

REGISTERED NUMBER: SC152470 (Scotland)

**Report of the Directors and
Financial Statements for the Year Ended 31 March 2013
for
Douglas Shelf Seven Limited**

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Douglas Shelf Seven Limited
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for the Year Ended 31 March 2013

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Douglas Shelf Seven Limited
Company Information
for the Year Ended 31 March 2013

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

Douglas Shelf Seven Limited
Report of the Directors
for the Year Ended 31 March 2013

The directors present their report with the financial statements of the company for the year ended 31 March 2013.

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 2013 by the directors at a valuation of £500,000. 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 £32,107 (2012 - loss £64,935). A dividend of £282,000 was paid during the year. The directors recommend no final dividend for the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2012 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.

Douglas Shelf Seven Limited
Report of the Directors
for the Year Ended 31 March 2013

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:


.....
D Porter - Director

20 December 2013

**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 2013 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 [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

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 2013 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.

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

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

23rd December 2013

Douglas Shelf Seven Limited
Profit and Loss Account
for the Year Ended 31 March 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-----------------|-----------------|
| TURNOVER | 2 | 50,989 | 45,766 |
| Cost of sales | | <u>42,423</u> | <u>58,426</u> |
| GROSS PROFIT/(LOSS) | | 8,566 | (12,660) |
| Administrative expenses | | <u>26,943</u> | <u>40,567</u> |
| OPERATING LOSS | 5 | (18,377) | (53,227) |
| Interest payable and similar charges | 6 | <u>13,730</u> | <u>11,708</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (32,107) | (64,935) |
| Tax on loss on ordinary activities | 7 | <u>-</u> | <u>-</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u>(32,107)</u> | <u>(64,935)</u> |

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 2013**

| | 2013 £ | 2012 £ |
|---|-----------------|------------------|
| LOSS FOR THE FINANCIAL YEAR | (32,107) | (64,935) |
| Unrealised deficit on revaluation of investment property | <u>-</u> | <u>(50,000)</u> |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | <u>(32,107)</u> | <u>(114,935)</u> |


The notes form part of these financial statements

Douglas Shelf Seven Limited (Registered number: SC152470)

Balance Sheet
31 March 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 500,000 | 500,000 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 44,875 | 61,096 |
| Cash at bank | | <u>12,477</u> | <u>1,179</u> |
| | | 57,352 | 62,275 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | <u>(556,511)</u> | <u>(247,327)</u> |
| NET CURRENT LIABILITIES | | <u>(499,159)</u> | <u>(185,052)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>841</u> | <u>314,948</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 2 | 2 |
| Revaluation reserve | 13 | (210,117) | (210,117) |
| Profit and loss account | 13 | <u>210,956</u> | <u>525,063</u> |
| SHAREHOLDERS' FUNDS | 17 | <u>841</u> | <u>314,948</u> |

The financial statements were approved by the Board of Directors, authorised for issue on 20 December 2013 and were signed on its behalf by:


.....
DA Cumine - Director

20 December 2013

The notes form part of these financial statements

Douglas Shelf Seven Limited
Notes to the Financial Statements
for the Year Ended 31 March 2013

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

At 31 March 2013 the Group was in breach of its loan covenants with its principal banker because of the significant reduction in the market value of the Group property portfolio. The Group continues to service its debt without stress and Group income levels continue to remain consistent with previous years.

On 23 April 2013 the Group's principal banker transferred its Group loans as part of a debt portfolio sale to KW Real Estate I Ltd / Deutsche Bank AG. On 28 November 2013 KW Real Estate I Ltd / Deutsche Bank AG sold on these Group loans to a new debt provider. The parent company directors have been in discussion with this new debt provider to restructure the Group loan terms, the loan covenants and the security package. These terms have now been agreed but not yet signed and the directors are satisfied that the financial statements can be prepared on the going concern basis.

As the terms are the same the group remains in breach of its loan to value covenant and the new debt provider will deal with this by way of the issue of reservation of rights letter. The directors are confident that the new debt provider will be supportive.

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.

Douglas Shelf Seven Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2013**

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 2013 nor for the year ended 31 March 2012.

4. DIRECTORS' EMOLUMENTS

| | 2013 | 2012 |
|-------------------------|----------|----------|
| | £ | £ |
| Directors' remuneration | <u>-</u> | <u>-</u> |

5. OPERATING LOSS

The operating loss is stated after charging:

| | 2013 | 2012 |
|------------------------|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | <u>1,800</u> | <u>1,800</u> |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2013 | 2012 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Interest payable - group loans | <u>13,730</u> | <u>11,708</u> |

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2013 nor for the year ended 31 March 2012.

Douglas Shelf Seven Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2013**

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:

| | 2013 £ | 2012 £ |
|--|-----------------|-----------------|
| Loss on ordinary activities before tax | <u>(32,107)</u> | <u>(64,935)</u> |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%) | (7,706) | (16,883) |
| Effects of: Group relief surrendered for no consideration | <u>7,706</u> | <u>16,883</u> |
| Current tax charge | <u>-</u> | <u>-</u> |

8. DIVIDENDS

| | 2013 £ | 2012 £ |
|---------------------------------------|----------------|-----------|
| Ordinary shares of £1 each Interim | <u>282,000</u> | <u>-</u> |

9. TANGIBLE FIXED ASSETS

| | Investment Property £ |
|--------------------------------------|-----------------------------|
| AT VALUATION | |
| At 1 April 2012 and 31 March 2013 | <u>500,000</u> |
| NET BOOK VALUE | |
| At 31 March 2013 | <u>500,000</u> |
| At 31 March 2012 | <u>500,000</u> |

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

| | 2013 £ | 2012 £ |
|------|----------------|----------------|
| Cost | <u>710,117</u> | <u>710,117</u> |

The company's investment property was revalued at 31 March 2013 by the directors, based on an independent valuation by Chartered Surveyors, at open market value.

Douglas Shelf Seven Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2013

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 7,348 | 32,770 |
| Other debtors | 25,006 | 16,034 |
| Prepayments and accrued income | <u>12,521</u> | <u>12,292</u> |
| | <u>44,875</u> | <u>61,096</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 | 2012 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 9,430 | 6,118 |
| Amounts owed to group undertakings | 538,165 | 221,585 |
| Accruals and deferred income | <u>8,916</u> | <u>19,624</u> |
| | <u>556,511</u> | <u>247,327</u> |

12. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2013 | 2012 |
|----------------------------------|-----------------|----------------|----------|----------|
| Number: | Class: | Nominal value: | £ | £ |
| 2 | Ordinary shares | £1 | <u>2</u> | <u>2</u> |

13. RESERVES

| | Profit and loss account £ | Revaluation reserve £ | Totals £ |
|-------------------|------------------------------|--------------------------|------------------|
| At 1 April 2012 | 525,063 | (210,117) | 314,946 |
| Loss for the year | (32,107) | - | (32,107) |
| Dividends | <u>(282,000)</u> | <u>-</u> | <u>(282,000)</u> |
| At 31 March 2013 | <u>210,956</u> | <u>(210,117)</u> | <u>839</u> |

Douglas Shelf Seven Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2013**

14. ULTIMATE PARENT COMPANY

Credential Investment Holdings Limited is regarded by the directors as being the company's 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.

15. CONTINGENT LIABILITIES

The bank borrowings of Credential Investment Holdings Limited, and certain of its subsidiary undertakings, totalling £169,017,163 (2012 - £174,442,539) 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.

16. 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.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2013 £ | 2012 £ |
|---|-------------------|-----------------------|
| Loss for the financial year | (32,107) | (64,935) |
| Dividends | <u>(282,000)</u> | <u>-</u> |
| | (314,107) | (64,935) |
| Other recognised gains and losses relating to the year (net) | <u>-</u> | <u>(50,000)</u> |
| Net reduction of shareholders' funds | (314,107) | (114,935) |
| Opening shareholders' funds | <u>314,948</u> | <u>429,883</u> |
| Closing shareholders' funds | <u>841</u> | <u>314,948</u> |