**KNIGHT REAL ESTATE LTD****DIRECTOR'S REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2009**

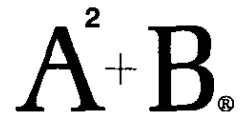
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**KNIGHT REAL ESTATE LTD**

**COMPANY INFORMATION**



**DIRECTOR** J G Barrack

**COMPANY SECRETARY** Brodies Secretarial Services Limited

**COMPANY NUMBER** SC069466

**REGISTERED OFFICE** 62 Queens Road  
Aberdeen  
AB15 4YE



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**KNIGHT REAL ESTATE LTD**  
**DIRECTOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**



The director presents his report and the financial statements for the year ended 31 December 2009.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company was that of project management of property developments.

**RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £3,993 (2008 - profit £14,632).

A dividend of £181,983 was paid during the year (2008 - £nil).

**DIRECTOR**

The director who served during the year was:

J G Barrack

H Crawshaw (resigned 29 September 2009) and G R Morrison (resigned 4 December 2009) served as directors during the year.

**PROVISION OF INFORMATION TO AUDITORS**


The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

  
.....  
**J G Barrack**  
Director

Date: 24/6/10

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2009**



The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

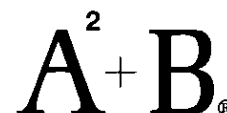
Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they 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 director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## **KNIGHT REAL ESTATE LTD**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KNIGHT REAL ESTATE LTD**



We have audited the financial statements of Knight Real Estate Ltd for the year ended 31 December 2009, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS**

As explained more fully in the Statement of director's responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**KNIGHT REAL ESTATE LTD**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
KNIGHT REAL ESTATE LTD**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Anderson Anderson & Brown LLP*

John Black (Senior statutory auditor)

for and on behalf of

**ANDERSON ANDERSON & BROWN LLP**

Statutory Auditor

9 Queens Road

Aberdeen

AB15 4YL

Date: 24 JUNE 2010

KNIGHT REAL ESTATE LTD

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2009



	Note	2009 £	2008 £
<b>TURNOVER</b>	1,2	47,373	2,842,517
Operating costs		<u>(54,226)</u>	<u>(2,828,384)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,853)	14,133
Tax on (loss)/profit on ordinary activities	5	<u>2,860</u>	<u>499</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	9	<u><u>(3,993)</u></u>	<u><u>14,632</u></u>

All amounts relate to discontinued operations.

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.



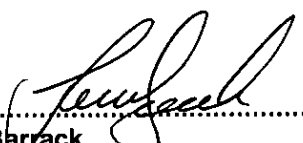
KNIGHT REAL ESTATE LTD  
REGISTERED NUMBER: SC069466

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**BALANCE SHEET  
AS AT 31 DECEMBER 2009**

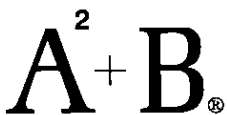
	Note	£	2009 £	£	2008 £
<b>CURRENT ASSETS</b>					
Debtors	6	37,742		96,887	
Cash at bank and in hand		-		194,009	
		<u>37,742</u>		<u>290,896</u>	
<b>CREDITORS:</b> amounts falling due within one year					
	7	(34,888)		(102,066)	
<b>NET CURRENT ASSETS</b>					
			2,854		188,830
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>2,854</u>		<u>188,830</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		107		107
Profit and loss account	9		2,747		188,723
<b>SHAREHOLDERS' FUNDS</b>					
	10		<u>2,854</u>		<u>188,830</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**J G Barrack**  
Director

Date: 24/6/10

The notes on pages 7 to 10 form part of these financial statements.



1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

2. TURNOVER

The whole of the turnover is attributable to project management of property developments.

All turnover arose within the United Kingdom.

3. (LOSS)/PROFIT

The (loss)/profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	-	3,437
Auditors' remuneration	500	3,000
Difference on foreign exchange	339	(3)
Profit/loss on sale of tangible assets	-	(7,500)
Other operating charges	53,387	2,831,968
	<hr/>	<hr/>

During the year, no director received any emoluments (2008 - £NIL).

#### 4. STAFF COSTS

Staff costs were as follows:

	2009 £	2008 £
Wages and salaries	-	427
Other pension costs	-	52
	<u>-</u>	<u>479</u>

The average monthly number of employees, including the director, during the year was as follows:

	2009 No.	2008 No.
Management	<u>3</u>	<u>3</u>

#### 5. TAXATION

	2009 £	2008 £
<b>Analysis of tax credit in the year</b>		
Adjustments in respect of prior periods	(2,860)	326
	<u>(2,860)</u>	<u>326</u>
Group taxation relief	-	(825)
	<u>(2,860)</u>	<u>(499)</u>
<b>Tax on (loss)/profit on ordinary activities</b>		

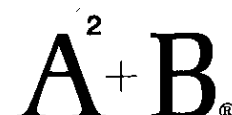
#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	<u>(6,853)</u>	<u>14,133</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	(1,919)	4,028
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,919	2,413
Capital allowances for year in excess of depreciation	-	(7,281)
Group relief at different rate	-	15
Adjustments to tax charge in respect of prior periods	(2,860)	326
	<u>(2,860)</u>	<u>(499)</u>
<b>Current tax credit for the year (see note above)</b>		

**KNIGHT REAL ESTATE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**



**6. DEBTORS**

	2009 £	2008 £
Trade debtors	9,293	11,368
Amounts owed by group undertakings	26,943	2,153
Amounts owed by related undertakings	-	83,366
Corporation tax	1,267	-
VAT	239	-
	<u>37,742</u>	<u>96,887</u>

**7. CREDITORS:  
Amounts falling due within one year**

	2009 £	2008 £
Bank loans and overdrafts	1	-
Trade creditors	-	50,235
Amounts owed to related undertakings	32,609	38,192
Amounts owed to group undertakings	2,278	-
Corporation tax	-	1,590
Social security and other taxes	-	12,049
	<u>34,888</u>	<u>102,066</u>

**8. SHARE CAPITAL**

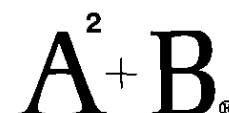
	2009 £	2008 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary Shares shares of £1 each	100	100
7 Non-Voting Shares shares of £1 each	7	7
	<u>107</u>	<u>107</u>

**9. RESERVES**

	Profit and loss account £
At 1 January 2009	188,723
Loss for the year	(3,993)
Dividends: Equity capital	(181,983)
	<u>2,747</u>
At 31 December 2009	<u>2,747</u>

**KNIGHT REAL ESTATE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**



**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
Opening shareholders' funds	188,830	174,198
(Loss)/profit for the year	(3,993)	14,632
Dividends (Note 11)	(181,983)	-
	<u>2,854</u>	<u>188,830</u>
Closing shareholders' funds		

**11. DIVIDENDS**

	2009 £	2008 £
Dividends paid on equity capital	<u>181,983</u>	<u>-</u>

**12. OPERATING LEASE COMMITMENTS**

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2009 £	2008 £	2009 £	2008 £
<b>Expiry date:</b>				
Between 1 and 5 years	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>

**13. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption conferred in FRS8 from disclosing transactions with related parties that are part of Chess Group PLC except those where Chess Group PLC owns less than 100% of the shares.

Related party	Transaction	£	Balance at the year end £
Knights Property Group PLC, a company under common control	Sales	38,818	-

**14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate holding company is Chess Group PLC, a company registered in Scotland. Chess Group PLC prepares consolidated financial statements.