11.99</u> £
Bank loans	267,668	-
Other loans	27,360	-
	295,028	-

5. TAXATION

	Year ended <u>30.11.00</u> £	Period to <u>30.11.99</u> £
The charge for taxation comprises:		
Corporation tax at 20%	-	-
Deferred Tax at 30%	69,314	-

6. TANGIBLE FIXED ASSETS

	Land and Buildings £	Under the course of construction £
Cost		
As at 30.11.99	-	7,776,696
Additions	-	10,331,685
Transfers	18,108,381	(18,108,381)
As at 30.11.00	18,108,381	-
Accumulated Depreciation		
As at 30.11.99	-	-
Charge for the year	(65,937)	-
As at 30.11.00	(65,937)	-
NBV		
As at 30.11.99	-	7,776,696
As at 30.11.00	18,042,444	-

Land and buildings includes £1,477,670 of capitalised finance costs incurred in the year to 30 November 2000.

KINNOULL HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 30 NOVEMBER 2000 – CONTINUED
7. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

Amounts falling due within one year	<u>30.11.00</u>	<u>30.11.99</u>
	£	£
Sundry Debtors	339,308	400,000
Other	91,003	1,189
VAT	-	112,714
	430,311	513,903

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>30.11.00</u>	<u>30.11.99</u>
	£	£
Bank Loans	829,813	1,725,537
Other Loans	9,719	-
Trade Creditors	203,889	767,609
VAT	32,709	-
Accruals	288,989	20,000
	1,365,119	2,513,146

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

	Amounts falling due			30.11.00	30.11.99
	1-2 years	2-5 years	Over 5 Years	TOTAL	TOTAL
	£	£	£	£	£
Bank Loan	443,479	1,522,480	14,433,236	16,399,195	4,962,250
Other Loans	12,910	50,032	1,799,656	1,862,598	717,351
	456,389	1,572,512	16,232,892	18,261,793	5,679,601

Bank loans are repayable over a period of 20 years by way of semi-annual payments commencing 10 March 2001. The last payment is due on 10th September 2020. The bank loans are secured by way of a fixed and floating charge over the assets of the company. Interest is charged on the bank loan at the rate of 6.735% per annum.

Subordinated Debt is repayable over a period of 25 years by way of semi-annual payments commencing 10 March 2001. The last payment is due on 10th September 2025. Interest is charged on the subordinated debt at the rate of 12.94% per annum.

KINNOULL HOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 30 NOVEMBER 2000 - CONTINUED
10. PROVISION FOR LIABILITIES AND CHARGES
Deferred Taxation

Details of the provision made for deferred taxation which represents the full potential liability are set out below:

	<u>30.11.00</u>	<u>30.11.99</u>
	£	£
Accelerated capital allowances	266,508	66,459
Losses arising on capitalised interest	(197,194)	(66,459)
Total liability	69,314	-

11. CALLED UP SHARE CAPITAL

	30.11.00		30.11.99	
	£	£	£	£
	Authorised	Issued	Authorised	Issued
"A" Type shares of £1 each	250,000	67,000	250,000	67,000
"B" Type shares of £1 each	<u>250,000</u>	<u>67,000</u>	<u>250,000</u>	<u>67,000</u>
	<u>500,000</u>	<u>134,000</u>	<u>500,000</u>	<u>134,000</u>

"A" & "B" share have equal ranking and voting rights.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>30.11.00</u>	<u>30.11.99</u>
	£	£
Opening shareholder's funds	132,000	-
Profit/(Loss) for the financial period	101,044	(2,000)
Issue of shares	-	134,000
Closing shareholder's funds	233,044	132,000

KINNOULL HOUSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 30 NOVEMBER 2000 - CONTINUED****13. RELATED PARTY TRANSACTIONS**

The company's related parties, as defined by Financial Reporting Standard 8, and the extent of transactions with them are summarised below:

During the year Morrison Construction Ltd sold its shareholding in Kinnoull House Ltd to Morrison Edison Investments Ltd (a 50:50 joint venture between Morrison Construction Ltd and Edison Capital (Netherlands) Investments B.V.).

Since the year end Edison Capital (Netherlands) Investments BV have sold their share of Morrison Edison Investments Limited to Noble PFI Fund UK Limited.

	Purchases from Related Parties in the period to 30.11.00 £	Amounts Due to Related Parties as at 30.11.00 £	Purchases from Related Parties in the period to 30.11.99 £	Amounts Due to Related Parties as at 30.11.99 £
Morrison Construction Ltd	12,044,976	449,383	5,831,757	760,794

The company made no sales to related parties during the period and, at the period end, was due no sums from related parties.

As at the year end, Kinnoull House Ltd owed the Morrison Edison Investments Ltd and Royal Bank Project Investments Ltd (the shareholders of the company) subordinated debt of £933,190 and £933,190 respectively and during the year paid interest of £59,190 and £59,190 respectively.