

ADC (Glasgow) Limited

Report and Financial Statements

31 May 2006



ADC (Glasgow) Limited

REPORT AND FINANCIAL STATEMENTS 2006

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ADC (Glasgow) Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors

H W M Little

W R Nixon

Secretary

H W M Little

Registered office

10 Queen's Terrace

Aberdeen

AB10 1YG

Registered number

SCO74384

Auditors

Deloitte & Touche LLP

Glasgow

Bankers

Bank of Scotland

Corporate Banking (Scotland)

3 5 Albyn Place

Aberdeen

AB10 1ZS

ADC (Glasgow) Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2006

ACTIVITIES AND REVIEW OF BUSINESS

The Company operates as a development capital fund

The Company's key performance indicators are revenue and net profit after tax Turnover for the year amounted to £174,000 (2005 £375,000) and net profit after tax amounted to £169,000 (2005 £367,000)

The directors are satisfied with the results for the year and consider the financial position at the end of the year to be satisfactory

The Company's principal risks and uncertainties relate to economic factors which affect the valuation of investments

DIVIDENDS

Interim dividends of £169,000 (2005 £367,000) were paid during the year The directors do not recommend a final dividend for the year (2005 £nil)

DIRECTORS AND DIRECTORS' INTERESTS

The names of the current directors and those who served during the year are set out on page 1

The interests of H W M Little in the share capital of Aberdeen Development Capital PLC, the ultimate parent company, are disclosed in the Directors' Report of that company W R Nixon had no interest in the shares of the Company or in any other Group company during the year

In terms of the Articles of Association of the Company, no directors require to retire by rotation

FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are discussed in note 10 to the accounts

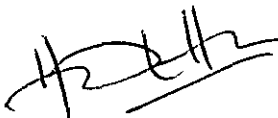
ELECTIVE REGIME

In accordance with the provisions of the Companies Act 1985, as amended, the Company has elected to dispense with the laying of financial statements before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually

AUDITORS

Deloitte & Touche LLP were appointed auditors during the year by the directors A resolution to re appoint Deloitte & Touche LLP will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

By order of the board



H W M Little
Secretary

29 March 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards ("IFRS") They are responsible for preparing accounts that present fairly the financial position, financial performance, and cash flows of the Company In preparing these 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, and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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 directors' report and financial statements comply with the requirements of the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADC (Glasgow) Limited

We have audited the financial statements of ADC (Glasgow) Limited for the year ended 31 May 2006 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 13. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, 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 the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

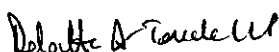
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 circumstances of the Company, 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 those IFRSs as adopted for use in the European Union, of the state of the Company's affairs as at 31 May 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.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Glasgow, United Kingdom

29 March 2007

INCOME STATEMENT
Year ended 31 May 2006

	Notes	2006 £000	2005 £000
Revenue	3	174	375
Administrative expenses		(3)	(8)
Interest payable and similar charges	4		
Profit before taxation	5	171	367
Tax	6	(2)	
Net profit after taxation		169	367

The Company has no recognised gains or losses other than as recorded in the income statement

All results relate to continuing operations

The notes on pages 9 to 14 form part of these financial statements

ADC (Glasgow) Limited

BALANCE SHEET 31 May 2006

	Notes	2006 £000	2005 £000
Assets			
Current assets			
Debtors	7	3,112	2,096
Cash at bank and in hand		132	479
		<u>3,244</u>	<u>2,575</u>
Liabilities			
Current Liabilities	8	<u>901</u>	<u>232</u>
		901	232
Equity			
Called up share capital	9	2,200	2,200
Retained earnings		<u>143</u>	<u>143</u>
		2,343	2,343
Total liabilities and equity		<u>3,244</u>	<u>2,575</u>

The notes on pages 9 to 14 form part of these financial statements

These financial statements were approved by the Board of Directors on 29 March 2007 and were signed on its behalf by



H W M Little
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 May 2006

	Share capital £'000	Retained earnings £'000	Total attributable to equity holders of the Company £'000
As at 1 June 2004	2,200	143	2,343
Changes in equity for 2005			
Profit for the period		367	367
Dividends		(367)	(367)
As at 31 May 2005	2,200	143	2,343
Changes in equity for 2006			
Profit for the period		169	169
Dividends		(169)	(169)
As at 31 May 2006	2,200	143	2,343

ADC (Glasgow) Limited

CASH FLOW STATEMENT

Year ended 31 May 2006

	2006 £000	2005 £000
Operating activities		
Profit before tax	171	367
(Increase)/decrease in accrued income & other debtors	(26)	(19)
(Increase)/decrease in amounts owed by parent company	(1,014)	1,234
Decrease/(increase) in current liabilities	669	(660)
Tax recovered/(paid)	22	(16)
	<hr/>	<hr/>
Cash (used by)/generated from operating activities	(178)	906
	<hr/>	<hr/>
Financing activities		
Draw down/(repayment) of borrowings		(964)
Dividends paid	(169)	(367)
	<hr/>	<hr/>
Cash used by financing activities	(169)	(1,331)
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(347)	(425)
Cash and cash equivalents as at 1 June	479	904
	<hr/>	<hr/>
Cash and cash equivalents as at 31 May	132	479
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 31 May 2006

1. Adoption of International Financial Reporting Standards

The financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. The date of transition to IFRS for the Company and the date of its opening IFRS balance sheet was 1 June 2004.

There were no adjustments to the 1 June 2004 opening balance sheet upon transition from UK GAAP to IFRS.

In preparing the 2004 income statement and balance sheet, UK GAAP principles, then current, have been applied to financial instruments.

The main differences between UK GAAP and IFRS relate to disclosure requirements and these are summarised in note 13.

2. Accounting Policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Revenue recognition

The Company's revenue consists of interest and other income from fixed asset investments. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

Fixed asset investments

Cross option arrangements exist at 31 May 2006 between the Company and ADC Fund Limited Partnership over the investments owned by the Company. The effect of these option arrangements is to transfer the risks and rewards of ownership of the investments to ADC Fund Limited Partnership. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" the investments are recorded in the balance sheet of ADC Fund Limited Partnership and a receivable is recorded in the balance sheet of the Company, thus reflecting the substance underlying the option arrangements. In the event that ADC Fund Limited Partnership sells the investments covered by the option agreement, the Company will be entitled to receive the option price and this will reduce the amounts receivable from ADC Fund Limited Partnership.

Movements in fair value

Changes in the fair value of all held at fair value assets are taken to the Income Statement. On disposal, realised gains and losses are also recognised in the Income Statement.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

Taxation

Provision is made for taxation at current enacted rates on taxable profits taking into account relief for overseas taxation where appropriate. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

Dividends

Dividend income is recognised from the date on which dividends are declared ex dividend.

ADC (Glasgow) Limited

NOTES TO THE ACCOUNTS

Year ended 31 May 2006

3. Revenue

	2006 £000	2005 £000
Income from fixed asset investments	156	351
Other interest receivable and similar income	18	24
	<u>174</u>	<u>375</u>

4. Interest payable and similar charges

	2006 £000	2005 £000
On bank loans		17
Receivable from group undertakings		(17)
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
Year ended 31 May 2006

5. Profit before tax

Auditors' remuneration for both years is being borne by the ultimate parent company

6. Tax

	2006	2005
	£000	£000
a) Analysis of charge for the year		
Current tax charge	2	
	<u>2</u>	<u></u>
b) Factors affecting tax charge for the year		
	2006	2005
	£000	£000
<i>Current tax reconciliation</i>		
Profit before tax	171	367
	<u>171</u>	<u>367</u>
Current tax at 30% (2005 30%)	51	110
Effects of		
Franked income investment	(38)	(72)
Income not taxable		(7)
Marginal rate relief	(7)	
Utilisation of excess interest and expenses brought forward	(6)	(31)
Prior period adjustment	2	
	<u>2</u>	<u></u>
Total current tax charge (see above)	<u>2</u>	<u></u>

No provision for deferred tax has been made due to the fact that the Company has approximately £nil (2005 £20,000) of excess interest and management expenses. The deferred tax asset of £nil (2005 £6,000) would only be recovered if the Company were to generate sufficient taxable profits in the future to utilise these expenses.

7. Debtors

	2006	2005
	£000	£000
Amounts owed by group undertakings	2,890	1,876
Deferred consideration		100
Accrued income	222	96
Tax recoverable		24
	<u>3,112</u>	<u>2,096</u>

Amounts owed by group undertakings are unsecured and interest free

NOTES TO THE ACCOUNTS
Year ended 31 May 2006

8. Creditors: amounts falling due within one year

	2006	2005
	£000	£000
Amounts due to group undertakings	898	232
Accruals	3	
	<u>901</u>	<u>232</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

9. Called up share capital

	2006	2005
	£000	£000
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
2,200,000 ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>

10. Financial instruments

The Company has exposure to market, credit and liquidity risk. The Company has established a comprehensive framework for monitoring changes in the market and responding accordingly.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

To mitigate the risk the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The Investment Manager actively monitors market prices throughout the year and reports to the Board of the parent company, which meets regularly in order to consider investment strategy.

Investments are stated at fair value.

Credit risk

The Company is exposed to credit risk through investments in bonds and loan stock. Generally, the higher the quality of the issuer, the lower the interest rate at which they can borrow. Issuers of a lower quality will tend to have to pay more to borrow money to compensate the lender for the extra risk taken. The Investment Manager assesses the risk associated with these investments by prior financial analysis of the issuing companies as part of their normal scrutiny of prospective investments.

Liquidity risk

The Company's assets comprise mainly unlisted securities, which can be sold to meet funding commitments.

NOTES TO THE ACCOUNTS
Year ended 31 May 2006

11. Related party transaction

Amounts due to Related Parties

At the balance sheet date, £898,000 (2005 £232,000) is due to ADC Fund Limited Partnership

Amounts due from Related Parties

At the balance sheet date, £2,890,000 (2005 £1,876,000) is due from Aberdeen Development Capital plc
 The amount was interest free and repayable within 5 years

12. Ultimate parent undertaking

The Company is a subsidiary undertaking of ADC Fund Limited Partnership. In turn, ADC Fund Limited Partnership is a subsidiary undertaking of Aberdeen Development Capital PLC, which is the ultimate parent undertaking incorporated in Scotland.

The largest group in which the results of the Company are consolidated is that headed by Aberdeen Development Capital PLC.

Copies of the financial statements for Aberdeen Development Capital PLC are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen AB10 1YG. No other group accounts include the results of the Company.

13. Significant differences between UK GAAP and IFRS accounting treatment

There were no IFRS adjustments made to the 1 June 2004 or 1 June 2005 Balance Sheet. The amounts reported as at 31 May 2004 under UK GAAP are consistent with those reported under IFRS. The following table summarises differences in respect of disclosure requirements.

UK GAAP	IFRS
(a) Cash flow	
Under FRS 1 (Revised), the Company was exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights were controlled within the group and a consolidated cash flow statement was included in the ultimate parent Company's financial statements which were publicly available.	Under IAS 7, the Company is required to produce a Cash flow statement.
Under UK GAAP Cash comprises cash and balances with central banks and loans and advances to banks repayable on demand.	Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short term highly liquid investments that are already convertible to known amounts of cash and subject to insignificant risk of changes in value.
Cash flows are classified under the following headings: Operating activities Dividends from joint ventures or associates Returns on investments and servicing of finance Taxation Capital expenditure and financial investment Acquisitions and disposals Ordinary equity dividends paid Financing	Cash flows are classified into operating, investing and financing activities.

NOTES TO THE ACCOUNTS
Year ended 31 May 2006

13. Significant differences between UK GAAP and IFRS accounting treatment (continued)

(b) Financial Instruments: Financial assets	
Cash and other assets are recorded at cost	Under IAS 39, financial assets are classified as loans and advances, available for sale and held for trading IAS 39 requires disclosure of the classification for all financial instruments and a comparison of fair value versus carrying value for each type of financial instrument
(c) Financial Instruments: Financial liabilities	
Under UK GAAP financial liabilities are recorded at amortised cost	IAS 39 requires all financial liabilities to be measured at amortised cost except for those that are held for trading and those that were designated at fair value through profit or loss on initial recognition On implementation of IAS 39, no financial liabilities were designated at fair value through profit or loss
(d) Dividends	
Dividends payable on ordinary shares are recorded in the period to which they relate	Dividends are recorded in the period in which they are declared