Grant Thornton

Unaudited Financial Statements
Trustatree Limited

For the Year Ended 5 April 2008

Company No SC158609

Officers and professional advisers

Company Registration Number	SC158609
Registered Office	Weatherhouse Bowhill SELKIRK TD7 5ES
Directors	The 10th Duke of Buccleuch and 12th Duke of Queensberry, KBE, DL M D Clarke
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

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Report of the directors

The directors present their report and the unaudited financial statements of the company for the year ended 5 April 2008

Principal activities

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

Directors

The directors who served the company during the year were as follows

The 10th Duke of Buccleuch and 12th Duke of Queensberry, KBE, DL
M D Clarke

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
31/10/08

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 2008 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

24 November 2008

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 2007)

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

Accounting Policies (Continued)

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	2008 £	2007 £
Turnover		**390,000**	645,000
Cost of sales		**330,106**	542,520
Gross profit		**59,894**	102,480
Other operating charges	1	**4,178**	4,934
Operating profit		**55,716**	97,546
Interest receivable		**25,976**	20,700
Interest payable and similar charges		**–**	(29)
Profit on ordinary activities before taxation		**81,692**	118,217
Tax on profit on ordinary activities	2	**27,243**	47,521
Profit for the financial year		**54,449**	70,696
Balance brought forward		**(141,440)**	(212,136)
Balance carried forward		**(86,991)**	(141,440)

Balance sheet

	Note	2008 £	2007 £
Current assets			
Stocks	3	**183,332**	165,352
Debtors	4	**1,740**	4,944
Cash at bank		**704,102**	681,625
		889,174	851,921
Creditors: amounts falling due within one year	5	**32,163**	49,359
Net current assets		**857,011**	802,562
Total assets less current liabilities		**857,011**	802,562
Capital and reserves			
Called up equity share capital	7	**944,002**	944,002
Profit and loss account		**(86,991)**	(141,440)
Shareholders' funds		**857,011**	802,562

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
(i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
(ii) 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 2007)

These financial statements were approved by the directors and authorised for issue on 31\10\08 , and are signed on their behalf by

M D Clarke
Director

Notes to the financial statements

1 Other operating charges

	2008 £	2007 £
Administrative expenses	**4,178**	4,934

2 Taxation on ordinary activities

Analysis of charge in the year

	2008 £	2007 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2007 30%)	**25,347**	35,024
Under provision in prior year	**1,896**	12,497
Total current tax	**27,243**	47,521

A deferred tax asset of £13,201 (2007 £14,144) 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

	2008 £	2007 £
Work in progress	**183,332**	165,352

4 Debtors

	2008 £	2007 £
Other debtors	**1,740**	4,944

5 Creditors amounts falling due within one year

	2008 £	2007 £
Corporation tax	**26,768**	35,024
Other creditors	**5,395**	14,335
	32,163	49,359

Notes to the financial statements (Continued)

6 Related parties

During the year the company acquired two properties from The Boughton Estates Limited (A Company registered in England of which The 10th Duke of Buccleuch and 12th Duke of Queensberry is a director) for a total consideration of £130,000 The company then contracted with The Boughton Estates Limited to develop the properties and subsequently sold them back to The Boughton Estates Limited for a total consideration of £390,000

7 Share capital

Authorised share capital

	2008 £	2007 £
1,000,000 Ordinary shares of £1 each	**1,000,000**	1,000,000

Allotted, called up and fully paid

	2008 No	2008 £	2007 No	2007 £
Ordinary shares of £1 each	**944,002**	**944,002**	944,002	944,002

8 Profit and loss account

	2008 £	2007 £
Balance brought forward	**(141,440)**	(212,136)
Profit for the financial year	**54,449**	70,696
Balance carried forward	**(86,991)**	(141,440)

9 Post balance sheet events

Post year end, the company was sold by the current shareholder to Pentland Limited, a Cayman Islands company