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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY will be held at 9 Charlotte Square, Edinburgh EH2 4DR on 30 September 2004 at 11.00am to transact the following business:-

- 1 To receive and consider the Company's accounts for the year ended 31 January 2004 together with the reports of the directors and auditors thereon.

- 2 To re-appoint Deloitte & Touche LLP as auditors for the ensuing year and to authorise the directors to fix their remuneration.

By Order of the Board
D.W.M. Horne, Secretary, 14 September 2004
Registered Office: 9 Charlotte Square,
Edinburgh EH2 4DR
Registration number: 192523

NOTE: A member entitled to attend and vote at the above meeting may appoint a proxy (who need not be a member) to attend and (on a poll) vote on his behalf. A proxy form is enclosed with this notice.

DIRECTORS AND PRINCIPAL ADVISERS

DIRECTORS	D.E.Murray (Chairman) J.D.G.Wilson, B.ACC., C.A. I.B.Tudhope, LL.B. K.A.Cockburn D.D.Murray, B.A. Sir Angus Grossart, C.B.E., LL.D., D.L. H.Rose, F.C.C.A., A.T.I.I.
SECRETARY	D.W.M. Horne, LL.B.(Hons)
REGISTERED OFFICE	9 Charlotte Square, Edinburgh EH2 4DR
AUDITORS	Deloitte & Touche LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB
BANKERS	Bank of Scotland, The Mound, Edinburgh EH1 1YZ
MERCHANT BANKERS	Noble Grossart Limited, 48 Queen Street, Edinburgh EH2 3NR
SOLICITORS	Dundas & Wilson, C.S., Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN

CHAIRMAN'S STATEMENT



We have been very active in all aspects of our business during the financial year under review. While I am once again pleased to announce another year

of improvement in the Group's operating profit* (up from £20.2m to £21.4m before exceptional items), I am particularly encouraged by a £20.4m increase in the profit before tax. This represents a shift from a prior year loss of £2.4m to a profit of £18.0m. As a result of our excellent performance, the Group's Net Assets now exceed £100m.

The reported turnover figure of £249m does not reflect certain property disposals that took place during the year and which made a healthy contribution to the Group's overall result.

Divisional contributions from Metals, Property and Private Equity were once again very positive. Indeed, we are currently experiencing exceptional performance across our Metals Division which we expect to continue for the foreseeable future. Subsequent to the year-end, we entered into a management agreement with an option to acquire Apollo Metals. This business supplies metal to the aerospace sector and complements our existing activities in the general and offshore steel markets.

We completed a number of key property transactions during the year, including office investment acquisitions in London and Leeds and a significant retail disposal within Scotland. These contributed to a second successive year of record results for our Property Division. We will continue to seek out new opportunities where available but will also effect sales while the investment market remains strong.

From a Private Equity perspective, we completed the disposal of VIDA, our 5-a-side football business for £16m. Subsequent to the year-end, we have made two strategic acquisitions: a 30% holding in Alexander Dennis Limited which acquired the bus manufacturing business of Transbus Limited and the contact centre arm of Thus plc. The latter will be consolidated with our existing contact centre, RHL.

To help fund the growth of the Group, our net borrowings for the year under review have increased in conjunction with our agreed Bank of Scotland facilities. To a large extent these additional borrowings have been used to finance property acquisitions and as a result, the majority of our debt is backed by assets producing an income stream. As a consequence, whilst borrowings have increased by £43m during the year, our ratio of debt to total assets has only increased from 53% to 57%.

* Operating profit after gains on sale of fixed assets and investments of £9.9m.

Exceptional items that occurred during the year fall into two categories. The principal gain of £10.3m reflects a disposal of a stake in a long-term property position. The operating exceptional loss relates solely to our Mining Division, which has experienced an extremely difficult and frustrating year. My Statement last year referred to unnecessary red tape that can delay and frustrate potential development and consequential growth within the Scottish economy - an opinion that I know is shared by many others in the Scottish business community. This exceptional loss is a direct result of delays in the planning process in Scotland and has cost the Group £2.6m in financial terms, not to mention the significant unquantifiable cost of management time incurred.

On 27 August 2004 the Group purchased a 20.2% stake in The Rangers Football Club plc from ENIC Group Ltd and on 1 September 2004

I announced my decision to return as Executive Chairman of the Club. At the same time the Board of Rangers announced a £57m rights issue to which the Group has committed to underwrite £50m. My time as Honorary Chairman of the Club has, as I intended, allowed me to focus on and help improve the performance of the Murray Group. Given the increased commitment being made by the Group to Rangers at this time, I consider it my responsibility to take up executive control at Rangers once again.

In conclusion, I can confirm that the Group's activities continue apace. We remain hungry for success across all areas of our business and I am confident that our profitable growth trend will continue in the current financial year. As always, I recognise that our success cannot be achieved without the support and dedication of the many people connected directly or indirectly with the Group, and to everyone who has played a part, I extend my sincere thanks.

David E. Murray

6 September 2004

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2004

The directors have pleasure in submitting their report on the affairs of the Group, together with the accounts and independent auditors' report for the year ended 31 January 2004.

PRINCIPAL TRADING DIVISIONS AND BUSINESS REVIEW

The principal trading divisions of the Group comprise Metals, Property, Mining and Private Equity Investment. The Chairman's Statement on pages 4 and 5 incorporates a review of the businesses.

RESULTS AND DIVIDENDS

Details of the results for the year are contained in the consolidated profit and loss account on page 9. Further information in respect of dividends paid and proposed by the Company is set out in note 7.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year together with their interests in the share capital of the Company were as follows:

	Ordinary shares of 10p each	
	31 January 2004	31 January 2003
D.E. Murray	9,880,190	9,880,190
I.B. Tudhope	63,543	63,169
J.D.G. Wilson	63,543	63,169
K.A. Cockburn	Nil	Nil
D.D. Murray	1,064,170	1,064,170
Sir Angus Grossart	Nil	Nil
H. Rose	Nil	Nil

Sir Angus Grossart is a director of Noble Grossart Investments Limited which owns 5.5% of the issued share capital of the Company.

SUBSTANTIAL SHAREHOLDINGS

At 31 January 2004 Uberior Investments plc, a wholly owned subsidiary of Bank of Scotland, owned 11.5% of the issued share capital of the Company.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and various internal publications.

CHARITABLE CONTRIBUTIONS

The Group contributed £178,000 (2003 - £189,000) to local charitable organisations.

SHARE OPTIONS

Three of the directors have share options as part of a long-term incentive plan. Each director has the option to purchase 71,699 ordinary shares in the Company at a price of £6.40 per share. The options are exercisable on or after 8 May 2003 until 8 May 2011. No options were exercised during the current or prior year.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Group for that year. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group 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 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.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Group's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board

D.W.M. Horne
Secretary

9 Charlotte Square,
Edinburgh,
EH2 4DR

6 September 2004

INDEPENDENT AUDITORS' REPORT

DELOITTE & TOUCHE LLP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MURRAY INTERNATIONAL HOLDINGS LIMITED

We have audited the accounts of Murray International Holdings Limited for the year ended 31 January 2004 which comprise the consolidated profit and loss account, the balance sheets of the Company and of the Group, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement and the related notes 1 to 26. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the accounts, 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 and other members of the Group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

BASIS OF AUDIT 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31 January 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh

6 September 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2004

	NOTE	2004			2003		
		Before Operating Exceptional Items £'000	Operating Exceptional Items £'000	Result for the Year £'000	Before Operating Exceptional Items £'000	Operating Exceptional Items £'000	Result for the Year £'000
TURNOVER							
Continuing operations		245,079	-	245,079	266,494	-	266,494
Discontinued operations		3,458	-	3,458	-	-	-
	2	248,537	-	248,537	266,494	-	266,494
Cost of sales	3(a)	(192,919)	(2,663)	(195,582)	(206,542)	-	(206,542)
GROSS PROFIT		55,618	(2,663)	52,955	59,952		59,952
Other operating expenses	3(b)	(44,120)	-	(44,120)	(39,729)	-	(39,729)
Write down of loan note	3(d)	-	-	-	-	(7,645)	(7,645)
OPERATING PROFIT							
Continuing operations		11,665	(2,663)	9,002	20,223	(7,645)	12,578
Discontinued operations		(167)	-	(167)	-	-	-
		11,498	(2,663)	8,835	20,223	(7,645)	12,578
Gain on sale of fixed assets & investments	10(a)/(b)	9,913	-	9,913	-	-	-
OPERATING PROFIT AFTER GAINS							
ON SALE OF FIXED ASSETS & INVESTMENTS		21,411	(2,663)	18,748	20,223	(7,645)	12,578
Gain on sale of investment in subsidiary	10(c)	10,307	-	10,307	-	-	-
Loss on termination of operation		(255)	-	(255)	-	-	-
Share of joint ventures operating loss		(277)	-	(277)	(75)	-	(75)
Write down of investment	4(a)/10	-	-	-	(4,217)	-	(4,217)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES							
BEFORE INTEREST		31,186	(2,663)	28,523	15,931	(7,645)	8,286
Investment income	4(b)	446	-	446	126	-	126
Interest payable and similar charges	4(c)	(10,964)	-	(10,964)	(10,795)	-	(10,795)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		20,668	(2,663)	18,005	5,262	(7,645)	(2,383)
Tax on profit/(loss) on ordinary activities	6	(1,353)	-	(1,353)	(2,004)	-	(2,004)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX		19,315	(2,663)	16,652	3,258	(7,645)	(4,387)
Minority interests	20	1,252	-	1,252	(2,263)	-	(2,263)
PROFIT/(LOSS) FOR FINANCIAL YEAR		20,567	(2,663)	17,904	995	(7,645)	(6,650)
Dividends on equity shares	7	(4,216)	-	(4,216)	(1,180)	-	(1,180)
Dividends on non-equity shares	7	(883)	-	(883)	(1,125)	-	(1,125)
PROFIT/(LOSS) TRANSFERRED TO RESERVES	18	15,468	(2,663)	12,805	(1,310)	(7,645)	(8,955)

Historical cost profit on ordinary activities before taxation equates to the reported profit on ordinary activities before taxation.

The accompanying notes form an integral part of this consolidated profit and loss account.

M U R R A Y I N T E R N A T I O N A L H O L D I N G S L I M I T E D

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 31 JANUARY 2004

	NOTE	2004 £'000	2003 £'000
Profit/(loss) for the financial year before dividends		17,904	(6,650)
Currency translation adjustments	18	(906)	(1,026)
Unrealised surplus on revaluation of investment property	18	1,101	-
Total recognised gains and losses		18,099	(7,676)

The accompanying notes form an integral part of the above consolidated statement of total recognised gains and losses.

BALANCE SHEETS
AS AT 31 JANUARY 2004

	NOTE	Group		Company	
		2004 £'000	2003 £'000	2004 £'000	2003 £'000
FIXED ASSETS					
Tangible assets	8	218,081	176,810	-	-
Intangible assets	9	4,620	4,605	-	-
Investments	10	10,776	7,452	1,485	1,485
		233,477	188,867	1,485	1,485
CURRENT ASSETS					
Stocks	11	35,010	35,948	-	-
Debtors: Amounts falling due within one year	12	75,348	61,358	10,154	847
Debtors: Amounts falling due after more than one year	12	54,625	55,202	-	-
Investments	13	5,976	40	-	-
Cash at bank and in hand		2,380	3,172	15,066	17,101
		173,339	155,720	25,220	17,948
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(133,293)	(150,476)	(5,099)	(2,346)
NET CURRENT ASSETS		40,046	5,244	20,121	15,602
TOTAL ASSETS LESS CURRENT LIABILITIES		273,523	194,111	21,606	17,087
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(172,510)	(104,474)	-	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	(591)	(591)	-	-
NET ASSETS		100,422	89,046	21,606	17,087
CAPITAL AND RESERVES					
Called-up share capital	17	16,464	16,471	16,464	16,471
Consolidation reserve	18	5,032	5,032	-	-
Revaluation reserve	18	2,020	919	-	-
Share premium account	18	19,868	19,868	-	-
Capital redemption reserve	18	15,022	15,015	22	15
Profit and loss account	18	36,494	23,030	5,120	601
Translation reserve	18	(1,843)	(937)	-	-
SHAREHOLDERS' FUNDS, including non-equity interests	19	93,057	79,398	21,606	17,087
MINORITY INTERESTS	20	7,365	9,648	-	-
TOTAL CAPITAL EMPLOYED		100,422	89,046	21,606	17,087
SHAREHOLDERS' FUNDS may be analysed as:					
Equity interests	19	78,057	64,398	6,606	2,087
Non-equity interests	19	15,000	15,000	15,000	15,000
		93,057	79,398	21,606	17,087

Signed by order of the Board on 6 September 2004

D.E. MURRAY)
) Directors
J.D.G. WILSON)

The accompanying notes form an integral part of these balance sheets.

M U R R A Y I N T E R N A T I O N A L H O L D I N G S L I M I T E D

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2004

	NOTE	2004 £'000	2003 £'000
CASH FLOW STATEMENT			
Net cash inflow from operating activities		7,221	15,967
Returns on investments and servicing of finance	21(a)	(13,497)	(13,005)
Taxation	21(b)	(747)	(1,808)
Capital expenditure and financial investment	21(c)	(40,786)	5,816
Acquisitions and disposals	21(d)	16,822	(1,405)
Equity dividends paid	21(e)	(1,180)	(7,875)
Cash outflow before management of liquid resources and financing		(32,167)	(2,310)
Management of liquid resources	21(f)	(5,936)	-
Financing	21(g)	1,147	(28,389)
Decrease in cash during the year		(36,956)	(30,699)
RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS			
Operating profit		8,835	12,578
Depreciation charges		6,963	7,506
Write down of loan notes		-	7,645
Amortisation of intangible assets		580	395
Loss / (profit) on sale of tangible assets		261	(102)
Profit on sale of investments		-	(12)
Write back of value of investments		-	(336)
Decrease in stocks		791	2,881
Increase in debtors		(18,572)	(13,356)
Decrease in current asset investments		-	40
Increase / (decrease) in creditors		7,870	(287)
Increase in land restoration provision		-	28
Write back of goodwill on disposal of properties		495	13
Write back of goodwill on acquisition of subsidiary		904	-
Other reserve movements		(906)	(1,026)
Net cash inflow from operating activities		7,221	15,967
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 22)			
Decrease in cash in the year		(36,956)	(30,699)
Cash (inflow) / outflow from debt and lease financing		(2,025)	28,389
Change in net debt resulting from cash flows		(38,981)	(2,310)
New finance leases		(798)	(2,738)
Increase in current asset investments		5,936	(40)
Debt acquired with purchase of subsidiary undertakings		(5,983)	(3,362)
Movement in net debt in the year		(39,826)	(8,450)
Net debt at beginning of year		(190,241)	(181,791)
Net debt at end of year		(230,067)	(190,241)

The accompanying notes form an integral part of this consolidated cash flow statement.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2004

1. Accounting policies

The Group's accounting policies set out below have been applied consistently throughout the year and have remained unchanged from the previous year.

(a) Basis of accounting: The accounts are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and have been prepared in accordance with applicable United Kingdom accounting standards.

(b) Basis of consolidation: The consolidated accounts include the accounts of the Company and all of its subsidiary undertakings made up to 31 January 2004. Acquisitions are accounted for under the acquisition method. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over an appropriate period depending upon the circumstances of the acquired company. Provision is made for any impairment. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given is shown as negative goodwill under intangible fixed assets and amortised on the same basis as positive goodwill. Goodwill arising on certain acquisitions in the year ended 31 January 1998 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet.

On the disposal of a subsidiary undertaking the consolidated accounts reflect the gain or loss on disposal as the difference between the proceeds and the net asset value of the subsidiary undertaking at the date of disposal together with goodwill previously written off to reserves, if any, arising from the original acquisition. The results of subsidiary undertakings disposed of during the year are reflected in the consolidated profit and loss account up to the date of disposal.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less provisions for impairment. Dividends received and receivable from subsidiary undertakings are credited to the Company's profit and loss account.

As provided for in Section 230 of the Companies Act 1985, no profit and loss account is presented for the Company. Within the consolidated profit for the financial year attributable to the shareholders of the Company a loss of £5,397,000 (2003 - loss of £1,725,000) has been recognised within the accounts of the Company.

(c) Other fixed asset investments: Other fixed asset investments are stated at cost less provision for impairment.

(d) Tangible fixed assets: Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date, and are reflected at cost, including an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain. Interest is capitalised from the point at which development sites or properties are acquired, except where there is a substantial delay between acquisition and commencement of physical construction, when capitalisation will commence at the latter point. In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation. Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value. The directors consider that these policies are necessary to provide a true and fair view. Development properties are classified within tangible fixed assets or stocks according to their likely date of realisation. The proceeds and costs on disposal of such properties are reflected in turnover and cost of sales respectively.

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy (which represents a departure from the statutory accounting rules) is necessary to provide a true and fair view.

Certain freehold properties, which are not depreciated, are subject to annual impairment reviews.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

1. Accounting policies (continued)**(d) Tangible fixed assets (continued):**

Other fixed assets are shown at cost, net of depreciation and provisions for impairment, as set out in note 8. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold land and buildings	10-50 years
Leasehold properties	4-5 years/over period of lease
Plant and equipment	5-25 years
Fixtures and fittings	4-10 years
Motor vehicles	2-5 years

No depreciation is provided on freehold land.

Profits or losses on the disposal of tangible fixed assets (excluding development properties) are included in the calculation of operating profit or, where material, as an exceptional item after operating profit.

(e) Intangible fixed assets: Consolidation goodwill, as described in (b) above, is capitalised and written off over a period which the directors estimate to be the time over which benefits may reasonably be expected to accrue from the related acquisitions. This period does not exceed 20 years. Provision is made for any impairment. Goodwill in respect of project specific joint ventures is not amortised, but is subject to annual impairment reviews.

Other intangible fixed assets are included at cost and amortised in equal annual instalments over their estimated useful economic lives. This period is between three and five years. Development costs are not depreciated until individual projects are complete. Provision is made for any impairment.

(f) Associates and joint ventures: In the consolidated accounts investments in associates and joint ventures are accounted for using the equity and gross equity methods, respectively. The consolidated profit and loss account includes the Group's share of associates' and joint ventures' profits less losses while the Group's share of the net assets of the associates and joint ventures is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates and joint ventures is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

(g) Stocks: Stocks are stated at the lower of cost and net realisable value and include the costs of bringing each product to its present location and condition. The cost of manufactured products consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

(h) Long term contracts: Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provisions for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

(i) Current asset investments: Listed investments are marked to market at the balance sheet date with any resultant gains or losses being taken to the profit and loss account during the year. Other investments are carried at the lower of cost or net realisable value.

(j) Taxation: Current tax, representing UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The tax liabilities of certain Group undertakings are reduced wholly or in part by the surrender of losses by fellow Group undertakings. The tax benefits arising from group relief are recognised in the accounts of the surrendering undertakings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profit and its results as stated in the accounts that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the accounts. The amount of all deferred tax, including that which will probably not reverse, is set out in note 16.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

1. Accounting policies (continued)

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be considered as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gains or losses expected to arise on sale have been recognised in the accounts. Nor is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gains will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(k) Foreign currencies: In the accounts of individual Group undertakings, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the exchange rates prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves.

(l) Pension costs: The Group operates retirement benefits schemes which cover certain employees in the Group.

The schemes which are contributory provide for or target defined benefits.

It is the general policy of the Group to provide for and fund pension liabilities on a going concern basis, on the advice of external actuaries, by payments to the fund. An independent actuarial valuation on a going concern basis is carried out every 3 years. The amount charged to the profit and loss account (the regular pension cost) is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members. Any difference between amounts charged in the profit and loss account and paid to the pension fund is shown in the balance sheet as a liability or asset.

For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year.

Further information on pension costs is provided in note 23(c).

(m) Turnover: Group turnover is stated net of VAT and similar taxes, trade discounts and intra-Group transactions and includes the value of sales of goods and services supplied in the normal course of business.

(n) Leases: Assets held under finance leases and hire purchase contracts are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. Assets held under finance leases are depreciated over the shorter of their useful economic life and the lease term. Assets held under hire purchase contracts are depreciated over their useful economic life. Finance charges are allocated to accounting periods over the period of the contracts to produce a constant rate of charge on the balance of capital repayments outstanding. Rentals are apportioned between finance charges and reduction of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis. Further information on charges in the year and future commitments is given in notes 3(c) and 23(a).

(o) Revaluation reserve: Surpluses arising on the revaluation of tangible fixed assets are credited to a non-distributable revaluation reserve. The revaluation reserve is shown in note 18. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred from this reserve to the profit and loss account as a reserve movement. On the disposal of a revalued fixed asset, any remaining revaluation surplus is also transferred to the profit and loss account as a reserve movement.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

2. Segment information

Contributions to Group turnover are as follows:

	2004 Continuing £'000	2004 Discontinued £'000	2004 Total £'000	2003 All Continuing £'000
By activity:				
Metals	166,201	-	166,201	150,625
Property	28,820	-	28,820	69,529
Mining	12,390	-	12,390	18,186
Corporate finance and private investment	37,668	3,458	41,126	28,154
	<u>245,079</u>	<u>3,458</u>	<u>248,537</u>	<u>266,494</u>
By geographical destination:				
United Kingdom			193,278	213,269
Outwith the United Kingdom			55,259	53,225
			<u>248,537</u>	<u>266,494</u>
By geographical origin:				
United Kingdom			202,595	219,921
Outwith the United Kingdom			45,942	46,573
			<u>248,537</u>	<u>266,494</u>

The discontinued operations related to VIDA Sports Limited, Short Sided Soccer Limited and the event catering division of Le Bistro Catering Limited.

3. Operating profit

Operating profit is stated after charging / (crediting) the following:

	2004 Continuing £'000	2004 Discontinued £'000	2004 Total £'000	2003 All Continuing £'000
(a) Cost of sales	<u>194,690</u>	<u>892</u>	<u>195,582</u>	<u>206,542</u>

Operating exceptional items:

As a result of the uncertainty caused by repeated and protracted delays in the approval of planning permission for the mining operations at Kingdom Park, the Group incurred significant additional costs in the year. The directors believe that these costs meet the definition of exceptional costs included within Financial Reporting Standard 3 and have therefore shown the costs separately on the face of the profit and loss account. Details of the exceptional costs included in cost of sales are as follows:

	2004 £'000	2003 £'000
Coal purchases	1,236	-
Staff costs	746	-
Depreciation of plant and machinery	681	-
	<u>2,663</u>	<u>-</u>

	2004 Continuing £'000	2004 Discontinued £'000	2004 Total £'000	2003 All Continuing £'000
(b) Other operating expenses (net)				
Distribution costs	13,197	-	13,197	11,759
Administrative expenses	28,190	2,733	30,923	27,970
	<u>41,387</u>	<u>2,733</u>	<u>44,120</u>	<u>39,729</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

3. Operating profit (continued)

	2004	2003
	£'000	£'000
(c) Miscellaneous		
Depreciation and amounts written off tangible fixed assets		
- owned assets	4,131	4,034
- held under finance leases and hire purchase contracts	2,832	3,472
Amortisation of goodwill and other intangible fixed assets	580	395
Goodwill reversal on disposal of properties	495	13
Operating lease rentals		
- property	620	548
- other	1,216	912
Auditors' remuneration		
- audit services	222	230
- non-audit services	6	10
Loss/(profit) on sale of tangible fixed assets	261	(102)
Write off of goodwill on acquisition of subsidiary	904	-
Gain on sale of investments	-	(12)
Impairment reversal of investment property	-	(336)
	<hr/>	<hr/>
(d) Exceptional item: write down of loan notes	-	7,645
	<hr/>	<hr/>

The write down of the loan notes in the year to 31 January 2003 relates to the Group's loan notes due from Murray Sports Limited, a related party by virtue of common control.

4. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after the following:

	2004	2003
	£'000	£'000
(a) Exceptional items: write down of investment		
The exceptional item in the year ended 31 January 2003 relates to the creation of a provision against the Group's investment in the ordinary share capital of Murray Sports Limited, a related party by virtue of common control.	-	4,217
	<hr/>	<hr/>
(b) Investment income		
Income from fixed asset investments	-	16
Interest receivable and similar income	446	110
	<hr/>	<hr/>
	446	126
(c) Interest payable and similar charges		
Bank loans and overdrafts	10,682	10,370
Finance leases and hire purchase contracts	495	771
Other loans	61	78
	<hr/>	<hr/>
	11,238	11,219
Interest capitalised on development properties	(274)	(424)
	<hr/>	<hr/>
	10,964	10,795
	<hr/>	<hr/>

Interest capitalised is based on normal commercial rates.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

5. Staff costs	2004	2003
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	28,234	22,991
Social security costs	2,585	2,014
Pension costs	1,419	2,914
Contributions to remuneration trust	2,951	2,721
	35,189	30,640
<p>The 'Murray Group Management Limited Remuneration Trust', was established as an independently administered trust, to provide incentives to certain employees. Contributions to the Trust are charged to the Group profit and loss account in the year incurred.</p>		
<p>The average monthly number of employees during the year, including executive directors, was as follows:</p>		
	2004	2003
	Number	Number
Production and sales	2,632	1,639
Administration	285	300
	2,917	1,939
<p>Directors' remuneration during the year amounted to:</p>		
	2004	2003
	£'000	£'000
Fees	107	129
Emoluments	1,358	1,392
Contributions to money purchase pension schemes	556	2,129
	2,021	3,650
<p>The directors' remuneration shown above included the following in respect of the highest paid director:</p>		
	2004	2003
	£'000	£'000
Emoluments	663	776
Contributions to money purchase pension schemes	240	1,823
	903	2,599
<p>The number of directors who were members of pension schemes was as follows:</p>		
	2004	2003
	Number	Number
Money purchase schemes	5	4
<hr/>		
6. Tax on profit/(loss) on ordinary activities	2004	2003
	£'000	£'000
Current tax:		
UK corporation tax	73	816
Overseas tax	727	694
Double tax relief	-	(87)
	800	1,423
Adjustments in respect of prior years - UK corporation tax	(136)	(75)
Adjustments in respect of prior years - foreign tax	-	(50)
Total current tax charge	664	1,298
Deferred tax:		
Origination and reversal of timing differences	(65)	501
Decrease in estimate of recoverable deferred tax asset	866	276
Total deferred tax charge (note 16)	801	777
Share of joint ventures' tax credit	(112)	(71)
Total tax charge on profit/(loss) on ordinary activities	1,353	2,004

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

6. Tax on profit/(loss) on ordinary activities (continued)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2004	2003
	£'000	£'000
Profit/(loss) on ordinary activities before tax	18,005	(2,383)
Add: share of joint ventures' loss before tax	<u>277</u>	<u>75</u>
Group profit/(loss) on ordinary activities before tax	18,282	(2,308)
Tax on Group profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2003 - 30%)	5,485	(692)
Effects of:		
Expenses not deductible for tax purposes	3,022	16,998
Capital allowances in excess of depreciation	(2,184)	(397)
Utilisation of tax losses	(1,645)	(779)
Capital gains	5,473	1,447
Adjustments for long accounting periods/acquisitions	60	8
Adjustments to tax charge in respect of previous periods	(136)	(125)
Adjustments for overseas tax	(34)	45
Double tax relief	-	(87)
Dividends from UK companies	-	(5)
Short term timing differences	(334)	659
Non taxable income	(9,034)	(15,774)
Corporate venturing scheme relief	(9)	-
Group current tax charge for year	664	1,298

The Group earns its profits primarily in the UK, therefore the tax rate used for tax on profit/(loss) on ordinary activities is the standard rate for UK corporation tax, currently 30%.

7. Dividends paid and proposed

	2004	2003
	£'000	£'000
Non-equity shares:		
Interim dividend proposed of 5.9p (2003 - 7.5p) per share	883	1,125
Equity share:	2004	2003
	£'000	£'000
Final dividend proposed of 34.2p (2003 - 20.5p) per share	4,216	1,180

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

8. Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

	2004 £'000	2003 £'000
Group		
Land and buildings		
Freehold	38,427	35,986
Leasehold	2,907	12,339
Development properties	31,174	15,561
Investment properties	126,321	90,313
Plant, equipment & vehicles	19,252	21,912
Assets in the course of construction	-	699
	218,081	176,810

The movement in the year was as follows:

Group	Land and buildings				Plant & vehicles £'000	Assets in the course of construction £'000	Total £'000
	Freehold £'000	Leasehold £'000	Development properties £'000	Investment properties £'000			
Cost or valuation:							
At 31 January 2003	37,777	13,089	15,561	90,313	45,286	699	202,725
Additions	2,818	3,287	30,269	76,859	4,841	-	118,074
Revaluations	-	-	-	1,101	-	-	1,101
Transfers	186	-	(4,127)	3,941	-	-	-
Disposals	(192)	(12,559)	(10,529)	(45,893)	(4,059)	(699)	(73,931)
Exchange adjustments	(27)	-	-	-	(67)	-	(94)
At 31 January 2004	40,562	3,817	31,174	126,321	46,001	-	247,875
Depreciation:							
At 31 January 2003	1,791	750	-	-	23,374	-	25,915
Charge for the year:							
- owned assets	353	597	-	-	3,181	-	4,131
- HP/leased assets	-	-	-	-	2,832	-	2,832
Disposals	-	(437)	-	-	(2,577)	-	(3,014)
Exchange adjustments	(9)	-	-	-	(61)	-	(70)
At 31 January 2004	2,135	910	-	-	26,749	-	29,794
Net book value at 31 January 2004	38,427	2,907	31,174	126,321	19,252	-	218,081
Net book value at 31 January 2003	35,986	12,339	15,561	90,313	21,912	699	176,810
Leased assets included in the above:							
Net book value at 31 January 2004	-	-	-	-	8,956	-	8,956
Net book value at 31 January 2003	-	-	-	-	13,813	-	13,813

Leasehold land and buildings are shown at cost. The net book value of leasehold interests consists wholly of short leases.

Investment properties, the majority of which are all freehold, were valued on an open market existing use basis, by the directors as at 31 January 2004. In accordance with SSAP19, the investment properties are not depreciated. The valuation was undertaken by an officer of the Group who is a qualified chartered surveyor. The valuation was made in full compliance with RICS Appraisal and Valuation Manual. Prior to acquisition, all investment properties are externally valued.

The historical cost of investment properties at the year end was £124,301,000 (2003 - £89,394,000).

Cumulative interest capitalised included in the cost of the development properties leasehold land and buildings amounts to £1,365,000 (2003 - £1,501,000).

The Company has no tangible fixed assets (2003 - £nil).

Land and buildings, plant and equipment and assets in the course of construction are shown at cost or valuation as detailed below:

	2004		Land and buildings £'000	2003 Plant equipment and vehicles £'000	Assets in the course of construction £'000
	Land and buildings £'000	Plant equipment and vehicles £'000			
Professionally valued	126,321	-	90,253	-	-
At cost	75,553	46,001	66,487	45,286	699
Cost or valuation at 31 January	201,874	46,001	156,740	45,286	699

It is not possible to quantify the original cost and aggregate depreciation based on cost.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

9. Intangible fixed assets

The following are included in the net book value of intangible fixed assets:

	Group 2004 £'000	Group 2003 £'000
Consolidation goodwill	3,201	3,150
Other intangible fixed assets	1,419	1,455
	4,620	4,605

The movement in the year was as follows:

	Consolidation goodwill £'000	Other intangible fixed assets £'000	Total £'000
Cost:			
At 31 January 2003	7,294	1,633	8,927
Additions	737	267	1,004
Disposals	(408)	(216)	(624)
Exchange adjustments	-	21	21
At 31 January 2004	7,623	1,705	9,328
Amortisation:			
At 31 January 2003	4,144	178	4,322
Charge for the year	307	273	580
Disposals	(29)	(184)	(213)
Exchange adjustments	-	19	19
At 31 January 2004	4,422	286	4,708
Net book value at 31 January 2004	3,201	1,419	4,620
Net book value at 31 January 2003	3,150	1,455	4,605

Other intangible fixed assets represent software development costs, licence costs and site development costs. The Company has no intangible fixed assets (2003 - £nil).

10. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Subsidiary undertakings	-	-	1,485	1,485
Joint ventures	3,414	1,118	-	-
Other investments	7,362	6,334	-	-
	10,776	7,452	1,485	1,485

The movement in the year was as follows:

	Group Joint ventures £'000	Group Other investments £'000	Company Subsidiary undertakings £'000
Cost:			
At 31 January 2003	1,118	10,551	1,485
Additions	3,732	1,028	-
Repayment of loan	(37)	-	-
Disposals	(1,235)	-	-
Share of retained loss for the year	(164)	-	-
At 31 January 2004	3,414	11,579	1,485
Provision for impairment: Amounts written off at 31 January 2004 and 2003	-	(4,217)	-
Net book value at 31 January 2004	3,414	7,362	1,485
Net book value at 31 January 2003	1,118	6,334	1,485

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

10. Fixed asset investments (continued)

Subsidiary undertakings:

The principal trading subsidiary undertakings of the Company at 31 January 2004 were as follows:

	Country of incorporation	Principal activity	Percentage control by Group at 31 January 2004
Murray Group Management Limited	United Kingdom	Management services	100
Murray International Metals Limited	United Kingdom	Steel stockholding and trading	90
Austin Trumanns Steel Limited	United Kingdom	Steel stockholding and trading	100
Austin Trumanns Ireland Limited	United Kingdom	Steel stockholding and trading	100
Austin Trumanns Scotland Limited	United Kingdom	Steel stockholding and trading	100
Premier Alloys Limited	United Kingdom	Metal stockholding and trading	90
Northern Steel Stocks Limited	United Kingdom	Steel trading	100
Forth Steel Limited	United Kingdom	Metal processing	93
Multi Metals Limited	United Kingdom	Metal stockholding and processing	100
The Premier Property Group Limited	United Kingdom	Property development and investment	100
PPG Metro Limited	United Kingdom	Property investment	52
PPG Land Limited	United Kingdom	Property development and investment	95
G M Mining Limited	United Kingdom	Opencast mining	60
Eden Waste Recycling Limited	United Kingdom	Waste recycling	57
Charlotte Ventures Limited	United Kingdom	Corporate finance and private investment	100
Response Handling Limited	United Kingdom	Contact centre	95
Azure Support Services Limited	United Kingdom	Catering services	70
Le Bistro Catering Limited	United Kingdom	Catering services	70
Carnegie Information Systems Limited	United Kingdom	IT consultancy and related services	95
November Leisure Limited	United Kingdom	Food and beverage outlets	100

All of the above companies are held indirectly through subsidiary undertakings.

Percentage control is gained through the holding of ordinary share capital in each of the principal subsidiaries.

Acquisition of subsidiary undertakings:

On 23 September 2003 the Group acquired the remaining 50% of the ordinary share capital of Take Two Developments Limited. The fair value of the net liabilities acquired was not materially different from book value. The net liabilities acquired and related purchase consideration are as follows:

	£'000
Tangible assets	20,822
Current assets	284
Creditors due within one year	(21,340)
Net liabilities acquired	(234)
Goodwill on acquisition	904
Legal and professional fees incurred in connection with the purchase	(20)
Purchase consideration	650

The purchase consideration was satisfied by cash.

Net cash outflows in respect of the purchase were:

Cash consideration	(650)
Bank overdraft acquired	(20,953)
	(21,603)

Take Two Developments Limited's result for the year ended 29 March 2003 was a loss after taxation of £380,000. The loss after taxation for the period from 30 March 2003 to the date of acquisition was £441,000.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

10. Fixed asset investments (continued)

Disposal of subsidiary undertakings:

(a) On 21 November 2003, the Group sold its 92% investment in the ordinary share capital of VIDA Sports Limited and Short Sided Soccer Limited. The loss of these companies up to the date of disposal was £164,000 (2003 - £635,000).

Net liabilities disposed of and the related sales proceeds were as follows:	£'000
Tangible assets	13,016
Current assets	4,485
Creditors	(18,175)
Provisions for liabilities and charges	(336)
Net liabilities	(1,010)
Minority interest disposed of	(88)
Professional fees incurred in connection with the disposal	236
Profit on sale	2,840
Sales proceeds	1,978
Satisfied by cash	1,978
Net cash inflow in respect of the sale comprised:	
Cash consideration	1,978
Cash at bank and in hand disposed	(248)
Bank overdraft disposed	14,613
	16,343

(b) On 12 December 2003, the Group disposed of the whole of its interest, being 78.75%, in the ordinary share capital of PPG Kingsgate Limited for a total consideration of £10,317,000. On 28 January 2004 the Group re-acquired 78.75% of the ordinary share capital of PPG Kingsgate Limited which had changed its name to Kingsgate (Dunfermline) Limited in the intervening period. The fair value of the net assets acquired was not materially different from book value. The net assets acquired and related purchase consideration are as follows:

	£'000
Current assets	13,208
Creditors due within one year	(29)
Creditors due after more than one year	(282)
Net assets acquired	12,897
Minority interests acquired	(2,741)
Goodwill on acquisition	165
Purchase consideration	10,321

There was no net cash outflow in respect of the acquisition as the purchase consideration was settled by the assumption of a debt due to Kingsgate (Dunfermline) Limited by the seller.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

10. Fixed asset investments (continued)

(c) On 10 July 2003 the Group disposed of 25% of the ordinary share capital of PPG (Lothian) Limited for a total consideration of £12,500,000, giving rise to a profit on disposal of £10,307,000. The profit after tax of PPG (Lothian) Limited up to the date of disposal was £12,000 and for its last financial year was £2,681,000. Net assets on the date of disposal were £5,000,000.

Associated undertakings and joint ventures:

The joint ventures of the Group at 31 January 2004 were as follows:

	Percentage of ordinary shares held at 31 January 2004
PPG (Lothian) Limited*	50
Port Royal Golf Limited**	50
Premier Burrell Limited**	50

* Held indirectly through subsidiary undertaking.

** Held indirectly through joint venture undertaking.

The principal activity of PPG (Lothian) Limited and Premier Burrell Limited is property development. The principal activity of Port Royal Golf Limited is the operation of leisure facilities. Included within the Group's investment in these companies are loans of £506,000 (2003 - £543,000) and goodwill of £596,000 (2003 - £480,000). Goodwill in respect of such project-specific joint ventures is not amortised, but is subject to annual impairment reviews.

The following information is given in respect of the Group's share of all joint ventures and associates:	2004	2003
	£'000	£'000
Gross assets	6,769	11,433
Gross liabilities	(4,390)	(11,342)
Net assets	<u>2,379</u>	<u>91</u>

Other investments:

Included in other investments is a debenture with a par value of \$1,000,000. The debenture matures on 30 June 2022 on which date it will be redeemed and carries a normal annual credit of \$120,000, which is restricted to \$20,000 until 31 December 2005.

Other investments also includes 1,424,947 10p ordinary shares in Murray Sports Limited, representing 7.2% of the issued share capital of that company. These shares were acquired on 31 March 2000 for a total consideration of £9,299,320. In the year to 31 January 2003 a provision against the investment of £4,217,000 was made. The impairment of the investment was determined in accordance with Financial Reporting Standard 11 : Impairment of fixed assets and goodwill to ensure that the assets were stated at no more than their recoverable amounts, being the higher of net realisable value and value in use. The impairment restates the assets to value in use and was determined using a discount rate of 6.6%. Also included are 204,000 shares in The Rangers Football Club plc purchased for a total consideration of £314,000. Murray Sports Limited and The Rangers Football Club plc are related parties by virtue of common control.

11. Stocks

	Group	Group
	2004	2003
	£'000	£'000
Goods for resale	32,906	32,756
Raw materials	1,544	1,870
Work in progress	274	408
Long-term contract balances	<u>286</u>	<u>914</u>
	<u>35,010</u>	<u>35,948</u>

In the opinion of the directors the replacement cost of stocks is not materially different from their balance sheet value.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

12. Debtors	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Amounts falling due within one year:				
Trade debtors	48,107	44,672	-	-
Amounts owed by subsidiary undertakings	-	-	10,034	696
Amounts owed by joint venture undertakings	4,020	-	-	-
Amounts owed by related parties	9,646	8,686	-	-
UK corporation tax recoverable	255	8	-	-
UK income tax recoverable	-	15	-	-
VAT recoverable	159	302	-	-
Overseas tax recoverable	-	162	-	-
Other debtors	9,738	3,038	120	-
Amounts recoverable on contracts	59	423	-	-
Prepayments and accrued income	3,364	4,052	-	151
	75,348	61,358	10,154	847
Amounts falling due after more than one year:				
Loan notes	52,958	52,958	-	-
Other debtors	224	289	-	-
Prepayments and accrued income	-	10	-	-
Deferred tax asset (note 16)	1,443	1,945	-	-
	54,625	55,202	-	-
	129,973	116,560	10,154	847

The loan notes were issued by Murray Sports Limited, a related party by virtue of common control. The loan notes are due for payment in the event of a sale of all or substantially all of the shares, assets or businesses of RFC Investment Holdings Limited and/or subsidiaries. Interest is payable at commercial rates, only in the event that Murray Sports Limited has sufficient accumulated distributable profits. In the year to 31 January 2003 a provision against the loan notes of £7,645,000 was made.

13. Current asset investments	Group 2004 £'000	Group 2003 £'000
Shares listed on UK stock exchange	5,936	-
Other current asset investments	40	40
	5,976	40

The market value of the shares listed on the UK stock exchange as at 31 January 2004 is £5,936,000 (2003 - £nil). The shares have been marked to market at 31 January 2004. The historical cost of the listed shares is £5,816,000.

14. Creditors: Amounts falling due within one year	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank overdrafts (secured)	65,431	83,224	-	-
Bank loans (secured)	1,542	996	-	-
Trade creditors	38,895	36,939	-	-
Finance lease and hire purchase obligations	2,870	3,648	-	-
Loan notes	70	5,111	-	-
Amounts owed to subsidiary undertakings	-	-	-	1,221
Amounts owed to related parties	32	-	-	-
Overseas tax payable	90	88	-	-
Other taxes and social security	1,444	670	-	-
VAT payable	2,368	2,623	-	-
Other creditors	2,989	2,268	-	-
Accruals and deferred income	12,463	12,604	-	-
Dividends payable				
- equity shareholders	4,216	1,180	4,216	-
- non-equity shareholders	883	1,125	883	1,125
	133,293	150,476	5,099	2,346

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

14. Creditors: Amounts falling due within one year (continued)

Security for the bank loan and overdraft facilities extended to the Group comprises:

- (a) fixed securities on certain properties and
- (b) bonds and floating charges or debentures on the assets of the Company and certain of its subsidiary undertakings together with cross guarantees given by certain of those companies.

Bank loans bear interest at commercial rates.

15. Creditors: Amounts falling due after more than one year

	Group 2004 £'000	Group 2003 £'000
Finance lease and hire purchase obligations	2,445	4,302
Bank loans and overdrafts	164,285	95,987
Loan notes	1,780	185
Deferred purchase consideration	4,000	4,000
	172,510	104,474

The deferred purchase consideration arose on the purchase of an investment property, in a prior period. This outstanding consideration is not payable by the Group before 23 November 2006 unless the current tenants vacate the property earlier in which case, the deferred payment becomes due. Payment may be deferred further, at the Group's option, subject to certain terms and conditions.

Loan notes are repayable at par no later than 31 December 2006 and bear interest at commercial rates.

Repayments on total borrowings are due as follows:

	Group 2004 £'000	Group 2003 £'000
Bank loans		
On demand or within 1 year	1,542	996
Between 1 and 2 years	73,508	9,993
Between 2 and 5 years	21,681	65,658
After 5 years	69,096	20,336
	165,827	96,983
Loan notes		
On demand or within 1 year	70	5,111
Between 2 and 5 years	1,780	185
	1,850	5,296
Finance leases and hire purchase obligations		
On demand or within 1 year	2,870	3,648
Between 1 and 2 years	1,664	2,614
Between 2 and 5 years	781	1,688
	5,315	7,950
Deferred purchase consideration		
Between 1 and 2 years	4,000	4,000
	4,000	4,000
Total borrowings		
On demand or within 1 year	69,913	92,979
Between 1 and 2 years	79,172	16,607
Between 2 and 5 years	24,242	67,531
After 5 years	69,096	20,336
	242,423	197,453

Borrowings repayable after 5 or more years of £69,096,000 are repayable by 31 July 2009 or earlier dependent on the disposal of certain investment properties.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

16. Provisions for liabilities and charges (continued)

	Group 2004 £'000	Group 2003 £'000
Provisions comprise:		
Deferred taxation	-	-
Other provisions	591	591
	591	591

Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that the liability will be realised.

Other provisions relate to land restoration for opencast mining. It is expected that this expenditure will be incurred within approximately 3 years.

The movement on provisions during the year comprises:

	Deferred taxation		Other provisions	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Beginning of year	(1,945)	(2,757)	591	563
Charged to profit and loss account	801	777	-	28
Disposals of subsidiaries	(299)	-	-	-
Adjustment in respect of acquisition of subsidiary undertaking	-	35	-	-
	(1,443)	(1,945)	591	591

There is an unprovided deferred tax asset of £4,501,000 (2003 – £5,127,000).

The retained earnings of certain foreign subsidiary undertakings would be subject to additional taxation if distributed. In the opinion of the directors these retained earnings are required to finance the continuing operations of these subsidiary undertakings and accordingly, no provision for additional taxation has been made.

	2004 £'000	2003 £'000
Deferred tax is provided as follows:		
Group		
Accelerated capital allowances	217	783
Other timing differences	(264)	(138)
Tax losses available	(1,396)	(2,590)
	(1,443)	(1,945)
Transferred to debtors (note 12)	1,443	1,945
Provision for deferred tax	-	-

17. Called-up share capital

	2004 £'000	2003 £'000
Authorised:		
15,000,000 ordinary shares of 10p each - equity	1,500	1,500
15,000,000 5.125% cumulative redeemable preference shares of £1 each - non-equity	15,000	15,000
	16,500	16,500
Issued and fully paid:		
14,634,839 (2003 - 14,710,865) ordinary shares of 10p each - equity	1,464	1,471
15,000,000 5.125% cumulative redeemable preference shares of £1 each - non-equity	15,000	15,000
	16,464	16,471

Further to the shareholders' resolution on 9 April 2003, the Company purchased 76,206 ordinary shares with a nominal value of £7,603 and representing 0.52% of the Company's ordinary share capital for £878,000.

On 29 May 2003, the dividend on the cumulative redeemable preference shares changed from 7.5% to 5.125%.

The cumulative redeemable preference shares are redeemable on 31 January 2011 and have no voting rights.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

18. Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or non-distributable:

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Distributable				
Profit and loss account	36,494	23,030	5,120	601
Translation reserve	(1,843)	(937)	-	-
Non-distributable				
Consolidation reserve	5,032	5,032	-	-
Investment property revaluation reserve	2,020	919	-	-
Share premium account	19,868	19,868	-	-
Capital redemption reserve	15,022	15,015	22	15
	76,593	62,927	5,142	616

The movement during the year on distributable reserves was as follows:

	Group Profit and loss account £'000	Group Translation reserve £'000	Company Profit and loss account £'000
At 31 January 2003	23,030	(937)	601
Profit for the year	12,805	-	5,397
Purchase of ordinary shares	(878)	-	(878)
Goodwill reversal on disposals	495	-	-
Transfer to minority interest	(110)	-	-
Realisation of surplus on investment property	1,265	-	-
Movement on disposal of investment in subsidiary	25	-	-
Movement on disposal of subsidiary	(150)	-	-
Exchange adjustment	12	(906)	-
At 31 January 2004	36,494	(1,843)	5,120

The movement during the year on non-distributable reserves was as follows:

	Group Consolidation reserve £'000	Group Revaluation reserve £'000	Group Share premium account £'000	Group Capital redemption reserve £'000	Company Capital redemption reserve £'000
At 31 January 2003	5,032	919	19,868	15,015	15
Transfer from profit and loss account on purchase of ordinary shares	-	-	-	7	7
Unrealised surplus on revaluation of investment property	-	1,101	-	-	-
At 31 January 2004	5,032	2,020	19,868	15,022	22

The cumulative amount of goodwill written off directly to Group reserves is £5,170,000 (2003 - £5,170,000). The cumulative amount of negative goodwill added to Group reserves is £7,270,000 (2003 - £7,270,000).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

19. Reconciliation of movement in shareholders' funds

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Total recognised gains and losses relating to the year	18,099	(7,676)	10,496	580
Dividends to non-equity shareholders	(883)	(1,125)	(883)	(1,125)
Dividends to equity shareholders	(4,216)	(1,180)	(4,216)	(1,180)
Purchase of ordinary shares	(878)	-	(878)	-
Reserve movements allocated to minority interests	(110)	244	-	-
Goodwill reversal on disposals	495	13	-	-
Exchange movements	12	-	-	-
Realisation of surplus on investment property	1,265	-	-	-
Movement on disposal of investment in subsidiary	25	-	-	-
Movement on disposal of subsidiary	(150)	-	-	-
Exchange loss on share buy back	-	(188)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Movement in shareholders' funds	13,659	(9,912)	4,519	(1,725)
Opening shareholders' funds	79,398	89,310	17,087	18,812
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	93,057	79,398	21,606	17,087
	<hr/>	<hr/>	<hr/>	<hr/>
Represented by:				
Equity interests	78,057	64,398	6,606	2,087
Non-equity interests	15,000	15,000	15,000	15,000
	<hr/>	<hr/>	<hr/>	<hr/>
	93,057	79,398	21,606	17,087
	<hr/>	<hr/>	<hr/>	<hr/>

20. Minority interests

	Equity interests £'000
At 31 January 2003	9,648
Share of loss on ordinary activities after tax	(1,252)
Dividends paid or payable	(1,717)
Minorities disposed	71
Goodwill on acquisition	(44)
Goodwill reversal on disposal	85
Share of other reserve movements	566
Exchange movement	8
	<hr/>
At 31 January 2004	7,365
	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

21. Analysis of cash flows

	Group 2004 £'000	Group 2003 £'000
(a) Returns on investments and servicing of finance		
Interest received	75	21
Interest paid	(10,235)	(9,589)
Interest element of finance lease and hire purchase rentals	(495)	(771)
Dividends received	-	16
Preference dividend paid	(1,125)	(2,250)
Dividends paid to minority interests	(1,717)	(432)
Net cash outflow	<u>(13,497)</u>	<u>(13,005)</u>
(b) Taxation		
UK corporation tax paid	(184)	(933)
Overseas tax paid	(563)	(875)
Net cash outflow	<u>(747)</u>	<u>(1,808)</u>
(c) Capital expenditure and financial investment		
Purchase of intangible fixed assets	(839)	(641)
Purchase of tangible fixed assets	(96,454)	(39,870)
Purchase of investments	(1,008)	(98)
Repayment of loan by joint venture	37	42
Sale of tangible fixed assets	57,478	46,122
Sale of investments	-	261
Net cash (outflow) / inflow	<u>(40,786)</u>	<u>5,816</u>
(d) Acquisitions and disposals		
Purchase of associated undertakings	(670)	-
Purchase of subsidiary undertakings	(524)	(526)
Sale of subsidiary undertakings	24,059	-
Cash balances (disposed) / acquired	(248)	3
Overdraft balances acquired	(5,795)	(882)
Net cash inflow / (outflow)	<u>16,822</u>	<u>(1,405)</u>
(e) Equity dividends paid	<u>(1,180)</u>	<u>(7,875)</u>
(f) Management of liquid resources		
Purchase of current asset investments	<u>(5,936)</u>	<u>-</u>
(g) Financing		
Purchase of ordinary shares	(878)	-
Repayment of borrowings	(38,096)	(24,061)
Capital element of finance lease and hire purchase rental payments	(3,373)	(6,066)
New bank borrowings	46,940	796
Loan notes (repaid) / issued	(3,446)	942
Net cash inflow / (outflow)	<u>1,147</u>	<u>(28,389)</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

22. Analysis of changes in net debt

	Start of year £'000	Cash flow £'000	Acquisitions and disposals £'000	Other non-cash changes £'000	End of year £'000
Cash at bank and in hand	3,172	(544)	(248)	-	2,380
Bank overdrafts	(83,224)	(36,412)	(5,795)	-	(125,431)
	(80,052)	(36,956)	(6,043)	-	(123,051)
Debt due after more than 1 year	(96,172)	(9,893)	-	-	(106,065)
Debt due within 1 year	(6,107)	4,495	-	-	(1,612)
Finance leases	(7,950)	3,373	60	(798)	(5,315)
Current asset investments	40	5,936	-	-	5,976
Net debt	(190,241)	(33,045)	(5,983)	(798)	(230,067)

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £798,000 (2003 - £2,738,000).

23. Contingent liabilities, guarantees and other financial commitments

Contingent liabilities and guarantees:

- (a) The Company has guaranteed bank borrowings of subsidiary and associated undertakings which at 31 January 2004 amounted to £140,093,082 (2003 - £139,894,000).
- (b) The Group have made counter indemnities in favour of its bankers, Bank of Scotland, up to a sum of £4,908,000 (2003 - £4,114,000) in respect of guarantees provided by the bank in favour of local councils and the Coal Authority as a condition of a subsidiary undertaking obtaining a licence to engage in opencast mining operations and fulfilling its obligations under this licence.
- (c) The Group enters into contracts in the normal course of business where a performance bond or parent company guarantee is a condition of the contract.

Financial commitments:

- (a) Operating leases

The Group is committed to the following minimum annual rentals under operating leases:

	Group 2004 £'000	Group 2003 £'000
Operating leases which expire:		
Property		
- within 1 year	293	286
- within 2-5 years	415	443
- after 5 years	428	449
	1,136	1,178
Other		
- within 1 year	70	208
- within 2-5 years	416	278
- after 5 years	71	47
	557	533
(b) Capital commitments		
Contracted but not provided for	4,402	3,828

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

23. Contingent liabilities, guarantees and other financial commitments (continued)

(c) Pension commitments

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the estimated average remaining working life of scheme members. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial valuation was at 1 October 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in pensionable salaries. It was assumed that the investment returns would be 9% per annum and that pensionable salary increases would average 4% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £5,786,000 and that the actuarial value of those assets, on a discounted income basis, represented 85% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This deficit will be eliminated over the average remaining service life of the current active members. The contributions of the Group and employees amount to 15% of earnings.

The Group also operates defined contributions schemes with regard to certain employees under which all benefits are restricted to the funds available. The assets of the scheme are held independently of the Group by insurance companies. All contributions are charged to the profit and loss account in the month in which they are incurred. Contributions to defined contribution schemes in the year to 31 January 2004 were £792,000 (2003 - £2,171,000).

The pension cost for the year in respect of all pension schemes operated by the Group is shown in note 5.

(d) Additional Financial Reporting Standard 17 pension disclosures

Disclosures regarding the Group's defined benefit pension scheme are required under the transitional provisions of Financial Reporting Standard 17 - 'Retirement Benefits' and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of the Financial Reporting Standard in the year ended 31 January 2005.

The actuarial valuation described above has been updated at 31 January 2004 by a qualified actuary using revised assumptions that are consistent with the requirements of Financial Reporting Standard 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for the actuarial valuation were:

Assumptions	As at 31 Jan 2004 %	As at 31 Jan 2003 %	As at 31 Jan 2002 %
Rate of increase in salaries	4.0	4.0	4.0
Rate of increase in pensions in payment	2.5	2.5	2.5
Rate of revaluation of deferred pensions in excess of guaranteed minimum pension	2.5	2.5	2.5
Discount rate	5.5	5.4	5.6
Inflation assumption	2.5	2.5	2.5

The assets in the scheme and expected return were as follows:

	Long term rate of return expected at 31 Jan 2004 %	Value at 31 Jan 2004 £'000	Long term rate of return expected at 31 Jan 2003 %	Value at 31 Jan 2003 £'000	Long term rate of return expected at 31 Jan 2002 %	Value at 31 Jan 2002 £'000
Equities	7.50	7,080	7.50	4,758	7.50	5,659
Bonds	5.25	774	5.25	876	5.25	1,149
Other	4.50	264	4.50	330	4.50	525
Property	7.50	97	7.50	280	7.50	-
Total market value of assets		8,215		6,244		7,333
Present value of scheme's liabilities		(13,807)		(12,642)		(10,748)
Liability in scheme		(5,592)		(6,398)		(3,415)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

23. Contingent liabilities, guarantees and other financial commitments (continued)

(c) Pension commitments (continued)

Analysis of the amount that would have been charged to operating profit under Financial Reporting Standard 17

	Year ending 31 Jan 2004 £'000	Year ending 31 Jan 2003 £'000
Current service cost	707	645
Loss on settlements and curtailments	-	(77)
	707	568

Analysis of the amount that would have been credited to net finance income under Financial Reporting Standard 17

	Year ending 31 Jan 2004 £'000	Year ending 31 Jan 2003 £'000
Expected return on pension scheme assets	461	534
Interest on pension scheme liabilities	(693)	(609)
	(232)	(75)

Analysis on the actuarial loss that would have been recognised in the statement of total recognised gains and losses

	Year ending 31 Jan 2004 £'000	Year ending 31 Jan 2003 £'000
Actual return less expected return on pension scheme assets	791	(2,400)
Experience gains and losses arising on the scheme liabilities	(233)	75
Changes in assumptions underlying the present value of the scheme liabilities	560	(758)
	1,118	(3,083)

Movement in deficit during the year

	£'000	£'000
Deficit in scheme at 31 Jan 2003	(6,398)	(3,415)
Movement in the year:		
Current service cost	(707)	(645)
Contributions	627	743
Gains and losses on any settlement or curtailments	-	(75)
Other finance income	(232)	77
Actuarial loss	1,118	(3,083)
Deficit in scheme at 31 Jan 2004	(5,592)	(6,398)

The analysis of reserves that would have arisen if Financial Reporting Standard 17 had been fully implemented is as follows:

	Year ending 31 Jan 2004 £'000	Year ending 31 Jan 2003 £'000
Profit and loss reserves excluding pension liability	36,494	23,030
Amount relating to defined benefit pension scheme liability, net of related deferred tax	(5,592)	(6,398)
	30,902	16,632

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2004 (continued)

23. Contingent liabilities, guarantees and other financial commitments (continued)

(c) Pension commitments (continued)

History of experience gains and losses	Year ending 31 Jan 2004	Year ending 31 Jan 2003
Difference between the expected and actual return on scheme assets:		
Amount (£'000)	791	(2,400)
Percentage of scheme assets	9.6%	38.4%
Experience gains and losses on scheme liabilities:		
Amount (£'000)	(233)	75
Percentage of the present value of scheme liabilities	1.7%	0.6%
Total actuarial gain recognised in the statement of total recognised gains and losses:		
Amount (£'000)	1,118	(3,083)
Percentage of the present value of scheme liabilities	8.1%	24.4%

24. Subsequent events

Subsequent to the year end the Group acquired investment and development properties for a consideration of £40,260,000 and disposed of a development property for £1,887,000.

On 25 March 2004, the Group's Metal Division entered into a management agreement with an option to acquire Apollo Metals Limited. On 3 August 2004, the Group acquired the contact centre arm of Thus Plc. On 21 May 2004, the Group purchased a 30% holding in Alexander Dennis Limited which acquired the bus manufacturing business of Transbus Limited. On 27 August 2004 the Group purchased a 20.2% holding in The Rangers Football Club plc.

25. Related party transactions

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 90% or more controlled within the Group, the Company has not disclosed transactions with its subsidiary undertakings.

Sales of £4,489,000 (2003 - £4,534,000) were made to Murray Sports Limited and subsidiaries, related parties by virtue of common control. Purchases of £296,000 (2003 - £679,000) were made from Murray Sports Limited and subsidiaries. Sales of £nil (2003 - £44,000) were made to New Brannock Limited, a related party by virtue of common control. All transactions with related parties were conducted on an arms length basis. The amounts due from or to Murray Sports Limited and subsidiaries are shown in notes 12 and 14.

26. Controlling party

Mr D.E. Murray and members of his close family control the Company as a result of controlling directly or indirectly 82% of the issued share capital of the Company.

MURRAY

