

REGISTERED NUMBER: SC192466 (Scotland)

Report of the Directors and  
Financial Statements for the Year Ended 31 December 2008  
for  
Land Options (West) Limited

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Land Options (West) Limited (Registered number: SC192466)

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for the Year Ended 31 December 2008

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Land Options (West) Limited

Company Information  
for the Year Ended 31 December 2008

**DIRECTORS:**

R A Elliott  
T Walker  
L W B Samuel  
Ms B I M Turnbull

**SECRETARY:**

A Nicholson

**REGISTERED OFFICE:**

24/25 St Andrew Square  
Edinburgh  
EH2 1AF

**REGISTERED NUMBER:**

SC192466 (Scotland)

**AUDITORS:**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
2 New Street Square, London, EC4A 3BZ

Land Options (West) Limited (Registered number: SC192466)

Report of the Directors  
for the Year Ended 31 December 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

**PRINCIPAL ACTIVITY**

The principal activity of the company is to buy and sell development land, properties and options over land.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's financial performance is presented in the profit and loss statement on page 5. The retained loss for the year was £43,048 (2007: retained loss £62,376). At the end of the year, the financial position showed total assets of £17,771,436 (2007: £7,926,667) and shareholders deficit of (£1,318,216) (2007: £1,275,168).

The directors are satisfied with the development of the company's activities during the year. The directors do not recommend payment of a dividend for the year (2007: £nil).

The directors do not anticipate any material change in either the type or level of activities of the company.

**GOING CONCERN**

As set out in Note 1 to the accounts, the Directors have concluded that there is a material uncertainty as regards the company's ability to continue as a going concern, but having made enquiries they believe that the company will be able to continue to operate within its existing financing facilities and as such they have prepared the accounts on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate. Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2008 (2007: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

R A Elliott  
T Walker  
L W B Samuel

Other changes in directors holding office are as follows:

J M Rowney - resigned 12 December 2008  
Ms B I M Turnbull - appointed 12 December 2008

Report of the Directors  
for the Year Ended 31 December 2008

**FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**Credit risk**

The Company is exposed to credit risk on its financial assets at the balance sheet date. There is no significant concentration of credit risk at the balance sheet date.

**Liquidity risk**

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**Market risk**

The Company is not exposed to currency risk as all its assets and liabilities are based in local currency. It is exposed to fair value interest rate risk on short term borrowing.

**Related Parties**

The directors have reviewed major transactions and also the existence of related parties during the year and note the related party transactions arising as per note 13 to the accounts.

**NON FINANCIAL RISK MANAGEMENT**

The directors are aware of the increased business risk with respect to the properties under development and are taking appropriate steps to mitigate those risks.

**DIRECTORS INDEMNITIES**

In terms of section 236 of the Companies Act 2006, none of the directors have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed;
- make judgements and 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 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 financial statements 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.

Land Options (West) Limited (Registered number: SC192466)

Report of the Directors  
for the Year Ended 31 December 2008

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors at the date of approval of this report confirms that:

- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware; and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

**AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditors.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
Director

Date: 8/03/10  
.....

Report of the Independent Auditors to the Shareholders of  
Land Options (West) Limited

We have audited the financial statements of Land Options (West) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under 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 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**

The directors' responsibilities for preparing the financial statements 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 financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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

**Opinion**

In our opinion:

- the financial statements 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 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Report of the Independent Auditors to the Shareholders of  
Land Options (West) Limited

**Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £43,048 during the year ended 31 December 2008 and, as of that date, the company's total liabilities exceeded its total assets by £1,318,216 and thus the company is dependent on facilities of £11,527,917 which are repayable on demand. These conditions, along with other matters explained in note 1 to the financial statements, indicate 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 was unable to continue as a going concern.



Deloitte LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

Date: 8 March 2010



Land Options (West) Limited (Registered number: SC192466)

Profit and Loss Account  
for the Year Ended 31 December 2008

	Notes	31.12.08 £	31.12.07 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>(43,048)</u>	<u>(61,256)</u>
<b>OPERATING LOSS</b>	3	(43,048)	(61,256)
Writedown of development asset		<u>-</u>	<u>(1,120)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(43,048)	(62,376)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(43,048)</u>	<u>(62,376)</u>

**CONTINUING OPERATIONS**

All items on the profit and loss account relate to continuing operations.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

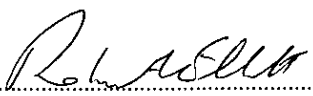
The notes form part of these financial statements

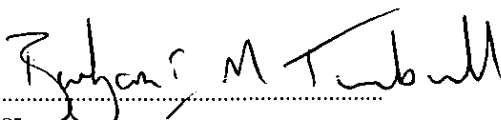
Land Options (West) Limited (Registered number: SC192466)

Balance Sheet  
31 December 2008

	Notes	31.12.08 £	31.12.07 £
<b>CURRENT ASSETS</b>			
Development assets	5	17,610,536	7,908,553
Debtors	6	<u>160,900</u>	<u>18,114</u>
		17,771,436	7,926,667
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(14,190,652)</u>	<u>(4,302,835)</u>
<b>NET CURRENT ASSETS</b>		<u>3,580,784</u>	<u>3,623,832</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,580,784	3,623,832
<b>CREDITORS</b>			
Amounts falling due after more than one year	8	<u>(4,899,000)</u>	<u>(4,899,000)</u>
<b>NET LIABILITIES</b>		<u>(1,318,216)</u>	<u>(1,275,168)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>(1,319,216)</u>	<u>(1,276,168)</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>(1,318,216)</u>	<u>(1,275,168)</u>

The financial statements were approved by the Board of Directors on 8 March 2010 and were signed on its behalf and authorised for issue by:

  
Director

  
Director

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 December 2008

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

Land Options (West) Limited is a company incorporated in the United Kingdom under Companies Act 1985. The address of the registered office is detailed on page 1. The nature of the company's operations and its principal activities are set out in the directors report. The accounts have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies adopted by the company and applied consistently in the current and prior year is set out below.

**GOING CONCERN**

The accounts have been prepared on the going concern basis which assumes that the business will continue in operation existence for the foreseeable future. The company meets its day to day working capital requirements through loan facilities that are repayable on demand. The directors have prepared and reviewed the company's projections for the forthcoming 12 months to 28 February 2011 and these indicate that the company should be able to operate within the level of its current facilities. Due to the fact that the facilities are not formally agreed and therefore could be withdrawn, the directors have concluded that there is a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Nevertheless after making enquiries, and on the assumption that the loan facility continues to be available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustments that would result if the going concern basis were not appropriate. Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Accounting convention**

The accounts are prepared under the historical cost convention and in compliance with the Companies Act 1985 and applicable United Kingdom Accounting Standards.

**Development assets**

Development assets are stated at the lower of cost and net realisable value. Cost includes the cost of purchasing the land, property or options over land and capitalised expenditure associated with obtaining planning permission. Cost includes interest on monies borrowed directly to finance the acquisition of assets/costs included within development assets.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**Cashflow statement**

The company meets the requirement of a small company as defined in the Companies Act 1985. Consequently, the company is exempt under the terms of the Financial Reporting Standard No.1 from publishing a cashflow statement.

**Turnover**

Turnover represents the proceeds from the sale of development assets, exclusive of value added tax, and is derived from activities in the United Kingdom.

**2. STAFF COSTS**

There were no staff costs for the year ended 31 December 2008 nor for the year ended 31 December 2007.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008

3. **OPERATING LOSS**

The operating loss is stated after charging:

	31.12.08	31.12.07
	£	£
Auditors' remuneration	<u>2,000</u>	<u>2,000</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

Auditors' remuneration is solely for audit services (2007: same)

The directors received no emoluments for services to the company during the current and prior periods.

The company had no employees during the current and prior periods.

4. **TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor for the year ended 31 December 2007.

**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:

	31.12.08	31.12.07
	£	£
Loss on ordinary activities before tax	<u>(43,048)</u>	<u>(62,376)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.500% (2007 - 30%)	(12,269)	(18,713)
Effects of:		
Tax losses not utilised	<u>12,269</u>	<u>18,713</u>
Current tax charge	<u>-</u>	<u>-</u>

The main rate of UK corporation tax was changed as part of the 2007 Finance Act. The fall from 30% to 28% was effective from 1 April 2008. The 2008 rate is therefore calculated as 28.5% (30% January - March, 28% April - December)

Deferred tax asset in respect of losses carried forward has not been recognised in the financial statements. Had it been recognised, the deferred tax asset would have amounted to £374,837 (2007: £381,650).

5. **DEVELOPMENT ASSETS**

	31.12.08	31.12.07
	£	£
Development assets	<u>17,610,536</u>	<u>7,908,553</u>

Cost includes capitalised interest of £585,461.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08	31.12.07
	£	£
VAT	<u>160,900</u>	<u>18,114</u>

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08	31.12.07
	£	£
Bank loans and overdrafts (see note 9)	1,460,053	2,001,332
Trade creditors	114,591	-
Other creditors	11,527,917	2,184,324
Accrued expenses	<u>1,088,091</u>	<u>117,179</u>
	<u>14,190,652</u>	<u>4,302,835</u>

The overdraft facility is secured by a Bond and Floating charge over the company's assets and property as a whole. No interest is charged on these overdraft facilities. The bank is entitled to a fee in lieu of interest on the facility and the fee will be payable when sufficient profits are achieved.

Other creditors represents a loan from a third party which is secured by standard securities over certain of the company's assets. Interest has been charged at prevailing commercial rates.

8. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.08	31.12.07
	£	£
Subordinated debt	<u>4,899,000</u>	<u>4,899,000</u>

The subordinated debt is interest free and repayable on winding up of the company.

9. **LOANS**

An analysis of the maturity of loans is given below:

	31.12.08	31.12.07
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,460,053</u>	<u>2,001,332</u>
Other creditors	<u>11,527,917</u>	<u>2,184,324</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2008

**10. CALLED UP SHARE CAPITAL**

Authorised: Number:	Class:	Nominal value:	31.12.08 £	31.12.07 £
300	'A' Ordinary Shares	£1	300	300
600	'B' Ordinary Shares	£1	600	600
300	'C' Ordinary Shares	£1	<u>300</u>	<u>300</u>
			<u>1,200</u>	<u>1,200</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	31.12.08 £	31.12.07 £
250	'A' Ordinary Shares	£1	250	250
500	'B' Ordinary Shares	£1	500	500
250	'C' Ordinary Shares	£1	<u>250</u>	<u>250</u>
			<u>1,000</u>	<u>1,000</u>

The A, B and C ordinary shares constitute different classes of shares and confer upon the holders the same rights and rank pari passu in all respects, with the following exceptions.

On a poll, the holders of the A shares as a class shall be entitled to cast five hundred votes, and the holders of the B as a class shall be entitled to cast five hundred votes.

The C shareholders are entitled to direct how the A shareholders vote 250 votes at any General Meeting.

The A and B shareholders may each appoint two directors and may not remove directors appointed by each other.

**11. RESERVES**

	Profit and loss account £
At 1 January 2008	(1,276,168)
Deficit for the year	<u>(43,048)</u>
At 31 December 2008	<u>(1,319,216)</u>

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.08 £	31.12.07 £
Loss for the financial year	<u>(43,048)</u>	<u>(62,376)</u>
<b>Net reduction of shareholders' funds</b>	(43,048)	(62,376)
Opening shareholders' funds	<u>(1,275,168)</u>	<u>(1,212,792)</u>
<b>Closing shareholders' funds</b>	<u>(1,318,216)</u>	<u>(1,275,168)</u>

**13. RELATED PARTY DISCLOSURES**

The directors have reviewed major transactions and also the existence of related parties during the year and note the related party transactions arising.

During the year the company utilised an overdraft facility provided by The Royal Bank of Scotland plc, the ultimate parent company of KUC Properties Limited. As at 31 December 2008 the bank overdraft was £1,460,053 (2007: £2,001,332). No interest was charged on this facility by The Royal Bank of Scotland plc. There were no transactions with KUC Properties Limited or Dundas Development Company Limited in the current or prior year. As at 31 December 2008, the company owed £4,899,000 (2007: £4,899,000) to the shareholders in the form of subordinated loans. These loans are currently shown within Subordinated debt in note 8 of the accounts.

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Company.

Transactions between the Company, and the UK Government and UK Government controlled bodies, consisted solely of value added tax recoverable totalling £1,538,458. At the year end the company was owed £160,900 (2007: £18,114) from the UK Government in respect of repayable value added tax, which is separately disclosed in Note 6.

**14. IMMEDIATE AND ULTIMATE PARENT COMPANIES**

The company is a joint venture and is jointly controlled by KUC Properties Limited and Dundas Development Company Limited, both of which are incorporated in Great Britain and registered in Scotland.

The ultimate holding company, ultimate controlling party and the parent of the largest group into which KUC Properties Limited is consolidated, is The Royal Bank of Scotland Group plc, which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which KUC Properties Limited is consolidated has as its parent company, The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The ultimate controlling party and the parent of the largest and smallest group into which Dundas Development Company Limited is consolidated, is Kelvin Holdings Limited which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for Kelvin Holdings Limited can be obtained from Kelvin Holdings Limited, Unit 17F, Burnhouse Industrial Estate, Whitburn, West Lothian, EH47 0LL.

**15. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events between the year end and the date of approval of the accounts which would require a change or additional disclosure in the accounts.