MURRAY

MURRAY INTERNATIONAL HOLDINGS LIMITED

REPORT AND ACCOUNTS 2000

CONTENTS

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 17 October 2000 at 11.00am to transact the following business:-

1 To receive and consider the accounts for the year ended 31 January 2000 together with the reports of the directors and auditors thereon.

2 To reappoint Arthur Andersen as auditors for the ensuing year and to authorise the directors to fix their remuneration.

3 To ratify the appointment of K.A. Cockburn as a director of the Company.

By Order of the Board
S.Tahir, Secretary, 10 October 2000
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 J.MacDonald, C.A. Sir Angus Grossart, C.B.E., LL.D., D.L. H.Rose, F.C.C.A., A.T.I.I.
SECRETARY	S.Tahir, B.A., LL.B.
REGISTERED OFFICE	9 Charlotte Square, Edinburgh EH2 4DR
AUDITORS	Arthur Andersen, Chartered Accountants, 18 Charlotte Square, Edinburgh EH2 4DF
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

In my last Statement, I reported on a series of inter-related transactions which had concluded towards the end of the previous financial year. These included Bank of Scotland's investment of £20 million to increase its equity stake in the Group; the demerger of Rangers into a separate holding company, Murray Sports; the merger into the Group of The Premier Property Group and the acquisition of a controlling stake in G M Mining. As a result, our efforts during the financial year under review were to a significant extent devoted to ensuring the effective integration of these businesses. In addition, by disposing of our controlling interest in the Pacific Retail Group in February 1999, we ended a relationship with New Zealand's retail sector which spanned more than a decade.

Bearing in mind the amount of management time spent on the effective implementation of these strategic initiatives referred to above, coupled with market conditions prevalent in certain areas of our trading businesses, I am satisfied with the Group's overall performance and direction during the year.

Our metals division continued to find markets in both offshore and onshore sectors difficult and this is reflected in a reduction in divisional turnover and a corresponding reduction in operating profit. In respect of our offshore related businesses (Murray International Metals, Premier Alloys, Forth Steel and Northern Steel Stocks), we predicted last year that the upward trend in oil prices would begin to stimulate offshore investment. While this trend continues to be evident, the time lag leading to new offshore projects has been longer than we anticipated resulting in a lack of activity in Scottish fabrication yards. Indeed, we have revised our forecasts for a European recovery to late in the financial year ending January 2001. As a result, we are concentrating on operations in the Americas and Asia where we are experiencing some increase in activity. We have also turned our attention to new business opportunities spanning a range of European steel-related sectors and anticipate benefits from this diversification in the near future.

Our general steels operation, Austin Trumanns, has seen considerable rationalisation during the year as we continue to operate in an extremely competitive and difficult market. This has included the disposal of one distribution depot and a managed exit from strip products. However, we have expanded our operations in Ireland with the relocation to a £1.5 million purpose-built facility at Newry in April 2000. ATG now has a number of focused business units operating within defined sectors of the general steels market.

Subsequent to the end of the financial year, we disposed of our interest in Multi Metals to the existing management team. This company has increased market share in recent years and as the Group's metals division continues to focus on steel-related markets, we believe that Multi will have a greater ongoing opportunity operating within an independent structure. We wish the management team every success with this venture.

Turning to our property division, I am very pleased with the integration and development of PPG, underpinned by further improvement in net assets and a significant contribution to Group profits.

Operating with a strong and dynamic management team which recently relocated its base to Edinburgh's West End, PPG has an ongoing commercial development programme in Scotland, the North of England and London. Recent growth and the emergence of further opportunities in England led to the opening of an office in Leeds during the early part of the year.

An ongoing site acquisition and development programme based on a prudent risk profile and mixing pre-lets, forward sales, pre-funding agreements and joint ventures will allow PPG to maintain its progress. During the financial year the team also concluded several key disposals including an industrial portfolio, our Baird Road facility in Livingston and Queensway House in Edinburgh. Subsequent to the year end, in joint venture with Bank of Scotland, we acquired the Scottish investment portfolio of P&O. I am confident that this transaction alone will provide our Group with some excellent stock-in-trade for the future. The total value of transactions referred to above together with existing investments and new or ongoing developments approached £150 million.

I am also pleased to report excellent performance during the year from GM Mining. Turnover of £14 million from this business generated a satisfactory profit contribution. In recent years we have invested in excess of £20 million in plant and equipment and currently operate five prime excavating teams at our opencast facility in Drumshangie, Airdrie. Production averages some 50,000 tonnes of coal per month, the majority of which is supplied to power generation companies. We have recently secured rights to new sites and anticipate an increase in production as plant is re-deployed towards higher yielding areas.

The Carnegie Group moves from strength to strength, underpinned during the financial year by a solid profit performance from Response Handling, our contact centre and CSI (NZ), our New Zealand sports and marketing business. In March 1999 I appointed David D Murray to the Carnegie Board and in January 2000 David took over responsibility as Managing Director of this division.

During the year we added to the Carnegie Group's capabilities by acquiring Sign Workshop (now Carnegie Signs), a business based in Airdrie which concentrates on sports stadia signage. In addition, we invested in a consortium to manage and deliver corporate hospitality for the 1999 Rugby World Cup. This venture proved to be highly successful and provided an excellent learning curve for future projects of this nature.

Recognising the growing importance of all aspects of e-commerce, we have diversified into the new media and technology sector and established Carnegie Information Systems. This company will specialise in technology based solutions for the sports and leisure industries.

At Response Handling we have doubled our call handling capacity to almost 500 operators capable of dealing with in excess of 8 million customer contacts annually and by investing over £3 million in the latest internet enabled technology we have ensured that the business is at the leading edge of contact centre capability.

I have referred in previous Statements to my intention to create a Scottish based investment vehicle. Towards the end of the financial year we incorporated Charlotte Ventures, through which we can channel the central corporate team based in Charlotte Square into a focused commercial operation. This company has a mandate to manage not only our existing investments but to consider strategic opportunities where an active role in the encouragement and development of new businesses can be achieved. I am pleased to report that subsequent to the year end, this business has been involved in several exciting projects on which I will report in more detail next year.

In May of this year I was very proud and privileged to host the Millennium Scottish Business Achievement Awards Trust Lunch at Ibrox Stadium. This prestigious event provided an excellent showcase for our Group and I was delighted to have played such a major part in this year's proceedings which raised in excess of £200,000 for the SBAAT charities. This effort was in addition to the many causes supported annually by the Murray Group and in particular, The Murray Foundation which I set up five years ago in order to provide financial and moral support to amputees and their families. The Murray Group currently donates a six figure sum annually to this and other charitable organisations.

During the latter part of 1999, Jim MacDonald, our Group Managing Director, decided it was time to seek fresh challenges. Following twenty-two years as my right hand man, Jim decided to step down from his executive responsibilities at the year end, while agreeing to continue in a non-executive capacity. I pay tribute to the enormous support and valuable advice I have received from Jim over the many years we have worked together and extend to him my very best wishes for the future.

The timing of Jim's announcement allowed the Board to plan for his withdrawal from operational activities and to re-establish our management structure. I have accordingly assumed the role of Group Chief Executive and have appointed Ken Cockburn to the main board to support Ian Tudhope and Donald Wilson, thereby creating an executive management team with focused responsibilities.

We have emerged from a period of significant change in the last year and are well placed for solid growth from all our operating divisions. I am therefore confident about our prospects and excited about the many opportunities that lie ahead. As always I pay tribute to the loyalty and support of all those associated with the success of the Murray Group.

David E Murray
10 October 2000

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2000

The directors have pleasure in submitting their report on the affairs of the Group together with the accounts and auditors' report for the year ended 31 January 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal trading divisions of the Group comprise metals, property, mining and marketing. The Chairman's Statement on pages 4 and 5 incorporates a review of the business.

On 1 February 1999 the Group disposed of its majority interest in Pacific Retail Group Limited.

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 payable 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 2000	31 January 1999
D.E. Murray	12,008,529	12,008,529
J. MacDonald	242,679	242,679
I.B. Tudhope	62,500	62,500
J.D.G. Wilson	62,500	62,500
K.A. Cockburn (appointed 31 January 2000)	Nil	Nil
Sir Angus Grossart	Nil	Nil
H. Rose	Nil	Nil

Subsequent to 31 January 2000 J.MacDonald disposed of 78,004 shares.

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.

CLOSE COMPANY STATUS

The Company is a close company as defined by the Income and Corporation Taxes Act 1988.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

YEAR 2000 COMPLIANCE

The directors are satisfied that appropriate steps were taken to ensure that all the Group's computer systems were upgraded, if necessary, in sufficient time before the Year 2000. They also estimate that the cost of this upgrade did not have a material impact on the Group's resources. No significant problems were encountered.

DIRECTORS' RESPONSIBILITIES

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 and the Group and of the profit or loss of the Group for that period. 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By Order of the Board

S.Tahir
Secretary

9 Charlotte Square,
Edinburgh,
EH2 4DR

10 October 2000

AUDITORS' REPORT

ARTHUR ANDERSEN

To the Shareholders of MURRAY INTERNATIONAL HOLDINGS LIMITED:

We have audited the accounts on pages 9 to 31 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 13 to 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 7, the Company's directors are responsible for the preparation of the accounts, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statue, the Auditing Practices Board and our profession's ethical guidance.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 of 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 of the Group as at 31 January 2000 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ARTHUR ANDERSEN
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

18 Charlotte Square
Edinburgh
EH2 4DF

10 October 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2000

	NOTE	**2000 £'000**	**2000 £'000**	1999 £'000	1999 £'000
TURNOVER					
Continuing operations			**140,276**		189,669
Discontinued operations			**8,475**		148,188
	2		**148,751**		337,857
Cost of sales	3(a)		**(116,936)**		(242,230)
GROSS PROFIT			**31,815**		95,627
Other operating expenses (net)	3(b)		**(25,271)**		(91,626)
OPERATING PROFIT					
Continuing operations		**7,314**		9,134	
Discontinued operations		**(770)**		(5,133)	
			6,544		4,001
Exceptional items	4(a)		**993**		25,163
Amortisation of football player registration fees (net)	4(b)		**–**		(6,062)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			**7,537**		23,102
Investment income	4(c)		**902**		1,001
Interest payable and similar charges	4(d)		**(5,225)**		(6,849)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			**3,214**		17,254
Tax on profit on ordinary activities	6		**(2,213)**		(3,416)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			**1,001**		13,838
Minority interests	20		**(655)**		2,778
PROFIT FOR THE FINANCIAL YEAR			**346**		16,616
Dividends on equity and non-equity shares	7		**(1,125)**		(10,220)
(LOSS) PROFIT TRANSFERRED TO RESERVES			**(779)**		6,396

A statement of movements in reserves is provided in Note 18.

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JANUARY 2000

	2000 £'000	1999 £'000
Profit for the financial year	**346**	16,616
Currency translation adjustments	**42**	(192)
Unrealised surplus on revaluation of property	**–**	1,557
Total recognised gains and losses relating to the year	**388**	17,981
Prior year adjustment*	**–**	14,939
Total gains and losses recognised since last annual report	**388**	32,920

* The prior year adjustment in the year ended 31 January 1999 related to the treatment of football player transfer costs.

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

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 JANUARY 2000

	2000 £'000	1999 £'000
Reported profit on ordinary activities before taxation	**3,214**	17,254
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**–**	20
Historical cost profit on ordinary activities before taxation	**3,214**	17,274
Retained historical cost (loss) profit for the year after taxation, minority interests and dividends	**(779)**	6,409

BALANCE SHEETS
AS AT 31 JANUARY 2000

		Group		Company	
		2000	1999	**2000**	1999
	NOTE	**£'000**	£'000	**£'000**	£'000
FIXED ASSETS					
Tangible assets	8	**53,721**	62,793	**-**	-
Intangible assets	9	**546**	628	**-**	-
Investments	10	**3,710**	1,786	**1,485**	1,485
		57,977	65,207	**1,485**	1,485
CURRENT ASSETS					
Stocks	11	**29,421**	50,701	**-**	-
Debtors: Amounts falling due within one year	12	**31,405**	41,973	**836**	-
Debtors: Amounts falling due after more than one year	12	**60,690**	66,602	**-**	-
Investments	13	**133**	82	**-**	-
Cash at bank and in hand		**10,171**	2,669	**19,807**	15,000
		131,820	162,027	**20,643**	15,000
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	**(66,966)**	(102,741)	**(1,125)**	-
NET CURRENT ASSETS		**64,854**	59,286	**19,518**	15,000
TOTAL ASSETS LESS CURRENT LIABILITIES		**122,831**	124,493	**21,003**	16,485
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	**(30,707)**	(31,411)	**-**	-
PROVISIONS FOR LIABILITIES AND CHARGES	16	**(1,103)**	110	**-**	-
NET ASSETS		**91,021**	93,192	**21,003**	16,485
CAPITAL AND RESERVES					
Called-up share capital	17	**16,485**	16,485	**16,485**	16,485
Consolidation reserve	18	**5,032**	5,032	**-**	-
Revaluation reserve	18	**570**	4,961	**-**	-
Share premium reserve	18	**19,868**	19,895	**-**	-
Capital redemption reserve	18	**15,001**	15,000	**-**	-
Profit and loss account	18	**29,446**	23,806	**4,518**	-
Translation reserve	18	**(100)**	(1,608)	**-**	-
SHAREHOLDERS' FUNDS, including non-equity interests	19	**86,302**	83,571	**21,003**	16,485
MINORITY INTERESTS	20	**4,719**	9,621	**-**	-
TOTAL CAPITAL EMPLOYED		**91,021**	93,192	**21,003**	16,485

Signed on behalf of the Board on 10 October 2000

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

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2000

	NOTE	2000 £'000	1999 £'000
CASH FLOW STATEMENT			
Net cash inflow from operating activities		**27,288**	14,334
Returns on investments and servicing of finance	21(a)	**(4,784)**	(6,330)
Taxation	21(b)	**(2,674)**	(1,423)
Capital expenditure and financial investment	21(c)	**(12,596)**	(28,079)
Acquisitions and disposals	21(d)	**13,352**	16,299
Equity dividends paid		**(1,212)**	(795)
Cash inflow (outflow) before financing		**19,374**	(5,994)
Financing	21(e)	**(11,274)**	1,956
Increase (decrease) in cash during the year		**8,100**	(4,038)

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £'000	1999 £'000
Operating profit	**6,544**	4,001
Depreciation charges	**4,421**	4,877
Original cost of development and investment property disposals	**14,317**	9,569
Amortisation of intangible assets	**96**	226
Profit (loss) on sale of tangible assets	**124**	(445)
Write down in value of investments	**31**	34
Reversal of permanent diminution in property values	**-**	(300)
Profit on sale of operations	**-**	(200)
Release of sponsorship and grant income	**-**	(1,570)
Decrease in stocks	**9,649**	934
Decrease in debtors	**5,209**	8,722
(Increase) decrease in current asset investments	**(51)**	15
Decrease in creditors	**(10,685)**	(12,081)
Release of dilapidations provision	**(3,531)**	-
Increase in land restoration provision	**315**	-
Write back of goodwill on disposal of properties	**961**	552
Other reserve movements	**(112)**	-
Net cash inflow from operating activities	**27,288**	14,334

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 22)

	2000 £'000	1999 £'000
Increase (decrease) in cash in the year	**8,100**	(4,038)
Cash inflow from increase in debt and lease financing	**11,247**	18,044
Change in net debt resulting from cash flows	**19,347**	14,006
New finance leases	**(5,051)**	(637)
Increase (decrease) in current asset investments	**51**	(15)
Debt disposed of with sale of subsidiary undertaking	**316**	8,604
Debt acquired with purchase of subsidiary undertakings	**-**	(9,475)
Translation differences	**-**	(580)
Movement in net debt in the year	**14,663**	11,903
Net debt at beginning of year	**(57,102)**	(69,005)
Net debt at end of year	**(42,439)**	(57,102)

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000

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 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 2000. 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. 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.

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 £4,518,000 (1999 - £nil) has been dealt with in the accounts of the Company.

(c) 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. Profit is accrued on a conservative basis as developments proceed where the realisation of profit is reasonably certain. 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 value. 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 value.

Properties held for long term rental to other group undertakings are classified within tangible fixed assets. These properties have the characteristics of investment properties and are revalued annually and the revaluation surplus or deficit is treated in the same way as for investment properties. No depreciation is provided on these properties, which have a useful economic life exceeding 100 years. It is the group's policy to maintain the properties in such a condition that the value of the properties is not impaired by the passage of time. As a consequence, any element of depreciation would, in the opinion of the directors, be immaterial. Provision is made for any impairment.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

1. Accounting policies (continued)

(c) Tangible fixed assets: (continued)

Other fixed assets are shown at cost, net of depreciation, 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 buildings	50 years
Leasehold properties	Over period of lease
Plant and equipment	5-10 years
Fixtures and fittings	4-10 years
Motor vehicles	3-5 years

No depreciation is provided on freehold land.

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

(d) 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.

(e) 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.

(f) Current asset investments: Listed investments are carried at the lower of cost or market value at the balance sheet date. Other investments are carried at the lower of cost or net realisable value.

(g) Taxation: Corporation tax payable is provided on taxable profits at the current rate.

Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

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 provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced. The amount of all deferred tax, including that which will probably not reverse, is set out in Note 16.

(h) 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. For the purposes of consolidation, the closing rate/net investment method is used, under which translation gains or losses are shown as a movement on reserves. Profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate.

(i) 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.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

1. Accounting policies (continued)

(i) Pensions costs: (continued)

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.

Further information on pension costs is provided in Note 23.

(j) 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.

(k) 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 return on the outstanding balance. 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. Further information on charges in the year and future commitments is given in Notes 3(c) and 23.

(l) Deferred income: Government grants, other grants and contributions relating to capital expenditure are reported as deferred income and amortised in line with depreciation of the related assets or terms of the relevant contract. Job-related grants are recognised as income in the year in which related salary costs are charged.

(m) 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.

(n) Finance costs: Non-equity shares are valued at the net proceeds of issue. The finance costs of these non-equity shares, including any premium payable on redemption, are recognised as charges in the profit and loss account over the term of the instruments at a constant rate on their carrying amount.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

2. Segment information

Contributions to Group turnover are as follows:	**2000 Continuing £'000**	**2000 Discontinued £'000**	**2000 Total £'000**	1999 Continuing £'000	1999 Discontinued £'000	1999 Total £'000
By Activity:						
Metals	**98,010**	**8,475**	**106,485**	161,659	-	161,659
Electrical Retailing	**-**	**-**	**-**	-	112,990	112,990
Football	**-**	**-**	**-**	-	35,198	35,198
Mining	**13,966**	**-**	**13,966**	-	-	-
Marketing	**8,558**	**-**	**8,558**	5,771	-	5,771
Property	**19,481**	**-**	**19,481**	22,008	-	22,008
Other	**261**	**-**	**261**	231	-	231
	140,276	**8,475**	**148,751**	189,669	148,188	337,857
By geographical area:						
United Kingdom	**118,306**	**8,475**	**126,781**	161,120	35,198	196,318
Outwith the United Kingdom	**21,970**	**-**	**21,970**	28,549	112,990	141,539
	140,276	**8,475**	**148,751**	189,669	148,188	337,857

The analysis of profit on ordinary activities before taxation and the analysis of net assets have been omitted.

3. Operating profit

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

	2000 Continuing £'000	**2000 Discontinued £'000**	**2000 Total £'000**	1999 Continuing £'000	1999 Discontinued £'000	1999 Total £'000
(a) Cost of sales	**108,917**	**8,019**	**116,936**	152,659	89,571	242,230
(b) Other operating expenses (net)						
Distribution	**9,892**	**891**	**10,783**	13,320	1,956	15,276
Administration expenses	**14,269**	**335**	**14,604**	14,756	61,798	76,554
Other operating income	**(116)**	**-**	**(116)**	(200)	(4)	(204)
	24,045	**1,226**	**25,271**	27,876	63,750	91,626

(c) Miscellaneous	**2000 £'000**	1999 £'000
Staff costs (Note 5)	**16,634**	51,490
Depreciation and amounts written off tangible fixed assets		
- owned assets	**1,622**	3,717
- held under finance leases and hire purchase contracts	**2,799**	1,160
Amortisation charges		
- consolidation goodwill	**96**	7
- rights and other intangible assets	**-**	219
Goodwill reversal on disposal of properties	**961**	552
Operating lease rentals		
- property	**1,099**	5,543
- other	**760**	309
Auditors' remuneration		
- audit services	**143**	122
- non-audit services	**21**	90
Loss (profit) on sale of tangible fixed assets	**124**	(445)
Reversal of permanent diminution in property value	**-**	(300)
Government grants and sponsorship income	**-**	(1,570)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after the following:	**2000** **£'000**	1999 £'000
(a) Exceptional items	**993**	25,163

The exceptional items in the year ended 31 January 2000 include the profit on sale of the Group's majority interest in Pacific Retail Group Limited and subsidiaries of £1,386,000 (Note 10). In addition, costs of £393,000 were incurred on the termination of the strip products business of Austin Trumanns Group Limited.

The exceptional items in the year ended 31 January 1999 reflected the profit on sale of the Group's majority interest in RFC Investment Holdings Limited and subsidiaries.

	2000 **£'000**	1999 £'000
(b) Amortisation of football player registration fees (net)		
Amortisation of football player registration fees	**-**	10,692
Gain on disposal of football players	**-**	(4,630)
	-	6,062
(c) Investment income		
Income from fixed asset investments	**483**	13
Interest receivable and similar income	**419**	988
	902	1,001
(d) Interest payable and similar charges		
Bank loans and overdrafts	**4,487**	6,294
Finance leases and hire purchase contracts	**889**	680
Other loans	**45**	-
	5,421	6,974
Interest capitalised on development properties	**(196)**	(125)
	5,225	6,849

5. Staff costs

	2000 **£'000**	1999 £'000
Employee costs during the year amounted to:		
Wages and salaries	**14,480**	47,136
Social security costs	**1,326**	3,422
Other pension costs	**828**	932
	16,634	51,490

	2000 **Number**	1999 Number
The average monthly number of employees during the year, including directors, was as follows:		
Production and sales	**489**	1,338
Administration	**214**	540
	703	1,878

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

5. Staff costs (continued)

Directors' remuneration during the year amounted to:

	2000 £'000	1999 £'000
Fees	**64**	59
Emoluments	**1,557**	855
Contributions to money purchase pension schemes	**290**	183
	1,911	1,097

The directors' remuneration shown above included the following in respect of the highest paid director:	**2000 £'000**	1999 £'000
Emoluments	**724**	369
Contributions to money purchase pensions schemes	**77**	54
	801	423

The number of directors who were members of pension schemes was as follows:	**2000 Number**	1999 Number
Money purchase schemes	**5**	4

6. Tax on profit on ordinary activities

The tax charge (credit) is based on the profit for the year and comprises:	**2000 £'000**	1999 £'000
Corporation tax at 30% (1999 - 31%)	**1,790**	3,143
Overseas taxation	**22**	1,166
Deferred taxation	**203**	(86)
Tax on franked investment income	**-**	3
Unrelieved ACT written off	**-**	93
Relief for overseas taxation	**-**	(30)
	2,015	4,289
Adjustment of current taxation in respect of prior years	**198**	(873)
	2,213	3,416

7. Dividends and other appropriations

	2000 £'000	1999 £'000
Equity shares:		
Interim dividends paid and proposed	**-**	9,257
Non-equity shares:		
Interim dividend paid of 7.5p (1999 - 6.42p) per share	**1,125**	963
	1,125	10,220

No final dividend is proposed in respect of the year.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

8. Tangible fixed assets

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

	2000 £'000	1999 £'000
Group		
Land and buildings		
Freehold	**15,818**	25,891
Leasehold	**152**	3,113
Development properties	**11,942**	5,111
Investment properties	**3,382**	6,998
Plant, equipment and vehicles	**22,427**	21,680
	53,721	62,793

The movement in the year was as follows:

	Land and buildings				Plant	
	Freehold £'000	Leasehold £'000	Development properties £'000	Investment properties £'000	equipment & vehicles £'000	Total £'000
Group						
Cost or valuation:						
At 31 January 1999	26,872	6,111	5,111	6,998	36,033	81,125
Additions	2,076	34	6,831	965	9,688	19,594
Transfers	(2,190)	-	-	2,190	-	-
Disposals	(10,087)	(5,713)	-	(6,771)	(10,074)	(32,645)
Exchange adjustments	(22)	(205)	-	-	(171)	(398)
At 31 January 2000	**16,649**	**227**	**11,942**	**3,382**	**35,476**	**67,676**
Depreciation:						
At 31 January 1999	981	2,998	-	-	14,353	18,332
Charge for the year:						
- owned assets	209	38	-	-	1,375	1,622
- HP/leased assets	-	-	-	-	2,799	2,799
Disposals	(359)	(2,857)	-	-	(5,392)	(8,608)
Exchange adjustments	-	(104)	-	-	(86)	(190)
At 31 January 2000	**831**	**75**	**-**	**-**	**13,049**	**13,955**
Net book value at 31 January 2000	**15,818**	**152**	**11,942**	**3,382**	**22,427**	**53,721**
Net book value at 31 January 1999	25,891	3,113	5,111	6,998	21,680	62,793
Leased assets included in the above:						
Net book value at 31 January 2000	**-**	**-**	**-**	**-**	**12,411**	**12,411**
Net book value at 31 January 1999	-	243	-	-	11,034	11,277

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

Investment properties, which are all freehold, and certain freehold properties were valued on an open market existing use basis, by the directors as at 31 January 2000. In accordance with SSAP19, the investment properties are not depreciated.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

8. Tangible fixed assets (continued)

Land and buildings and plant and equipment are shown at cost or valuation as detailed below:

	2000		1999	
	Land and buildings £'000	**Plant equipment and vehicles £'000**	Land and buildings £'000	Plant equipment and vehicles £'000
Professionally valued	**10,218**	**-**	25,555	-
At cost	**21,982**	**35,476**	19,537	36,033
Cost or valuation at 31 January	**32,200**	**35,476**	45,092	36,033

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

9. Intangible fixed assets

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

	Group 2000 £'000	Group 1999 £'000
Consolidation goodwill	**546**	628

The movement in the year was as follows:

	Consolidation goodwill £'000
Cost:	
At 31 January 1999	4,103
Additions	14
At 31 January 2000	**4,117**
Amounts written off:	
At 31 January 1999	3,475
Written off to profit and loss account	96
At 31 January 2000	**3,571**
Net book value at 31 January 2000	**546**
Net book value at 31 January 1999	628

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

10. Fixed asset investments

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

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Subsidiary undertakings	**-**	-	**1,485**	1,485
Other investments	**3,710**	1,786	**-**	-
	3,710	1,786	**1,485**	1,485

The movement in the year was as follows:

	Group	Company
	£'000	**£'000**
Cost:		
At 31 January 1999	1,819	1,485
Additions	3,607	-
Disposals	(1,635)	-
Exchange adjustments	(20)	-
At 31 January 2000	**3,771**	**1,485**
Amounts written off:		
At 31 January 1999	33	-
Written off during year	31	-
Exchange adjustments	(3)	-
At 31 January 2000	**61**	**-**
Net book value at 31 January 2000	**3,710**	**1,485**
Net book value at 31 January 1999	1,786	1,485

Subsidiary undertakings:

The principal trading subsidiary undertakings of the Company at 31 January 2000 were as follows:

	Country of incorporation	**Principal activity**	**Percentage control by Group at 31 January 2000**
Murray Group Management Limited	United Kingdom	Management services	100
Murray International Metals Limited	United Kingdom	Steel stockholding and trading	90
Austin Trumanns Group Limited	United Kingdom	Steel stockholding and trading	100
Multi Metals Limited	United Kingdom	Metal stockholding and trading	87
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
Carnegie Group Limited	United Kingdom	Sports marketing and hospitality	100
Response Handling Limited	United Kingdom	Direct marketing	100
Carnegie Sports International (NZ) Limited	New Zealand	Sports marketing and management	85
G M Mining Limited	United Kingdom	Open cast mining	57.5
The Premier Property Group Limited	United Kingdom	Property development and investment	100

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

10. Fixed asset investments (continued)

Purchase of subsidiary undertaking:

Goodwill of £14,000 arose on the acquisition of a subsidiary undertaking. The consideration for this acquisition was £140,000 paid in cash. Additional consideration of up to £140,000 may become payable in the event that certain levels of profitability are achieved by the subsidiary undertaking:

Sale of subsidiary undertaking:

On 1 February 1999 the Group sold its interest in Pacific Retail Group Limited. The net assets disposed of and the related proceeds were as follows:

	Pacific Retail Group Limited £'000
Tangible assets	5,020
Current assets	17,870
Debtors due after more than one year	4,772
Creditors due within one year	(16,704)
Creditors due after more than one year	(121)
Provisions for liabilities and charges	647
Net assets disposed of	11,484
Minority interests disposed of	(4,895)
Goodwill on acquisition	2,373
Gain on sale	1,386
Sale proceeds	10,348
Satisfied by cash	10,348

Net cash inflows in respect of the sale were:

	£'000
Cash consideration	10,348
Bank overdrafts sold	3,694
Cash at bank and in hand sold	(6)
	14,036

The retained profit of Pacific Retail Group Limited and subsidiaries for its last financial year was £1,465,000.

Other investments:

The other investments of the Group at 31 January 2000 were as follows:

	Percentage of ordinary shares held at 31 January 2000
Kilmartin PPG (Strand) Limited	50
Haymarket Court Limited	50
Parallel Murray Management Limited	50

The principal activity of Kilmartin PPG (Strand) Limited and Haymarket Court Limited is property development. Included within the Group's investment in these companies are loans of £2,462,000.

The principal activity of Parallel Murray Management Limited is the management of professional golfers.

During the year the Group disposed of its 50% interest in Loch Lomond World Invitational Limited. The consideration included 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. The debenture is included in other investments.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

11. Stocks

The following are included in stocks:

	Group 2000 £'000	Group 1999 £'000
Goods for resale	**28,305**	49,659
Raw materials	**942**	889
Work in progress	**174**	153
	29,421	50,701

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

12. Debtors

	Group 2000 £'000	Group 1999 £'000	**Company 2000 £'000**	Company 1999 £'000
Amounts falling due within one year:				
Trade debtors	**23,250**	31,223	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**584**	-
Amounts owed by related parties	**937**	892	**-**	-
UK corporation tax recoverable	**683**	-	**84**	-
UK income tax recoverable	**1**	-	**-**	-
VAT recoverable	**308**	40	**-**	-
Overseas tax recoverable	**399**	96	**-**	-
Other debtors	**2,732**	4,535	**-**	-
Hire purchase receivables	**-**	2,235	**-**	-
Prepayments and accrued income	**3,095**	2,952	**168**	-
	31,405	41,973	**836**	-
Amounts falling due after more than one year:				
Loan notes	**60,000**	60,000	**-**	-
Net receivables securitised	**-**	39,931	**-**	-
Less non returnable sale proceeds received	**-**	(39,931)	**-**	-
Investment in subordinated debt	**-**	4,565	**-**	-
ACT recoverable	**402**	1,370	**-**	-
Other debtors	**65**	-	**-**	-
Hire purchase receivables	**-**	557	**-**	-
Payments and accrued income	**223**	110	**-**	-
	60,690	66,602	**-**	-
	92,095	108,575	**836**	-

The loan notes were issued by Murray Sports Limited, a related party. 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 Bank of Scotland Base Rate plus 1%, only in the event that Murray Sports Limited has sufficient accumulated distributable profits.

Subordinated debt at 31 January 1999 represents the investment by Pacific Retail Finance Limited, a wholly owned subsidiary of Pacific Retail Group Limited, in support of the credit enhancement of a securitisation programme. The subordinated debt was interest bearing with no fixed terms of repayment. On 1 February 1999 the Group sold its interest in Pacific Retail Group Limited (Note 10).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

13. Current asset investments

	Group 2000 £'000	Group 1999 £'000
Shares listed on UK stock exchange	**67**	56
Other current asset investments	**66**	26
	133	82

The market value of listed investments of the Group at 31 January 2000 was £67,000 (1999 - £56,000).

14. Creditors: Amounts falling due within one year

	Group 2000 £'000	Group 1999 £'000	**Company 2000 £'000**	Company 1999 £'000
Bank loans and overdrafts (secured)	**16,758**	24,253	**-**	-
Trade creditors	**24,177**	45,555	**-**	-
Finance lease and hire purchase obligations	**3,747**	3,710	**-**	-
Other loans at varying commercial rates	**1,446**	397	**-**	-
Loan notes	**85**	85	**-**	-
Amounts owed to related parties	**-**	18	**-**	-
UK corporation tax payable	**459**	1,025	**-**	-
Overseas tax payable	**218**	563	**-**	-
Other taxes and social security	**296**	2,673	**-**	-
Other creditors	**696**	864	**-**	-
Accruals and deferred income	**9,039**	13,466	**-**	-
Dividends payable				
- equity shareholders	**7,875**	9,087	**-**	-
- non-equity shareholders	**2,170**	1,045	**1,125**	-
	66,966	102,741	**1,125**	-

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.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

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

	Group 2000 £'000	Group 1999 £'000
Finance lease and hire purchase obligations	**7,610**	7,403
Bank loans	**20,897**	23,605
Loan notes	**2,200**	400
Overseas tax	**-**	3
	30,707	31,411

Loan notes of £1,700,000 are repayable at par on 31 January 2004 and bear interest at 1% above Bank of Scotland base rate per annum. The remaining loan notes are repayable at par no later than 31 December 2006 and bear interest at Bank of Scotland base rate.

Repayments on total borrowings are due as follows:		
On demand or within 1 year	**22,036**	28,445
Between 1 and 2 years	**3,633**	6,479
Between 2 and 5 years	**6,274**	4,529
After 5 years	**20,800**	20,400
	52,743	59,853

Repayments on borrowings due after 5 years comprise bank loans of £20,800,000 (1999 - £20,000,000), loan notes of £nil (1999 - £400,000).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

16. Provisions for liabilities and charges

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 (asset) will be realised.

	Group 2000 £'000	Group 1999 £'000
Provisions comprise:		
Deferred taxation	**367**	(531)
Other provisions	**736**	421
	1,103	(110)

Other provisions relate to land restoration for open cast mining.

The movement on provisions during the year comprises:

	Deferred taxation		**Other provisions**	
	2000 £'000	1999 £'000	**2000 £'000**	1999 £'000
Beginning of year	**(531)**	(489)	**421**	-
Charged (credited) to profit and loss account	**203**	(86)	**315**	-
Disposal of subsidiary undertaking	**647**	-	**-**	-
Acquisition of subsidiary undertaking	**-**	-	**-**	421
Exchange movement	**48**	44	**-**	-
	367	(531)	**736**	421

Deferred taxation provided and deferred taxation not provided comprise:

	Amounts provided		**Amounts not provided**	
	2000 £'000	1999 £'000	**2000 £'000**	1999 £'000
Accelerated capital allowances	**207**	(355)	**-**	1,177
Other timing differences	**160**	(176)	**-**	(1,213)
Tax losses available	**-**	-	**(6,881)**	(6,159)
	367	(531)	**(6,881)**	(6,195)

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.

17. Called-up share capital

	2000 £'000	1999 £'000
Authorised:		
15,000,000 ordinary shares of 10p each - equity	**1,500**	1,500
15,000,000 cumulative redeemable preference shares of £1 each - non-equity	**15,000**	15,000
	16,500	16,500
Issued and fully paid:		
14,847,785 ordinary shares of 10p each - equity	**1,485**	1,485
15,000,000 cumulative redeemable preference shares of £1 each - non-equity	**15,000**	15,000
	16,485	16,485

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

18. Reserves

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

	Group 2000 £'000	Group 1999 £'000	**Company 2000 £'000**	Company 1999 £'000
Distributable				
Profit and loss account	**29,446**	23,806	**4,518**	-
Translation reserve	**(100)**	(1,608)	**-**	-
Non-distributable				
Share premium reserve	**19,868**	19,895	**-**	-
Consolidation reserve	**5,032**	5,032	**-**	-
Revaluation reserve	**570**	4,961	**-**	-
Capital redemption reserve	**15,001**	15,000	**-**	-
	69,817	67,086	**4,518**	-

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

Group	**Profit and loss account £'000**	**Translation reserve £'000**
At 31 January 1999	23,806	(1,608)
Loss for the year	(779)	-
Realised revaluation surplus	4,391	-
Transfer on disposal of subsidiary undertaking	(1,466)	1,466
Goodwill reversal on disposal of properties	961	-
Goodwill reversal on disposal of subsidiary undertaking	2,373	-
Redemption of ordinary shares in subsidiary undertakings	(1)	-
Exchange adjustment	-	42
Reserve movements allocated to minority interests	161	-
At 31 January 2000	**29,446**	**(100)**

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

Group	**Share premium reserve £'000**	**Capital redemption reserve £'000**	**Consolidation reserve £'000**	**Revaluation reserve £'000**
At 31 January 1999	19,895	15,000	5,032	4,961
Realised revaluation surplus	-	-	-	(4,391)
Redemption of ordinary shares in subsidiary undertakings	-	1	-	-
Expenses of share issues	(27)	-	-	-
At 31 January 2000	**19,868**	**15,001**	**5,032**	**570**

The cumulative amount of goodwill written off directly to Group reserves is £5,371,000 (1999 - £8,705,000). The cumulative amount of negative goodwill added to Group reserves is £7,270,000 (1999 - £7,270,000).

The movement in reserves of the Company during the year relates wholly to the profit for the year.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

19. Reconciliation of movements in shareholders' funds

	Group 2000 £'000	Group 1999 £'000	**Company 2000 £'000**	Company 1999 £'000
Total recognised gains and losses relating to the year	**388**	17,981	**5,643**	-
Dividends to equity and non-equity shares	**(1,125)**	(10,220)	**(1,125)**	-
Issue of shares (including premium)	**-**	20,090	**-**	16,485
Expenses of share issues	**(27)**	-	**-**	-
Capital reserve realised on disposal of subsidiary	**-**	(1,213)	**-**	-
Goodwill reversal on disposal of subsidiary	**2,373**	-	**-**	-
Goodwill reversal on disposal of properties	**961**	552	**-**	-
Reserve movements allocated to minority interests	**161**	-	**-**	-
Capital reserve on minority interest acquisitions	**-**	567	**-**	-
Movements in shareholders' funds	**2,731**	27,757	**4,518**	16,485
Opening shareholders' funds	**83,571**	55,814	**16,485**	-
Closing shareholders' funds	**86,302**	83,571	**21,003**	16,485
Represented by:				
Equity interests	**71,302**	68,571	**6,003**	1,485
Non-equity interests	**15,000**	15,000	**15,000**	15,000
	86,302	83,571	**21,003**	16,485

20. Minority interests

	Equity interests £'000
At 31 January 1999	9,621
Share of profit on ordinary activities after tax	655
Dividends paid or payable	(196)
Shares issued to minorities	15
Acquired during the year	(151)
Disposal of subsidiary undertaking	(4,895)
Share of other reserve movements	(161)
Exchange movement	(169)
At 31 January 2000	**4,719**

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

21. Analysis of cash flows

		Group 2000 £'000	Group 1999 £'000
(a)	**Returns on investments and servicing of finance**		
	Interest received	**703**	1,131
	Interest paid	**(4,885)**	(6,179)
	Interest element of finance lease and hire purchase rentals	**(889)**	(680)
	Dividends received	**483**	13
	Dividends paid to minorities	**(196)**	(615)
	Net cash outflow	**(4,784)**	(6,330)
(b)	**Taxation**		
	UK corporation tax paid	**(2,004)**	(358)
	Overseas tax paid	**(670)**	(815)
	Advance corporation tax paid	**-**	(250)
	Net cash outflow	**(2,674)**	(1,423)
(c)	**Capital expenditure and financial investment**		
	Football player transfer costs	**-**	(25,472)
	Purchase of intangible fixed assets	**-**	(4)
	Purchase of tangible fixed assets	**(14,417)**	(13,429)
	Purchase of investments	**(2,980)**	(205)
	Sponsorship and grant income received	**-**	3,269
	Football player transfer proceeds	**-**	4,442
	Sale of tangible fixed assets	**4,576**	3,110
	Sale of investments	**-**	210
	Foreign currency translation movements	**225**	-
	Net cash outflow	**(12,596)**	(28,079)
(d)	**Acquisitions and disposals**		
	Purchase of subsidiary undertaking	**(140)**	(397)
	Net overdrafts acquired with subsidiary undertakings	**-**	(8,061)
	Purchases of minority interests	**(151)**	(605)
	Sale of subsidiary undertaking	**10,348**	-
	Net overdraft of subsidiary sold	**3,688**	25,362
	Payments on termination of business	**(393)**	-
	Net cash inflow	**13,352**	16,299
(e)	**Financing**		
	Issue of ordinary share capital	**-**	20,000
	Repayment of borrowings	**(8,556)**	(42,886)
	Capital element of finance lease and hire purchase rental payments	**(4,491)**	(1,223)
	Issue of preference share capital	**-**	15,000
	Redemption of preference share capital	**-**	(15,000)
	New bank borrowings	**-**	26,065
	Loan notes issued	**1,800**	-
	Expenses of share issues	**(27)**	-
	Net cash (outflow) inflow	**(11,274)**	1,956

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (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	2,669	7,502	-	-	**10,171**
Bank overdrafts	(17,206)	598	-	-	**(16,608)**
	(14,537)	8,100	-	-	**(6,437)**
Debt due after 1 year	(24,005)	908	-	-	**(23,097)**
Debt due within 1 year	(7,529)	5,848	-	-	**(1,681)**
Finance leases	(11,113)	4,491	316	(5,051)	**(11,357)**
Current asset investments	82	-	-	51	**133**
Net debt	(57,102)	19,347	316	(5,000)	**(42,439)**

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 £5,051,000 (1999 - £637,000).

23. Contingent liabilities, guarantees and financial commitments

Contingent liabilities and guarantees:

(a) The Company has guaranteed bank borrowings of subsidiary and associated undertakings which at 31 January 2000 amounted to £47,759,000 (1999 - £47,774,000).

(b) The Group have made counter indemnities in favour of its bankers, Bank of Scotland, up to a sum of £3,347,000 (1999 - £2,334,950) in respect of guarantees provided by the bank in favour of North Lanarkshire Council and the Coal Authority as a condition of a subsidiary undertaking obtaining a licence to engage in open cast 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 2000 £'000	Group 1999 £'000
Operating leases which expire:		
Property		
- within 1 year	**43**	37
- within 2-5 years	**64**	2,630
- after 5 years	**1,142**	898
	1,249	3,565
Other		
- within 1 year	**288**	327
- within 2-5 years	**425**	572
- after 5 years	**-**	35
	713	934
(b) Capital commitments		
Contracted but not provided for	**8,136**	5,443

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 2000 (continued)

23. Contingent liabilities, guarantees and 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 employees' working lives with the Group. 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 1998. 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 7% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £4,601,000 and that the actuarial value of those assets, on a discounted income basis, represented 103% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This surplus will be eliminated over the average remaining service life of the current active members. The contributions of the Group and employees amount to 13% of earnings.

The Group also operates a defined contribution scheme 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 an insurance company. All contributions are charged to the profit and loss account in the month in which they are incurred.

Austin Trumanns Group Limited operates a separate money purchase pension scheme for certain personnel whereby all benefits are restricted to the funds available. The assets of the scheme are held independently of Austin Trumanns Group Limited by an insurance company. All contributions are charged to the profit and loss account in the month in which they are incurred.

24. Subsequent events

Subsequent to 31 January 2000 the Group acquired freehold and long leasehold properties for a consideration of £64,000,000. Dependent on certain conditions being met, the Group has further commitments to acquire additional long leasehold properties for approximately £8,300,000. These properties were mainly acquired in joint venture with Bank of Scotland.

On 31 March 2000 the Group acquired 1,424,947 10p ordinary shares in Murray Sports Limited for a total consideration of £9,299,000.

On 6 September 2000 the Group disposed of its interest in Multi Metals Limited.

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 £826,000 were made to Murray Sports Limited and subsidiaries, related parties by virtue of common control. Purchases of £423,000 were made from Murray Sports Limited and subsidiaries. All transactions with Murray Sports Limited and subsidiaries were conducted on an arm's 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 81% of the issued share capital of the Company.

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