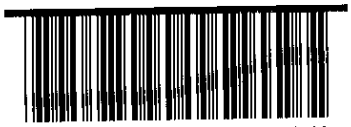
THE MERCHANTS' HALL LIMITED
Registered number: SC193385

Annual Report and Accounts

For the year ended 31 July 2002



THE MERCHANTS' HALL LIMITED

Annual Report and Accounts

For the year ended 31 July 2002

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THE MERCHANTS' HALL LIMITED

Company Information

As at 31 July 2002

Directors

Roy R Durie
John D Ritchie

Secretary

Margaret A Allan

Registered number

SC193385

Business address

The Merchants' Hall
22 Hanover Street
Edinburgh
EH2 2EP

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Solicitors

Morton Fraser Commercial
30-31 Queen Street
Edinburgh
EH2 1JX

Principal bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Directors' Report

The directors present their annual report with the financial statements of the company for the year ended 31 July 2002.

Principal activities

The principal activity of the company in the year under review was to provide facilities for corporate events and entertaining.

Review of the business

The net loss after providing for taxation amounted to £8,667. During the year Miss Jenny Sloan was appointed to market the facilities both to the members of the Merchant Company and to outside parties. It is hoped that this will lead to an increase in turnover which will result in a profit for the year to 31 July 2003

Directors and their interests

The directors in office in the year (or on appointment if later) were as follows: (they had no beneficial interests in the company at the balance sheet date)

Roy R Durie
John D Ritchie

The directors did not receive any remuneration during the period.

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 as at the end of the financial year 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 maintaining 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.

Directors' Report

Auditors

Scott-Moncrieff were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be re-appointed.

Small company exemptions

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board:

Roy R Durie
Director

Date: 19.11.02

Independent Auditors' Report to the Shareholders

We have audited the financial statements set out on pages 6 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

Independent Auditors' Report to the Shareholders

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh
EH3 7PH

Date: 19 November 2002

THE MERCHANTS' HALL LIMITED

Profit and Loss Account

For the year ended 31 July 2002

	Notes	2002 £	2001 £
Turnover	2	22,792	24,180
Cost of sales		3,000	9,900
Gross profit		19,792	14,280
Administrative expenses		28,459	30,326
Operating loss	3	(8,667)	(16,046)
Loss on ordinary activities before taxation		(8,667)	(16,046)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(8,667)	(16,046)

Continuing operations

None of the company's activities were acquired or discontinued during the period since incorporation.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet

At 31 July 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	5		111,203		119,507
Current assets					
Debtors	6	3,890		9,075	
Cash at bank and in hand		14,623		1,622	
		18,513		10,697	
Creditors: amounts falling due within one year	7	(19,964)		(11,785)	
Net current liabilities			(1,451)		(1,088)
Total assets less current liabilities			109,752		118,419
Creditors: amounts falling due after more than one year	8		(171,150)		(171,150)
Net liabilities			(61,398)		(52,731)
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account			(61,498)		(52,831)
Total shareholders' funds	10		(61,398)		(52,731)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board of directors on 19/11/02 and signed on its behalf by:

Roy R Durie, Director

1. Statement of accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1, "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Leasehold improvements	Over the life of the lease
Furniture and fittings	10% straight line

2. Turnover

	2002 £	2001 £
Analysis by class of business:		
Hall Letting	16,197	14,674
Franchise Commission	6,595	9,506
	22,792	24,180

The company's turnover arose wholly in the United Kingdom.

3. Operating loss

Operating loss is stated	2002 £	2001 £
After charging:		
Depreciation of fixed assets	12,894	12,436
Auditors' remuneration	2,125	2,089
Operating lease rentals		
Land and buildings	6,250	6,250

4. Tax on loss on ordinary activities

There is no liability to corporation tax in the year.

5. Tangible fixed assets

	Leasehold Improvements	Furniture and fittings	Total
	£	£	£
Cost:			
At 1 August 2001	120,115	24,264	144,379
Additions	4,590	-	4,590
At 31 July 2002	124,705	24,264	148,969
Depreciation:			
At 1 August 2001	20,020	4,852	24,872
Charge for year	10,468	2,426	12,894
At 31 July 2002	30,488	7,278	37,766
Net book value:			
At 31 July 2002	94,217	16,986	111,203
At 31 July 2001	100,095	19,412	119,507

6. Debtors

	2002	2001
	£	£
Trade debtors	3,890	8,021
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	1,054
	3,890	9,075

7. **Creditors:** amounts falling due within one year

	2002 £	2001 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	15,856	-
Taxation and social security	813	462
Other creditors	3,295	11,323
	19,964	11,785

8. **Creditors:** amounts falling due after more than one year

	2002 £	2001 £
Amounts owed to group undertakings	171,150	171,150

The parent company, The Merchant Company, has made an undertaking that it will not seek repayment of this loan until such time as Merchants' Hall Ltd is in a position to make repayment.

9. **Share capital**

	2002 £	2001 £
Authorised:		
Equity interests:		
Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	100	100

10. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the year	(8,667)	(16,046)
Opening shareholders' funds	(52,731)	(36,685)
Closing shareholders' funds	(61,398)	(52,731)
Represented by:-		
Equity interests	(61,398)	(52,731)

11. Ultimate parent company

The ultimate parent company is The Merchant Company, a company incorporated under Royal Charter.