

REGISTRAR

Trustatree Limited

Unaudited financial statements
For the year ended 5 April 2006

Grant Thornton 

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COMPANIES HOUSE

Company No. SC158609

Officers and professional advisers

Company registration number	sc158609
Registered office	Weatherhouse Bowhill Selkirk TD7 5ES
Directors	M D Clarke The Earl of Dalkeith KBE
Secretary	M J McGrath
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square EDINBURGH EH2 2YB
Solicitors	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY
Accountants	Grant Thornton UK LLP Chartered Accountants 1 4 Atholl Crescent EDINBURGH EH3 8LQ

Report of the directors

The directors present their report and the unaudited financial statements of the company for the year ended 5 April 2006

Principal activities

The principal activity of the company is that of trading in and development of property

The directors and their interests in the shares of the company

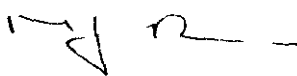
The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At	At
	5 April 2006	6 April 2005
M D Clarke		
The Earl of Dalkeith KBE	<u>150,000</u>	<u>150,000</u>

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

BY ORDER OF THE BOARD


M J McGrath
Secretary
23.1.07

Grant Thornton 

Chartered accountants' report to the board of directors on the unaudited financial statements of Trustatree Limited

In accordance with the engagement letter dated 17 November 2006, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company for the year ended 5 April 2006 which comprise the accounting policies, profit and loss account, balance sheet and the related notes from the accounting records and information and explanations you have given to us

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS

29/1/07
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Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005)

The Financial Reporting Standard for Smaller Entities (FRSSE)(effective January 2005) may be applied to companies that are entitled to the exemptions in companies legislation available to small companies. The company previously prepared its financial statements in accordance with the previous FRSSE (effective 2002). There are no effects on the prior period and no material effect on the disclosures in the notes to the financial statements.

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. However, as there were no dividends declared during the previous period, there is no impact regarding this change in accounting policy.

Turnover

The turnover shown in the profit and loss account represents amounts earned by the company.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes property costs and where appropriate, development expenditure. Net realisable value is based on estimated selling price less estimated costs of disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2006 £	2005 £
Turnover		727,026	325,000
Cost of sales		563,269	305,858
Gross profit		163,757	19,142
Other operating charges	1	13,985	11,646
Operating profit		149,772	7,496
Interest receivable		1,947	8,936
Interest payable and similar charges		(17,513)	—
Profit on ordinary activities before taxation		134,206	16,432
Tax on profit on ordinary activities	2	25,367	1,312
Profit for the financial year		108,839	15,120
Balance brought forward		(320,975)	(336,095)
Balance carried forward		(212,136)	(320,975)

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2006 £	2005 £
Current assets			
Stocks	3	514,171	797,905
Debtors	4	1,739	4,834
Cash at bank and in hand		262,200	38,973
		<u>778,110</u>	<u>841,712</u>
Creditors' amounts falling due within one year	5	<u>46,244</u>	<u>323,685</u>
Net current assets		<u>731,866</u>	<u>518,027</u>
Total assets less current liabilities		<u>731,866</u>	<u>518,027</u>
Capital and reserves			
Called up equity share capital	7	944,002	839,002
Profit and loss account		(212,136)	(320,975)
Shareholders' funds		<u>731,866</u>	<u>518,027</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibilities for

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on 23/1/07 and are signed on their behalf by


M D Clarke
Director

Notes to the financial statements

1 Other operating charges

	2006 £	2005 £
Administrative expenses	<u>13,985</u>	<u>11,646</u>

2 Taxation on ordinary activities

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 19% (2005 19%)	25,399	1,213
Over/under provision in prior year	(32)	99
Total current tax	<u>25,367</u>	<u>1,312</u>

A deferred tax asset of £8,958 (2005 £8,958) has arisen from capital losses brought forward and carried forward. This has not been recognised in the financial statements but is recoverable against future capital gains.

3 Stocks

	2006 £	2005 £
Work in progress	<u>514,171</u>	<u>797,905</u>

4 Debtors

	2006 £	2005 £
Other debtors	<u>1,739</u>	<u>4,834</u>

5 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	2,569	292,252
Corporation tax	25,424	1,312
Other creditors	18,251	30,121
	<u>46,244</u>	<u>323,685</u>

6 Related parties

The company was under the control of His Grace, The Duke of Buccleuch, throughout the current and previous year. His Grace is the majority shareholder.

7 Share capital

Authorised share capital

	2006 £	2005 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>944,002</u>	<u>944,002</u>	<u>839,002</u>	<u>839,002</u>

8 Profit and loss account

	2006 £	2005 £
Balance brought forward	(320,975)	(336,095)
Profit for the financial year	<u>108,839</u>	<u>15,120</u>
Balance carried forward	<u>(212,136)</u>	<u>(320,975)</u>

Profit and loss account

	2006 £	2005 £
Turnover	727,026	325,000
Cost of sales		
Property development costs	<u>563,269</u>	<u>305,858</u>
Gross profit	163,757	19,142
Overheads		
Administrative expenses	<u>13,985</u>	<u>11,646</u>
Operating profit	149,772	7,496
Bank interest receivable	<u>1,947</u>	<u>8,936</u>
	151,719	16,432
Bank interest payable	<u>(17,513)</u>	<u>—</u>
Profit on ordinary activities	<u>134,206</u>	<u>16,432</u>

Notes to the detailed profit and loss account

	2006 £	2005 £
Administrative expenses		
Establishment expenses		
Rates and water	1,153	—
General expenses		
Insurance	291	302
General expenses	(2,634)	77
Legal and professional fees	13,335	9,882
Companies House fees	40	15
Accountancy and tax fees	1,800	1,370
	<u>12,832</u>	<u>11,646</u>
	<u>13,985</u>	<u>11,646</u>
Interest receivable		
Bank interest receivable	<u>1,947</u>	<u>8,936</u>