REGISTERED NUMBER: SC152470 (Scotland)

Report of the Directors and

Financial Statements for the Year Ended 31 March 2012

for

Douglas Shelf Seven Limited

Douglas Shelf Seven Limited

Contents of the Financial Statements for the Year Ended 31 March 2012

Douglas Shelf Seven Limited

Company Information
for the Year Ended 31 March 2012

DIRECTORS:	RB Clapham D Porter DA Cumine
SECRETARY:	DA Cumine
REGISTERED OFFICE:	8 Elmbank Gardens Glasgow G2 4NQ
REGISTERED NUMBER:	SC152470 (Scotland)
AUDITORS:	Baker Tilly UK Audit LLP Chartered Accountants Breckenridge House 274 Sauchiehall Street Glasgow G2 3EH

Report of the Directors
for the Year Ended 31 March 2012

The directors present their report with the financial statements of the company for the year ended 31 March 2012.

PRINCIPAL ACTIVITY
The company's principal activity during the year was that of property investment.

REVIEW OF BUSINESS
The directors are satisfied with the results for the year. The investment property was revalued at 31 March 2012 by the directors resulting in a temporary revaluation deficit of £50,000. The directors intend to continue to hold the investment property as a long term investment.

DIVIDENDS
The loss for the year, after taxation, amounted to £64,935 (2011 - loss £21,663). The directors recommend no dividend for the year.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report.

RB Clapham
D Porter
DA Cumine

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors 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 the directors have 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 directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 them to ensure that the financial statements comply with the Companies Act 2006. 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.

DISCLOSURE OF INFORMATION TO THE AUDITORS
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS
Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue to act as auditors to the company.

ON BEHALF OF THE BOARD:

....
DA Cumine - Director

14 September 2012

Report of the Independent Auditors to the Members of Douglas Shelf Seven Limited

We have audited the financial statements of Douglas Shelf Seven Limited for the year ended 31 March 2012 on pages six to thirteen. 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 a Report of the Auditors 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
As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 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.

Emphasis of matter - Going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern, principally in respect of the need to renegotiate the terms of the group's bank funding. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

Patrick Norris (Senior Statutory Auditor)
For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

18th September 2012

Douglas Shelf Seven Limited

Profit and Loss Account
for the Year Ended 31 March 2012

	Notes	2012 £	2011 £
TURNOVER	2	45,766	56,976
Cost of sales		58,426	51,348
GROSS (LOSS)/PROFIT		(12,660)	5,628
Administrative expenses		40,567	17,624
OPERATING LOSS	5	(53,227)	(11,996)
Interest payable and similar charges	6	11,708	9,667
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(64,935)	(21,663)
Tax on loss on ordinary activities	7	-	-
LOSS FOR THE FINANCIAL YEAR		(64,935)	(21,663)

CONTINUING OPERATIONS
All amounts relate to continuing activities.

The notes form part of these financial statements

Douglas Shelf Seven Limited

Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2012

	2012 £	2011 £
LOSS FOR THE FINANCIAL YEAR	(64,935)	(21,663)
Unrealised deficit on revaluation of investment property	(50,000)	(90,000)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(114,935)	(111,663)

The notes form part of these financial statements

Douglas Shelf Seven Limited

Balance Sheet
31 March 2012 Registered No: SC152470

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	500,000	550,000
CURRENT ASSETS			
Debtors	9	61,096	66,257
Cash at bank		1,179	6,129
		62,275	72,386
CREDITORS			
Amounts falling due within one year	10	(247,327)	(192,503)
NET CURRENT LIABILITIES		(185,052)	(120,117)
TOTAL ASSETS LESS CURRENT LIABILITIES		314,948	429,883
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Revaluation reserve	12	(210,117)	(160,117)
Profit and loss account	12	525,063	589,998
SHAREHOLDERS' FUNDS	16	314,948	429,883

The financial statements were approved by the Board of Directors, authorised for issue on 14 September 2012 and were signed on its behalf by:

....
DA Cumine - Director
14 September 2012

The notes form part of these financial statements

1. ACCOUNTING POLICIES

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

Going concern
The Group has, along with most other property investment companies, experienced a significant reduction in the market value of its property portfolio. This has primarily been caused by the lack of available debt funding in the market creating both uncertainty as to future value and a flight to quality leaving secondary properties in limbo.

The continuing fall in values has prompted debate between the parent company and its funders, which has led the parent company's directors to explore options in respect of the potential replacement of its Group funders. The parent company's directors are therefore in discussion with a variety of parties and are confident that a deal can be struck in the near future to replace its bankers and secure the mid to long term future of the Credential Group.

Going concern is dependent upon successful completion of these discussions. It is the company's directors' belief that a satisfactory conclusion will be achieved and have therefore prepared the financial statements on a going concern basis. This belief is bolstered by the current trading position of the Credential Group where debt continues to be serviced without stress, income levels remain constant (despite the economic conditions), and occupancy levels remain consistent with previous years.

Cash flow statement
The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

Turnover
Property rental income is recognised evenly over the term of the lease to which it relates. Surrender premiums received from outgoing tenants prior to the expiry of their leases are included in property rental income.

Tenant incentives
Lease incentives which enhance the property are added to the cost of the property. Where a lease incentive does not enhance the property, it is amortised over the period to the earlier of the first rent review, the first break option, or the end of the lease term. On new leases with rent-free periods, rental income is allocated evenly over the period from the date of the lease commencement to the date of the first rent review.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1. ACCOUNTING POLICIES - continued

Investment properties
Investment properties are accounted for in accordance with SSAP 19 and are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Although the Companies Act 2006 would normally require systematic annual depreciation of fixed assets, the directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current values for investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3. STAFF COSTS

There were no staff costs for the year ended 31 March 2012 nor for the year ended 31 March 2011.

4. DIRECTORS' EMOLUMENTS

	2012	2011
	£	£
Directors' remuneration	-	-

5. OPERATING LOSS

The operating loss is stated after charging:

	2012	2011
	£	£
Auditors' remuneration	1,800	1,800

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest payable - group loans	11,708	9,667

7. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2012 nor for the year ended 31 March 2011.

7. TAXATION - continued

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2012	2011
	£	£
Loss on ordinary activities before tax	(64,935)	(21,663)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(16,883)	(6,066)
Effects of:		
Group relief surrendered for no consideration	16,883	6,066
Current tax charge	-	-

8. TANGIBLE FIXED ASSETS

	Investment Property
	£
AT VALUATION	
At 1 April 2011	550,000
Revaluation deficit for the year	(50,000)
At 31 March 2012	500,000
NET BOOK VALUE	
At 31 March 2012	500,000
At 31 March 2011	550,000

If investment property had not been revalued it would have been included at the following historical cost:

	2012	2011
	£	£
Cost	710,117	710,117

The company's investment property was revalued as at 31 March 2012 by the directors, based on independent valuations by Chartered Surveyors, at open market value.

The deficit on revaluation of £50,000 was debited to the revaluation reserve.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	32,770	48,729
Other debtors	16,034	5,236
Prepayments and accrued income	12,292	12,292
	61,096	66,257

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	6,118	-
Amounts owed to group undertakings	221,585	189,619
Accruals and deferred income	19,624	2,884
	247,327	192,503

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2012 £	2011 £
2	Ordinary shares	£1	2	2

12. RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2011	589,998	(160,117)	429,881
Loss for the year	(64,935)	-	(64,935)
Revaluation deficit for the year	-	(50,000)	(50,000)
At 31 March 2012	525,063	(210,117)	314,946

13. ULTIMATE PARENT COMPANY

The directors regard Credential Investment Holdings Limited, a company registered in Scotland, as the company's ultimate parent company. Credential Investment Holdings Limited, which is controlled by R B Clapham, is the parent undertaking of the largest and smallest group of which the company is a member, and for which group accounts are drawn up. Copies of Credential Investment Holdings Limited accounts may be obtained from the Registrar of Companies.

14. CONTINGENT LIABILITIES

The bank borrowings of Credential Investment Holdings Limited and certain of its subsidiary undertakings, totalling £174,442,539 (2011 - £91,334,145), are guaranteed by the company. As security for the company's obligations the bank holds a standard security over the investment property, a floating charge over the assets and an assignation of the rental income in favour of the bank.

15. RELATED PARTY DISCLOSURES

Pursuant to the exemption granted by Financial Reporting Standard 8 'Related Party Disclosures' transaction with other undertakings within, and related parties of, Credential Investment Holdings Limited have not been disclosed in these financial statements.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Loss for the financial year	(64,935)	(21,663)
Other recognised gains and losses relating to the year (net)	(50,000)	(90,000)
Net reduction of shareholders' funds	(114,935)	(111,663)
Opening shareholders' funds	429,883	541,546
Closing shareholders' funds	314,948	429,883