

**MURRAY HOUSE PROPERTY
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 2002



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Company no 208331

MURRAY HOUSE PROPERTY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2002

Company registration number: 208331

Registered office: Strathearn House
211 Hope St
Glasgow
G2 2UW

Directors: Dudley Spencer Gee
Robert Burns Wilson
Samuel Verner Morrison
Margaret Lynn Morrison

Secretary: Dudley Spencer Gee

Solicitors: Semple Fraser

Auditors: Grant Thornton
Registered auditors
Chartered accountants

MURRAY HOUSE PROPERTY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2002

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MURRAY HOUSE PROPERTY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 May 2002.

Principal activities

The company is principally engaged in property investment.

Business review

There was a profit for the year after taxation amounting to £17,652 (2001: loss £9,476). The directors do not recommend payment of a dividend.

Directors

The interests of the directors and their families in the shares of the company as at 31 May 2002 and 1 June 2001, or the date of their appointment to the Board if later, were as follows:

	Ordinary shares	
	31 May 2002	1 June 2001
Dudley Spencer Gee	-	-
Robert Burns Wilson	-	-
Samuel Verner Morrison	500	500
Margaret Lynn Morrison	-	-

During the year certain freehold properties were revalued and the revised values incorporated in the financial statements. The surplus of £283,014 arising from the revaluations has been transferred to reserves.

Directors' responsibilities for the financial statements

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 then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

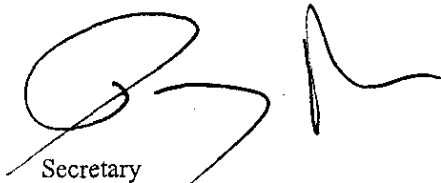
MURRAY HOUSE PROPERTY LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Secretary
18 September 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

MURRAY HOUSE PROPERTY LIMITED

We have audited the financial statements of Murray House Property Limited for the year ended 31 May 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. This other information comprises as only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

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



**REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW
18 September 2002**

MURRAY HOUSE PROPERTY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, except that investment properties are shown at their revalued amounts.

RENTAL INCOME

Rental income comprises rents from the properties and outlays recoverable from tenants. Rents are included on the basis of the amount receivable in the period, excluding VAT.

INVESTMENT PROPERTY

In accordance with Statement of Standard Accounting Practice No. 19, the company's property is held for long-term investment and is included in the balance sheet at its open market value. The surplus or deficit on annual revaluation of the property is transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment property. Leasehold investment property is not amortised where the unexpired term is over twenty years.

This policy represents a departure from the statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

MURRAY HOUSE PROPERTY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2002

	Note	2002 £	2001 £
Turnover	1	126,250	71,124
Administrative expenses		(15,460)	(14,761)
Operating profit		110,790	56,363
Net interest	2	(91,220)	(65,839)
Profit on ordinary activities before taxation	1	19,570	(9,476)
Tax on profit on ordinary activities	4	(1,918)	-
Profit transferred to reserves	12	17,652	(9,476)

There were no recognised gains or losses other than the profit for the financial year.

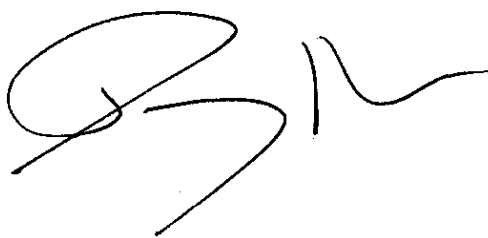
The accompanying accounting policies and notes form an integral part of these financial statements.

MURRAY HOUSE PROPERTY LIMITED

BALANCE SHEET AT 31 MAY 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	5		2,000,000		1,716,986
			2,000,000		1,716,986
Current assets					
Debtors	6	1,250		-	
Cash at bank and in hand		28		20,251	
		1,278		20,251	
Creditors: amounts falling due within one year	7	(145,880)		(136,488)	
Net current liabilities			(144,602)		(116,237)
Total assets less current liabilities			1,855,398		1,600,749
Creditors: amounts falling due after more than one year	8		(1,421,290)		(1,469,225)
Provisions for liabilities and charges	9		(1,918)		-
			432,190		131,524
Capital and reserves					
Called up share capital	11		1,000		1,000
Share premium account	12		140,000		140,000
Revaluation reserve	12		283,014		-
Profit and loss account	12		8,176		(9,476)
Shareholders' funds	13		432,190		131,524

The financial statements were approved by the Board of Directors on 18 September 2002.



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

MURRAY HOUSE PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2002

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	2002 £	2001 £
Auditors' remuneration	1,050	950

2 NET INTEREST

	2002 £	2001 £
On bank loans and overdrafts	91,714	66,305
Other interest receivable and similar income	(494)	(466)
	91,220	65,839

3 DIRECTORS AND EMPLOYEES

None of the four directors received any remuneration in the year.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year was represented by the movement in deferred tax of £1,918 (2001: nil).

There was no corporation tax payable for the year ended 31 May 2002 (2001: nil).

Factors affecting the tax charge for the year:

	2002 £	2001 £
Profit on ordinary activities before tax	19,570	(9,476)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2001: 20%)	3,718	(1,895)
Non trading deficits on loan relationships	17,426	13,261
Depreciation for the year in excess of capital allowances	(7,303)	(5,250)
Non trading credits on loan relationships	(94)	(93)
Utilisation of tax losses	(13,747)	(6,023)
Current tax charge for year	-	-

MURRAY HOUSE PROPERTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2002

5 TANGIBLE FIXED ASSETS

	Investment property £
Cost or valuation	
At 1 June 2001	1,716,986
Surplus on revaluation	283,014
	<u>2,000,000</u>
Net book amount at 31 May 2002	<u>2,000,000</u>
Net book amount at 31 May 2001	<u>1,716,986</u>

The investment property was revalued by Dudley Gee, a director, on the 31 May 2002. The basis of the valuation was open market value. The surplus arising has been transferred to the revaluation reserve.

6 DEBTORS

	2002 £	2001 £
Prepayments and accrued income	<u>1,250</u>	<u>-</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	81,250	81,250
Trade creditors	1,763	-
Amounts owed to related undertakings	6,100	-
Social security and other taxes	5,206	5,206
Loans from directors	6,100	-
Accruals and deferred income	45,461	50,032
	<u>145,880</u>	<u>136,488</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Bank loans	<u>1,421,290</u>	<u>1,469,225</u>

MURRAY HOUSE PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2002

Bank loans

The bank loans and overdrafts are secured by a fixed and floating charge over the company's assets. The bank loans are repayable in equal quarterly instalments of £20,312, interest is payable quarterly at 1.5% over base rate to November 2020.

Borrowings are repayable as follows:

	2002 £	2001 £
Within one year	87,350	81,250
After one and within two years	81,250	81,250
After two and within five years	243,750	243,750
After five years	1,096,290	1,144,225
	<u>1,508,640</u>	<u>1,550,475</u>

Bank and other borrowings repayable after five years comprise:

	2002 £	2001 £
Bank loans	<u>1,096,290</u>	<u>1,144,225</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Provided during the year	<u>1,918</u>
At 31 May 2002	<u>1,918</u>

MURRAY HOUSE PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2002

10 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 19%.

	Amount provided		Amount unprovided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	12,291	5,250	-	-
Less:				
Trading losses	(10,373)	(5,250)	-	-
	<u>1,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrealised capital gains	-	-	46,000	-

The company has unrelieved tax losses not adjusted through the deferred taxation provision of £nil (2001: £9,476) which are available to be set against future taxable trading profits.

No provision has been made for taxation which would accrue if the investment properties were disposed of at their revalued amounts. The amount unprovided is shown above under unrealised capital gains.

11 SHARE CAPITAL

	2002	2001
	£	£
Authorised		
Ordinary 'A' shares of £1 each	500	500
Ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
Ordinary 'A' shares of £1 each	500	500
Ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

MURRAY HOUSE PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2002

12 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 June 2001	140,000	-	(9,476)
Retained profit for the year	-	-	17,652
Surplus on revaluation of assets	-	283,014	-
At 31 May 2002	<u>140,000</u>	<u>283,014</u>	<u>8,176</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	17,652	(9,476)
Other recognised gains and losses	283,014	-
Issue of shares	-	141,000
Net increase in shareholders' funds	<u>300,666</u>	<u>131,524</u>
Shareholders' funds at 1 June 2001	<u>131,524</u>	-
Shareholders' funds at 31 May 2002	<u>432,190</u>	<u>131,524</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 May 2002.

15 CONTINGENT ASSETS/LIABILITIES

There were no contingent liabilities at 31 May 2002.

MURRAY HOUSE PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2002

16 TRANSACTIONS WITH RELATED PARTIES

The following relates to interest free loans received by the company from the shareholders.

Name of related party	Amount outstanding		Maximum liability during year	Interest due not paid
	2002	2001		
	£	£	£	£
Samuel V Morrison	6,100	-	6,100	-
Glasgow Assets Ltd	6,100	-	6,100	-

During the year the company was charged £6,000 (2001: £3,000) by Land & Property Management Ltd for management and bookkeeping fees. At the year end £1,500 (2001: £nil) was still outstanding. Dudley Gee is a director of Land & Property Management Ltd.

17 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY

The directors believe that the company is jointly controlled by two parties, Glasgow Assets Ltd and Samuel V Morrison.

The largest group of undertakings for which group accounts have been drawn up is that headed by Land & Property Holdings plc which is registered in Scotland.