Kenmore Capital Oldbury Limited

Annual report and financial statements

for the year to 31 July 2006
Registered number 04920919

Contents

Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the year to 31 July 2006.

Principal activities

The principal activity of the company is property trading.

Results and dividends

The profit for the year, after taxation, amounted to £2,834 (2005: £21,788). The directors do not recommend the payment of a dividend.

Review of the period

The company held one trading property during the year.

Directors and directors' interests

The directors who served during the year were as follows:

JAB Kennedy
RWM Brook
AE White

The directors have no disclosable interests in the shares of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Political and charitable contributions

The company made no political contributions or charitable donations during the year.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

J K Brown

J K Brown
Secretary

33 Castle Street
Edinburgh
18 May 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Kenmore Capital Oldbury Limited

We have audited the financial statements of Kenmore Capital Oldbury Limited for the year ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Edinburgh

18 May 2007

Profit and loss account
for the year to 31 July 2006

	Notes	2006 £	2005 £
Turnover	2	**289,323**	286,046
Cost of sales		**(34,196)**	(61,535)
Gross profit		**255,127**	224,511
Administrative Expenses		**(15,099)**	(3,675)
Operating profit	3-4	**240,028**	220,836
Interest receivable	5	**692**	3,532
Interest payable and similar charges	6	**(237,886)**	(202,580)
Profit on ordinary activities before taxation		**2,834**	21,788
Tax on ordinary activities	7	**-**	-
Profit for the financial year	13	**2,834**	21,788

Other than the result recorded there have been no other recognised gains or losses.

The profit for the financial year has been derived from continuing activities.

There is no material difference between results as stated and results prepared on a historical cost basis.

Balance sheet
as at 31 July 2006

	Note	2006 £	2005 £
Current assets			
Stocks	*8*	**3,515,627**	3,510,905
Debtors	*9*	**102,186**	63,376
Cash at bank		**8,100**	3,481
		3,625,913	3,577,762
Creditors: amounts falling due within one year	*10*	**(678,854)**	(633,537)
Net current assets		**2,947,059**	2,944,225
Creditors: amounts falling due after more than one year	*11*	**(2,975,784)**	(2,975,784)
Net liabilities		**(28,725)**	(31,559)
Capital and reserves			
Called up share capital	*12*	**2**	2
Profit and loss account	*13*	**(28,727)**	(31,561)
Shareholders' deficit	*14*	**(28,725)**	(31,559)

These financial statements were approved by the board of directors on 18 May 2007 and were signed on its behalf by:

RWM Brook
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Kenmore Capital Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Kenmore Capital Limited, within which the company is included, can be obtained from the address given in note 15.

Going concern

Confirmation has been received from the company's parent undertaking, Kenmore Capital Limited, that it will continue to provide financial assistance for the foreseeable future to enable the company to meet its financial obligations as and when they fall due.

Trading properties and developments

These assets are valued at the lower of cost or net realisable value. Cost includes the purchase cost of land and buildings, development expenditure and attributable finance costs including interest. Net realisable value is based on the estimated selling price less cash expected to be incurred to completion and disposal.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No deferred tax is provided on capital allowances in respect of assets not subject to depreciation. No provision is made in the financial statements for taxation which may become payable if investment properties held for long term retention were disposed of at their revalued amounts.

Notes *(continued)*

2 Turnover

Turnover is attributable to the receipt of rental income.

3 Operating profit

	2006	2005
	£	£
Operating profit is stated after charging		
Auditors' remuneration	**1,500**	1,500

4 Staff costs and numbers

The directors received no remuneration for their services to the company. Apart from the directors, there were no employees during the year.

5 Interest receivable

	2006	2005
	£	£
Bank interest	**692**	290
Interest receivable from parent company	-	3,242
	692	3,532

6 Interest payable and similar charges

	2006	2005
	£	£
Bank loans	**233,388**	202,580
Inter company	**4,498**	-
	237,886	202,580

Notes *(continued)*

7 Tax charge on profit on ordinary activities

	2006	2005
	£	£
UK corporation tax		
Current tax on income for the period	-	-

Factors affecting the tax charge for the current period
The current tax charge is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006	2005
Current tax reconciliation	**£**	£
Profit / (loss) on ordinary activities before tax	**2,834**	21,788
Current tax at 30%	**850**	6,536
Effects of:		
Utilisation of group relief	**(850)**	(6,536)
Current tax charge (see above)	-	-

8 Stocks

	2006	2005
	£	£
Trading properties	**3,515,627**	3,510,905

9 Debtors

	2006	2005
	£	£
Amount due from parent company undertaking	**13,754**	55,122
Other taxes and social security	-	8,254
Other debtors	**88,432**	-
	102,186	63,376

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2006	2005
	£	£
Shareholder loans	**525,138**	525,138
Trade creditors	**-**	59,976
Amounts due to parent company undertaking	**79,464**	-
Accruals and deferred income	**74,252**	48,423
	678,854	633,537

11 Creditors: amounts due after more than one year

	2006	2005
	£	£
Bank loans	**2,975,784**	2,975,784

The maturity analysis is set out below:

	2006	2005
Amounts falling due:	£	£
In one year or less or on demand	**-**	-
Between one and two years	**-**	-
Between two and five years	**2,975,784**	2,975,784
	2,975,784	2,975,784

The bank loans are secured by standard securities over assets of the group and a legal charge over all the properties held in Kenmore Capital Limited. Interest is payable at rates varying from 1.5% to 4% above LIBOR. The loans are repayable on the earlier of completion of the sale of the property and 5 years from the date of advance.

12 Called up share capital

	Authorised	Allotted, called up and fully paid
	£	£
Ordinary shares of £1 each as at 31 July 2006	**100**	**2**

13 Profit and loss account

	2006	2005
	£	£
As at 1 August	**(31,561)**	(53,349)
Profit for the year	**2,834**	21,788
As at 31 July	**(28,727)**	(31,561)

Notes *(continued)*

14 Reconciliation of movements in shareholders' deficit

	2006	2005
	£	£
Opening shareholders deficit	(31,559)	(53,349)
Issue of share capital	-	-
Profit for the year	2,834	21,788
Closing shareholders' deficit	(28,725)	(31,561)

15 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Kenmore Capital Limited, incorporated in Scotland. Kenmore Capital Limited is a joint venture between Kenmore Investments Limited and Uberior Ventures Limited. The consolidated financial statements of Kenmore Capital Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

16 Related Party Transactions

Kenmore Capital Limited ('KCL') is a joint venture between Kenmore Investments Limited ('KIL') and Uberior Ventures Limited ('UVL'). Kenmore Investments Limited, Uberior Ventures Limited and the Governor and Company of Bank of Scotland (the ultimate parent company of Uberior Ventures Limited) have all contributed loans to the company. The aggregate outstanding amounts of these loans and interest payments arrangements are contained in note 11.

	2006	2005
	£	£
Outstanding loan balances due to related parties are:		
Governor and Company of Bank of Scotland	2,975,784	2,975,784
Kenmore Investments Limited	262,569	262,569
Uberior Ventures Limited	262,569	262,569
Interest paid on the above loans was:		
Governor and Company of Bank of Scotland	188,054	163,564
Kenmore Investments Limited	22,667	19,508
Uberior Ventures Limited	22,667	19,508