

Reg

Drumoig Limited

**Directors' report and accounts
for the year ended 31 August 2007**

Registered number 154273



Drumoig Limited

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Drumoig Limited

Company information

Directors	ID Mathers AW Torbet DAH Smith M Craig
Secretary	M Craig
Registered office	Drumoig House Forgan Drive Drumoig St Andrews Fife
Auditors	Henderson Loggie Chartered Accountants Royal Exchange Panmure Street Dundee
Bankers	The Royal Bank of Scotland 3 High Street Dundee
Solicitors	Shepherd & Wedderburn WS Saltire Court 20 Castle Terrace Edinburgh

Drumoig Limited

Directors' report

The directors have pleasure in submitting the annual report and accounts of the company for the year ended 31 August 2007

Principal activities

The company's principal activities continue to be the advancement of our wholly owned prestigious residential property development and the lease of the associated golf course, offices and hotel complex in North Fife

Directors

The directors in office at the date of this report are shown on page 1

So far as each director is aware there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a director to make themselves aware of such information and to establish that the auditors are aware of it

This report which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, was approved by the board on 26 February 2008 and signed on its behalf by


M Craig
Secretary

Drumoig Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Practice and applicable law). The accounts are required by law to 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts 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 accounts comply with 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.

Drumoig Limited

Independent auditors' report to the shareholders of Drumoig Limited

We have audited the accounts of Drumoig Limited for the year ended 31 August 2007 which comprise the profit and loss account, the balance sheet and the related notes. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 the preparation of the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts 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 accounts 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 accounts.

In addition we report to you if, in our opinion, 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 transactions with the company 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. Our responsibilities do not extend to any other information.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

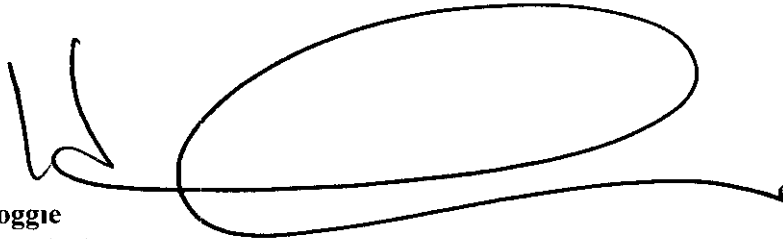
Drumoig Limited

Independent auditors' report to the shareholders of Drumoig Limited (continued)

Opinion

In our opinion

- the accounts 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 August 2007 and of its loss for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the accounts

A large, stylized handwritten signature in black ink, consisting of a large loop and a long horizontal stroke.

Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

26 February 2008

Drumoig Limited

Profit and loss account for the year ended 31 August 2007

	Note	2007 £	2006 £
Turnover		127,858	1,182,617
Cost of sales		84,957	1,049,325
Gross profit		42,901	133,292
Administrative expenses		37,342	331,607
Operating profit/(loss)	3 4	5,559	(198,315)
Interest receivable	5	21	17
Interest payable	6		(10,663)
Profit/(loss) before taxation		5,580	(208,961)
Taxation	7		3
Profit/(loss) on ordinary activities after taxation for the financial year		5,580	(208,958)

Statement of total recognised gains and losses

	2007 £	2006 £
Profit/(loss) for the year	5,580	(208,958)
Transfer from revaluation reserve		(102,500)
Total recognised gain/(losses) for year	5,580	(311,458)

The notes on pages 8 to 14 form part of these accounts

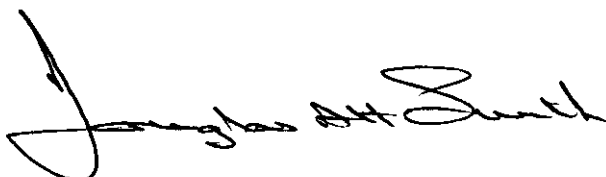
Drumoig Limited

Balance sheet at 31 August 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	8		3,054,332		2,675,330
Current assets					
Work in progress		5,549			
Debtors	9	141,605		37,472	
Cash at bank and in hand		35,672		20,293	
			<u>182,826</u>	<u>57,765</u>	
Creditors					
Amounts falling due within one year	10	(1,381,580)		(1,283,447)	
Net current liabilities			<u>(1,198,754)</u>		<u>(1,225,682)</u>
Total assets less current liabilities			<u><u>1,855,578</u></u>		<u><u>1,449,648</u></u>
Capital and reserves					
Called up share capital	11		202,000		202,000
Share premium	12		999,200		999,200
Revaluation reserve	12		1,890,707		1,505,557
Profit and loss account	13		(1,236,329)		(1,257,109)
Shareholders' funds	14		<u><u>1,855,578</u></u>		<u><u>1,449,648</u></u>

The directors have taken advantage, in the preparation of these accounts of the special provisions of Part VII of the Companies Act 1985 relating to small companies

The accounts were approved by the board of directors on 26 February 2008 and signed on its behalf by



DAH Smith
Director

The notes on pages 8 to 14 form part of these accounts

Drumoig Limited

Notes to the accounts

1 Accounting policies

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards using the historical cost convention and include the results of the company's operations, all of which are continuing

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is controlled by Torith Limited which publishes a consolidated cash flow statement

Turnover

Turnover comprises the invoiced value of goods and services, net of value added tax

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life as follows

Land and buildings	2% straight line basis
Plant and machinery	15% 25% reducing balance basis
Fixtures and fittings	15% 25% reducing balance basis
Motor vehicles	25% reducing balance basis

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred

Stocks

Stocks are valued at the lower of cost and net realisable value

Work in progress

The short term contracts are valued at the lower of cost and net realisable value less progress payments received or receivable to date

Drumoig Limited

Notes to the accounts (continued)

2 Turnover

In the year to 31 August 2007 all of the company's turnover arose in the United Kingdom

3	Operating profit/(loss)	2007 £	2006 £
	Operating profit/(loss) is stated after charging		
	Auditors' remuneration		
	for audit services	1,650	3,334
	for non audit services	350	3,135
	Depreciation of tangible fixed assets	18,347	51,641
		<u> </u>	<u> </u>

4 Staff costs

Wages and salaries		124,242
Social security costs		6,286
	<u> </u>	<u> </u>
		130,528
	<u> </u>	<u> </u>

The average weekly number of employees during the year was made up as follows

	2007 No.	2006 No
Office and management		2
Leisure facilities		15
	<u> </u>	<u> </u>
		17
	<u> </u>	<u> </u>

Drumoig Limited

Notes to the accounts (continued)

5	Interest receivable	2007 £	2006 £
	Bank interest	21	17
		=====	=====
6	Interest payable		
	Bank overdraft and bank loan interest		10,663
		=====	=====
7	Taxation		
	Corporation tax		
	Current year		
	Prior year		3
		=====	=====
			3
		=====	=====
	Factors affecting tax charge for the year		
	Profit/(loss) before tax	5,580	(208,961)
		=====	=====
	Tax thereon at 20% (2006 19%)	1,116	(39,702)
	Effects of:		
	Expenses not deductible for tax purposes	518	1,156
	Capital allowances for the year in excess of depreciation	1,528	(1,936)
	Prior year adjustment		3
	Losses surrendered to group companies		14,398
	Losses carried forward		26,084
	Losses utilised	(3,162)	
		=====	=====
	Current tax charge for year		3
		=====	=====

Drumoig Limited

Notes to the accounts (continued)

8 Tangible fixed assets

	Land & buildings £	Plant & equipment £	Total £
Cost or valuation			
At 1 September 2006	2,660,000	94,382	2,754,382
Additions	850		850
Disposals		(17,000)	(17,000)
Revaluation	359,150		359,150
At 31 August 2007	3,020,000	77,382	3,097,382
Accumulated depreciation			
At 1 September 2006	41,200	37,852	79,052
Charge for the year		11,445	11,445
Disposals		(6,247)	(6,247)
Revaluation	(41,200)		(41,200)
At 31 August 2007		43,050	43,050
Net book values			
At 31 August 2007	3,020,000	34,332	3,054,332
At 31 August 2006	2,618,800	56,530	2,675,330

The land and buildings comprising leisure facilities, offices and the former Scottish National Golf Centre were valued on the basis of market value by CB Richard Ellis Limited, Chartered Surveyors, on 11 July 2007 at £2,470,000. The directors are of the opinion that given the valuation is based on the existing use of the facility the valuation is appropriate at 31 August 2007.

The remaining development land was also valued on the basis of market value at £550,000 (2006 £600,000) by CB Richard Ellis Limited on 11 July 2007.

The historic cost of the freehold land and buildings included at valuation is as follows

	2007 £	2006 £
Cost	116,250	116,250
Accumulated depreciation		
Net book value	116,250	116,250

Drumoig Limited

Notes to the accounts (continued)

9 Debtors

	2007 £	2006 £
Trade debtors	25,230	26,164
Amounts due from group undertakings	96,375	3,485
Prepayments and accrued income		5,995
Other debtors	20,000	1,828
	<u>141,605</u>	<u>37,472</u>

10 Creditors

Amounts due within one year

Trade creditors	3,698	14,188
Amounts due to group undertakings	1,342,993	1,124,321
Other taxes and social security	76	377
Deferred income	12,813	18,195
Accruals	22,000	126,366
	<u>1,381,580</u>	<u>1,283,447</u>

The bank overdraft is secured by a standard security over the land and buildings and certain development land and a bond floating charge over all the assets of the company

11 Called up share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
Ordinary "A" shares of £1 each	1,200	1,200
Ordinary "B" shares of £1 each	800	800
Redeemable preference shares of £1 each	200,000	200,000
	<u>202,000</u>	<u>202,000</u>

The 200,000 interest free redeemable preference shares of £1 were redeemable at par on or prior to 30 September 2004, however due to the Company's inability to comply with the Companies Act in relation to redemption of shares the due date for redemption has not yet crystallised. The holders of the redeemable preference shares have no voting or dividend rights, but have a prior right for payment on winding up of the company of £1 per share

Drumoig Limited

Notes to the accounts (continued)

12 Reserves

	Share premium £	Revaluation £
Balance at 1 September 2006	999,200	1,505,557
Release to profit and loss account		(15,200)
Revaluation in year		400,350
Balance at 31 August 2007	999,200	1,890,707

13 Profit and loss account

	2007 £	2006 £
Balance at 1 September 2006	(1,257,109)	(1,063,351)
Profit/(loss) retained for year	5,580	(208,958)
Transfer from revaluation reserve	15,200	15,200
Balance at 31 August 2007	(1,236,329)	(1,257,109)

14 Reconciliation of shareholders' funds

	2007 £	2006 £
Profit/(loss) for the financial year	5,580	(208,958)
Revaluation in year	400,350	
Transfer from revaluation reserve		(102,500)
Net movement in shareholders' funds	405,930	(311,458)
Shareholders' funds at 1 September 2006	1,449,648	1,761,106
Shareholders' funds at 31 August 2007	1,855,578	1,449,648
Equity	1,655,578	1,249,648
Non equity	200,000	200,000
Shareholders' funds at 31 August 2007	1,855,578	1,449,648

Drumoig Limited

Notes to the accounts (continued)

15 Ultimate holding company

The company is a wholly owned subsidiary of Torith Limited, a company registered in Scotland. No one person has overall control of Torith Limited.

16 Related party transactions

During the year the company was supplied with services totalling £1,234 (2006 £11,859) from Drumoig Turf Maintenance Limited and provided services totalling £31,074 (2006 £23,431), this is a company controlled by DAH Smith, a director and shareholder of Torith Limited. At the year end a balance of £21,451 (2006 £23,431) was due from Drumoig Turf Maintenance Limited, which is included in trade debtors.

Transactions during the year with other group companies are not disclosed on the grounds that details of Drumoig Limited are included in the publicly available consolidated accounts of Torith Limited.

17 Contingent liabilities

The bank holds cross guarantees for all advances between the company, Torith Limited and Torith Developments Limited.