

Company Registration Number SC68924

SUNDIAL PROPERTIES (GILMERTON) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2005



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SUNDIAL PROPERTIES (GILMERTON) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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SUNDIAL PROPERTIES (GILMERTON) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

A Gray Muir
A M Gray Muir
W J Gray Muir
E K Stirling
A Stirling
C M Aitchison
A J Walker

Company Secretary

A Gray Muir

Registered Office

89 Ravenscroft Street
Edinburgh
EH17 8QS

Auditor

Chiene + Tait
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
New Uberior House
Edinburgh
EH3 9BN

Clydesdale Bank plc
50 Lothian Road
Edinburgh
EH3 9AN

Dunfermline Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

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

Solicitors

Morton Fraser
30-31 Queen Street
Edinburgh
EH2 1JX

A Gray Muir WS
89 Ravenscroft Street
Edinburgh
EH17 8QS

SUNDIAL PROPERTIES (GILMERTON) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

Principal activities and business review

The principal activity of the company during the year was that of property investment and development. The company ceased its launderette operations during the year.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

A Gray Muir
A M Gray Muir
W J Gray Muir
E K Stirling
A Stirling
C M Aitchison
A J Walker

A Gray Muir and A M Gray Muir are also Directors of Sundial Holdings Limited, the parent company. Their interests in the share capital of Sundial Holdings Limited are disclosed in the financial statements of that company.

The interests of the other directors in the share capital of Sundial Holdings Limited were as follows:

	Ordinary Shares of £1 each	
	31 December 2005	1 January 2005
W J Gray Muir	98	98
E K Stirling	50	50
A Stirling	-	-
C M Aitchison	-	-
A J Walker	-	-

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

SUNDIAL PROPERTIES (GILMERTON) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

Donations

During the year the company made the following contributions:

	2005 £	2004 £
Charitable	1,000	13,200

Auditor

The company has passed a resolution to dispense with the requirement to re-appoint auditors annually.

Signed by order of the directors



A Gray Muir
Company Secretary

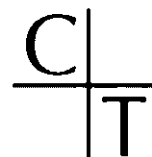
89 Ravenscroft Street
Edinburgh
EH17 8QS

Approved by the directors on 13 Sep 2006

SUNDIAL PROPERTIES (GILMERTON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUNDIAL PROPERTIES (GILMERTON) LIMITED

YEAR ENDED 31 DECEMBER 2005



We have audited the financial statements of Sundial Properties (Gilmerton) Limited for the year ended 31 December 2005 on pages 6 to 21 which have been prepared on the basis of the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

SUNDIAL PROPERTIES (GILMERTON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUNDIAL PROPERTIES (GILMERTON) LIMITED *(continued)*



YEAR ENDED 31 DECEMBER 2005

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

CHIENE + TAIT

Registered Auditors and Chartered Accountants

61 Dublin Street

Edinburgh

EH3 6NL

26/9/ 2006

SUNDIAL PROPERTIES (GILMERTON) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
Turnover	2	18,789,651	10,247,757
Cost of sales		15,151,902	7,142,075
Gross profit		3,637,749	3,105,682
Administrative expenses		1,058,620	1,412,592
Gain on disposal of investment properties		-	(379,889)
Operating profit	3	2,579,129	2,072,979
Interest receivable		36,533	9,549
Interest payable and similar charges	6	(1,618,083)	(1,411,731)
Profit on ordinary activities before taxation		997,579	670,797
Tax on profit on ordinary activities	7	209,971	164,729
Retained profit for the financial year		787,608	506,068

The company has ceased its launderette operations during the year. Further details are provided in Note 2. All other activities are classed as continuing.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2005 £	2004 £
Reported profit on ordinary activities before taxation	997,579	670,797
Realisation of gains recognised in previous periods	20,134	551,465
Historical cost profit on ordinary activities before taxation	1,017,713	1,222,262
Historical cost profit for the year retained after taxation and dividends	807,742	902,778

The notes on pages 10 to 21 form part of these financial statements.

SUNDIAL PROPERTIES (GILMERTON) LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Profit for the financial year attributable to the shareholders	787,608	506,068
Unrealised profit on revaluation of certain fixed assets	–	245,823
Charge/(credit) to Current Tax Provision from SOTRGL	(2,985)	(154,755)
Total gains and losses recognised since the last annual report	<u>784,623</u>	<u>597,136</u>

The notes on pages 10 to 21 form part of these financial statements.

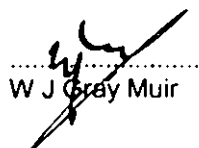
SUNDIAL PROPERTIES (GILMERTON) LIMITED

BALANCE SHEET

31 DECEMBER 2005

	Note	£	2005 £	2004 £
Fixed assets				
Tangible assets	9		27,869,833	26,376,193
Investments	10		1,462,427	1,345,427
			<u>29,332,260</u>	<u>27,721,620</u>
Current assets				
Stocks	11	8,554,064		13,784,620
Debtors	12	2,695,742		2,246,912
Cash in hand		7		12,992
		<u>11,249,814</u>		<u>16,044,524</u>
Creditors: amounts falling due within one year	13	<u>12,508,590</u>		<u>16,009,277</u>
Net current (liabilities)/ assets			<u>(1,258,777)</u>	<u>35,247</u>
Total assets less current liabilities			<u>28,073,483</u>	<u>27,756,867</u>
Creditors: amounts falling due after more than one year	14		<u>21,455,307</u>	<u>21,595,950</u>
			<u>6,618,176</u>	<u>6,160,917</u>
Provisions for liabilities				
Deferred taxation	18		<u>1,412</u>	<u>2,582</u>
			<u>6,616,764</u>	<u>6,158,335</u>
Capital and reserves				
Called-up equity share capital	21		35,000	35,000
Revaluation reserve	22		2,611,406	2,957,734
Profit and loss account	23		3,970,358	3,165,601
Shareholders' funds	24		<u>6,616,764</u>	<u>6,158,335</u>

These financial statements were approved by the directors on the 15th Sept 06 and are signed on their behalf by:


W J Gray Muir

The notes on pages 10 to 21 form part of these financial statements.

SUNDIAL PROPERTIES (GILMERTON) LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2005**

	Note	£	2005 £	2004 £
Net cash inflow from operating activities	25		6,107,901	1,020,395
Returns on investments and Servicing of finance				
Interest received		36,533		9,549
Interest paid		(1,617,505)		(1,411,204)
Interest element of hire purchase		(578)		(527)
Net cash outflow from returns on investments and servicing of finance			(1,581,550)	(1,402,182)
Taxation			(349,880)	(376,303)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(4,232,250)		(1,394,643)
Receipts from sale of fixed assets		4,126,382		2,340,854
Acquisition of investments		(117,000)		(1,345,426)
Net cash outflow for capital expenditure and financial investment			(222,868)	(399,215)
Cash inflow/(outflow) before financing			3,953,603	(1,157,305)
Financing				
Increase in bank loans		1,222,409		1,548,142
Repayment of amounts owed to group undertakings		(599,960)		-
Repayment of other loans		(788)		(271,491)
Capital element of hire purchase		(6,367)		(7,828)
Net cash inflow from financing			615,294	1,268,823
Increase in cash	26		4,568,897	111,518

The notes on pages 10 to 21 form part of these financial statements.

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The financial statements are prepared in accordance with applicable accounting standards.

Turnover

Turnover represents the income receivable (excluding Value Added Tax) in the ordinary course of business for goods and services provided.

Profit is recorded in the financial statements in connection with property developments when a legally binding contract for the sale of the development has been entered into.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 12.5% to 50% straight line
Motor Vehicles	- 25% straight line

Financial Reporting Standard (FRS) 15 requires all assets to be depreciated over their estimated economic life, taking account of any residual value of the assets. Heritable properties are considered to have a high residual value, and a useful economic life in excess of 50 years. The depreciation charge is therefore immaterial and no charge has therefore been made.

Where no charge for depreciation is made and where the useful economic life exceeds 50 years an impairment review under FRS 11 should be carried out on an annual basis. Such a review has been performed and this shows that the value of the properties exceeds the carrying value in the financial statements.

Investment properties

In accordance with Statement of Standard Accounting Practice 19:

- a) Investment properties are revalued annually and the carrying value is adjusted as required;
- b) Any aggregate surplus or deficit on revaluation is transferred to a revaluation reserve; and
- c) No depreciation or amortisation is provided in respect of investment properties.

The treatment of the company's investment properties may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, the properties are not held for consumption, but for investment and in the opinion of the directors, systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation carried out by professional surveyors however, and these amounts cannot be separately quantified.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. Accounting policies (Contd.)

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

Contributions to the company's pension schemes are charged to the profit and loss account in the period to which they relate.

Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of Financial Reporting Standard 19.

Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Investments

Investments are valued at cost less provision for permanent diminution in value.

2. Discontinued operations

During the year the company has ceased its launderette operations. The turnover attributable to the launderette operations was £271,429 (2004: £574,252) and the loss included within the company's operating result for the year was £57,543 (2004: profit of £17,488).

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

3. Operating profit

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	56,359	105,628
Depreciation of assets held under hire purchase agreements	—	2,000
Profit on disposal of fixed assets	(663,196)	(400)
Auditor's remuneration		
- as auditor	8,188	8,500
- for other services	5,000	9,838
Operating lease costs:		
Land and buildings	27,059	41,000
Plant and equipment	1,402	1,554
Vehicles	11,309	11,374
Gain on disposal of investment properties	—	(379,889)

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2005 No	2004 No
Number of administrative staff	10	9
Laundrette staff	16	30
Site staff	34	29
	<u>60</u>	<u>68</u>

The aggregate payroll costs of the above were:

	2005 £	2004 £
Wages and salaries	2,139,056	1,595,400
Social security costs	228,881	163,476
Other pension costs	19,687	18,925
	<u>2,387,624</u>	<u>1,777,801</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Emoluments receivable	979,072	541,147
Value of company pension contributions to money purchase schemes	13,050	12,831
	<u>992,122</u>	<u>553,978</u>

Emoluments of highest paid director:

	2005 £	2004 £
Total emoluments (excluding pension contributions)	<u>371,474</u>	<u>165,760</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005 No	2004 No
Money purchase schemes	<u>4</u>	<u>4</u>

6. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	1,562,462	1,342,026
Finance charges	578	527
Other similar charges payable	55,043	69,178
	<u>1,618,083</u>	<u>1,411,731</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year	136,955	325,989
Payments for group relief	57,737	-
Adjustments in respect of previous periods		
- Corporation tax	14,313	(4,486)
- Group relief	5,121	-
Total current tax	<u>214,126</u>	<u>321,503</u>
Deferred tax:		
Origination and reversal of timing differences	(983)	(5,616)
Adjustments in respect of previous periods	(187)	3,597
Tax on profit on ordinary activities	<u>212,956</u>	<u>319,484</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

7. Taxation on ordinary activities (cont.)

(b) Tax included in statement of total recognised gains and losses

The current tax liability of £2,985 (2004: £154,755) arising on recognised gains on the disposal of investment properties not recognised in the profit and loss account has been taken directly to the Statement of Total Recognised Gains and Losses.

(c) Factors affecting current tax charge

	2005 £	2004 £
Profit on ordinary activities before taxation	997,579	670,797
Profit/(loss) on ordinary activities by rate of tax (30%)	299,274	201,239
Expenses not deductible for tax purposes	37,345	3,241
Capital allowances in advance of depreciation	1,421	5,616
Adjustments for tax purposes in connection with the disposal of properties	(116,624)	126,306
Marginal relief	(26,286)	(10,413)
Other timing differences	(438)	-
Adjustments in respect of previous periods	19,434	(4,486)
Total current tax (note 7(a))	214,126	321,503

(d) Factors that may affect future tax charges

No provision has been made for £534,000 of tax (2004: £654,000) which would arise if the revalued properties were disposed of at their accounting valuation. No provision has been made for this tax as there is no commitment or intention at the balance sheet date to sell these properties.

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2005	45,000
Disposal	(45,000)
At 31 December 2005	-
Amortisation	
At 1 January 2005	45,000
Disposal	(45,000)
At 31 December 2005	-
Net Book Value	
At 31 December 2005	-
At 31 December 2004	-

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

9. Tangible fixed assets

	Investment Property £	Plant & Machinery £	Motor Vehicles £	Heritable Property £	Total £
Cost or valuation					
At 1 January 2005	25,330,928	650,949	23,485	805,825	26,811,187
Additions	4,071,406	49,606	-	1,161,268	5,282,280
Disposals	(2,145,627)	(415,323)	(10,885)	(1,461,977)	(4,033,812)
At 31 December 2005	27,256,707	285,232	12,600	505,116	28,059,655
Depreciation					
At 1 January 2005	-	422,509	12,485	-	434,994
Charge for the year	-	53,859	2,500	-	56,359
On disposals	-	(296,646)	(4,885)	-	(301,531)
At 31 December 2005	-	179,722	10,100	-	189,822
Net book value					
At 31 December 2005	27,256,707	105,510	2,500	505,115	27,869,833
At 31 December 2004	25,330,928	228,440	11,000	805,825	26,376,193

The original cost of the investment properties noted above at valuation is £24,645,302 (2004: £22,393,327). The investment properties were revalued by the directors on 31 December 2005.

Hire purchase agreements

Included within the net book value of £27,869,833 is £Nil (2004 - £6,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2004 - £2,000).

10. Investments

	Shares in Subsidiaries	Shares in Joint Ventures	Loans to Joint Ventures	Total
Cost				
At 1 January 2005	3,151	1	1,345,425	1,348,577
Additions	-	-	117,000	117,000
At 31 December 2005	3,151	1	1,462,425	1,465,577
Amounts written off				
At 1 January 2005 and 31 December 2005	3,150	-	-	3,150
Net book value				
At 31 December 2005	1	1	1,462,425	1,462,427
At 31 December 2004	1	1	1,345,425	1,345,427

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

10. Investments (Contd.)

Investments comprise the following shareholdings:

Name	Principal Activity	Shareholding	Year end Date	Aggregate Capital and Reserves £	Loss for the Last financial Year £
Sundial Drumsheugh Limited	Dormant	100% Ordinary Shares	31 December	1	-
Yor Limited	Property Development	50% Ordinary shares	30 April	(81,138)	(81,140) ⁽¹⁾

⁽¹⁾Results from incorporation on 21 May 2004 to 30 April 2005.

11. Stocks

	2005 £	2004 £
Work in progress	<u>8,554,064</u>	<u>13,784,620</u>

12. Debtors

	2005 £	2004 £
Trade debtors	69,613	2,055,547
Amounts owed by group undertakings	84,985	84,985
Other debtors	790	70,615
Prepayments and accrued income	2,540,354	35,765
	<u>2,695,742</u>	<u>2,246,912</u>

13. Creditors: amounts falling due within one year

	2005 £	2004 £
Other loans	146,492	102,000
Bank loans and overdrafts	10,392,326	13,870,865
Trade creditors	104,088	287,006
Amounts owed to group undertakings	50,101	394,418
Amounts owed to joint venture undertakings	62,858	-
Corporation tax	142,573	325,989
Other taxation and social security	165,992	54,810
Hire purchase agreements	-	2,301
Other creditors	8,548	34,564
Director's loan - Mr A Gray Muir	300,000	300,000
Director's loan - Mrs A Gray Muir	119,773	36,811
Director's loan - W Gray Muir	126,574	16,115
Director's loan - A Stirling	200,000	150,000
Accruals and deferred income	689,265	434,398
	<u>12,508,590</u>	<u>16,009,277</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

13. Creditors: amounts falling due within one year (cont.)

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>10,392,326</u>	<u>13,870,865</u>

Both the bank overdrafts and loans are secured by standard security over specific properties.

The loans from directors are for no fixed period, interest is charged at 8.5%.

The other loans are repayable within twelve months and pay interest at rates between 8.5% and 10%.

14. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Bank loans and overdrafts	20,309,690	20,190,624
Amounts owed to group undertakings	1,145,617	1,401,260
Hire purchase agreements	—	4,066
	<u>21,455,307</u>	<u>21,595,950</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005 £	2004 £
Bank loans and overdrafts	<u>20,309,690</u>	<u>20,190,624</u>

15. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	1,518,074	414,731
In more than one year but not more than two years	511,999	432,313
In more than two years but not more than five years	7,667,165	10,903,503
In more than five years	12,130,526	8,854,808
	<u>21,827,764</u>	<u>20,605,355</u>

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2005 £	2004 £
Amounts payable within 1 year	—	2,301
Amounts payable between 2 to 5 years	—	4,066
	<u>—</u>	<u>6,367</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

17. Pensions

The company contributes to defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The pension charge for the year was £18,175 (2004: £18,925). At 31 December 2005 contributions of nil (2004: nil) were payable to the funds.

18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	2,582	4,601
Profit and loss account movement arising during the year	(1,170)	(2,019)
Provision carried forward	<u>1,412</u>	<u>2,582</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	1,412	2,582
	<u>1,412</u>	<u>2,582</u>

19. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	1,966	-	1,853
Within 2 to 5 years	42,000	14,252	26,000	11,002
After more than 5 years	15,000	-	15,000	-
	<u>57,000</u>	<u>16,218</u>	<u>41,000</u>	<u>12,855</u>

20. Related party transactions

At the end of the year, the company owed the following amounts to directors of the company:

	2005 £	2004 £
A M Gray Muir	119,773	36,811
W J Gray Muir	126,574	16,115
A Stirling	200,000	150,000
A Gray Muir	300,000	300,000
	<u>746,347</u>	<u>502,926</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

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20. Related party transactions (cont.)

The directors and other loans are postponed in favour of the Clydesdale Bank PLC in respect of certain of the bank loans.

During the year the company made a loan to E Stirling, a director, of £258,377 which was repaid in full during the year along with the interest.

During the year the company made a loan to W Gray Muir, a director, of £124,696 which was repaid in full during the year along with the interest.

During the year, Muir Gilmerton Limited, of whom Andrew Gray Muir is a director, paid a total of £650,000 for two properties at Carlton Terrace on normal commercial terms.

Andrew Gray Muir provided a personal guarantee for up to £75,000 of sums due to the Royal Bank of Scotland.

William Gray Muir provided a personal guarantee for up to £350,000 of the sums due to the Clydesdale Bank PLC.

During the year £195,225 was charged to the company in respect of legal fees payable to Andrew Gray Muir WS, Solicitor, a director of the company.

21. Share capital

Authorised share capital:

	2005 £	2004 £
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>

22. Revaluation reserve

	2005 £	2004 £
Balance brought forward	2,957,734	3,263,376
Revaluation of fixed assts	-	245,823
Released following transfer of asset to WIP	(326,194)	-
Transfer to the profit and loss account on realisation	<u>(20,134)</u>	<u>(551,465)</u>
Balance carried forward	<u>2,611,406</u>	<u>2,957,734</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

23. Profit and loss account

	2005 £	2004 £
Balance brought forward	3,165,601	2,262,823
Retained profit for the financial year	787,608	506,068
Transfer from revaluation reserve	20,134	551,465
Current tax on investment properties sold	(2,985)	(154,755)
Balance carried forward	<u>3,970,358</u>	<u>3,165,601</u>

24. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	787,608	506,068
Other net recognised gains and losses	—	245,823
Release of revaluation reserve (note 22)	(326,194)	—
Current tax on investment properties sold	(2,985)	(154,755)
Net addition to shareholders' funds	<u>458,429</u>	<u>597,136</u>
Opening shareholders' funds	6,158,335	5,561,199
Closing shareholders' funds	<u>6,616,764</u>	<u>6,158,335</u>

25. Reconciliation of operating profit to net cash inflow from operating activities

	2005 £	2004 £
Operating profit	2,579,129	2,072,979
Depreciation	56,359	107,628
Profit on disposal of fixed assets	(720,296)	(380,289)
Decrease in stocks	4,180,527	964,127
Increase in debtors	(448,830)	(1,981,263)
Increase in creditors	461,012	237,214
Net cash inflow from operating activities	<u>6,107,901</u>	<u>1,020,395</u>

26. Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Increase in cash in the period	4,568,897	111,518
Net cash (inflow) from increase in debt	(621,681)	(1,276,651)
Cash outflow in respect of hire purchase	6,367	7,828
	<u>3,953,603</u>	<u>(1,157,305)</u>
Change in net debt	3,953,603	(1,157,305)
Net debt at 1 January 2005	(35,952,542)	(34,795,237)
Net debt at 31 December 2005	<u>(31,998,939)</u>	<u>(35,952,542)</u>

SUNDIAL PROPERTIES (GILMERTON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

27. Analysis of changes in net debt

	At 1 Jan 2005 £	Cash flows £	At 31 Dec 2005 £
Net cash:			
Cash in hand and at bank	12,992	(12,985)	7
Overdrafts	(13,456,134)	4,581,882	(8,874,252)
	<u>(13,443,142)</u>	<u>4,568,897</u>	<u>(8,874,245)</u>
Debt:			
Debt due within 1 year	(911,149)	(758,238)	(1,669,387)
Debt due after 1 year	(21,591,884)	136,577	(21,455,307)
Hire purchase agreements	(6,367)	6,367	—
	<u>(22,509,400)</u>	<u>(615,294)</u>	<u>(23,124,694)</u>
Net debt	<u>(35,952,542)</u>	<u>3,953,603</u>	<u>(31,998,939)</u>

28. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2004 - £6,260,000).

29. Ultimate parent company

The ultimate parent undertaking is Sundial Holdings Limited, a company incorporated in Scotland. Copies of the financial statements of that company are available from 89 Ravenscroft Street, Edinburgh, EH17 8QS.