

GYLE DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2008

FRIDAY



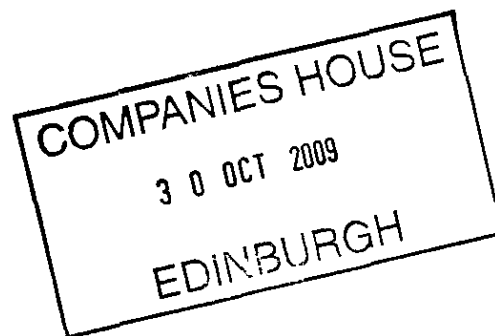
SDIDMEJJ

SCT

30/10/2009

447

COMPANIES HOUSE



C
T

GYLE DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

Contents	Pages
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the shareholders	4 to 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 to 13

GYLE DEVELOPMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

E W Adair
T Buchanan
N S Johnson

Company Secretary

Carol McGowan (resigned 23 July 2009)

Registered Office

4 Hunter Square
Edinburgh
EH1 1QW

Auditors

Chiene + Tait
Chartered Accountants & Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

GYLE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

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

Principal activities

The principal activity of the company during the year was property development and investment.

Directors

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

E W Adair
J M Di Ciacca
N S Johnson
I J Wall

I J Wall retired as a director on 2 April 2008.

J M Di Ciacca retired as a director on 2 July 2009.

T Buchanan was appointed as a director on 2 July 2009.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report 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). 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;
- 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 that 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 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps that ought to have been taken to ensure they are aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Chiene + Tait are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

GYLE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

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.

Registered office:
4 Hunter Square
Edinburgh
EH1 1QW

Signed on behalf of the directors



E W Adair
Director

Approved by the directors on 29/10/09

GYLE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GYLE DEVELOPMENTS LIMITED

YEAR ENDED 31 DECEMBER 2008



We have audited the financial statements of Gyle Developments Limited for the year ended 31 December 2008 on pages 6 to 13, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of the accounting policies set out on page 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Directors' Report 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 Directors' Report 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.

GYLE DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GYLE DEVELOPMENTS LIMITED *(continued)*



YEAR ENDED 31 DECEMBER 2008

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Directors' Report is consistent with the financial statements.

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 14 to the financial statements concerning the company's ability to continue as a going concern. This 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 was unable to continue as a going concern.

CHIENE + TAIT
Chartered Accountants & Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

30 October 2009

GYLE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
Turnover	2	428,755	384,402
Cost of sales		<u>6,757</u>	<u>60,918</u>
Gross profit		421,998	323,484
Administrative expenses		<u>55,916</u>	<u>60,447</u>
Operating profit	3	366,082	263,037
Amounts written off investment properties		(4,776,618)	-
Interest receivable		20	4
Interest payable and similar charges		<u>(827,324)</u>	<u>(645,873)</u>
Loss on ordinary activities before taxation		(5,237,840)	(382,832)
Tax on loss on ordinary activities	4	<u>(118,112)</u>	<u>(150,410)</u>
Loss for the financial year		<u>(5,119,728)</u>	<u>(232,422)</u>

GYLE DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
Loss for the financial year attributable to the shareholders	(5,119,728)	(232,422)
Unrealised loss on revaluation of tangible fixed assets:		
Investment properties	-	50,000
Assets in course of construction	-	(1,898,661)
Impairment loss on fixed assets revalued in prior periods	546,015	-
Total gains and losses recognised since the last annual report	<u>(4,573,713)</u>	<u>(2,081,083)</u>

GYLE DEVELOPMENTS LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	£	2008 £	2007 £
Fixed assets				
Tangible assets	5		<u>9,824,949</u>	<u>13,843,351</u>
Current assets				
Debtors: amounts falling due after one year	6	801,746		675,016
Debtors: amounts falling due within one year	6	286,085		373,596
Cash at bank		100,485		-
		<u>1,188,316</u>		<u>1,048,612</u>
Creditors: amounts falling due within one year	7	<u>16,706,056</u>		<u>16,029,110</u>
Net current liabilities			(15,517,740)	(14,980,498)
Total assets less current liabilities			(5,692,791)	(1,137,147)
Provisions for liabilities				
Deferred taxation	8		<u>878,709</u>	<u>860,640</u>
Net liabilities			(6,571,500)	(1,997,787)
Capital and reserves				
Called-up equity share capital	10		<u>100</u>	<u>100</u>
Revaluation reserve	11		-	(546,015)
Profit and loss account	11		<u>(6,571,600)</u>	<u>(1,451,872)</u>
Deficit	11		(6,571,500)	(1,997,787)

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 29/10/09, and are signed on their behalf by:


E W Adair


T Buchanan

Company Number SC 209693

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents amounts receivable, exclusive of Value Added Tax, where there is a right to consideration from trading activities.

The directors have complied with the requirements of Accounting Standards Board (ASB) Urgent Issues Task Force Abstract 28 'Operating Lease Incentives' in arriving at recorded income.

Fixed assets

All fixed assets are initially recorded at cost.

Interest incurred during the construction and development phase is capitalised as part of the cost of the property. All other interest is charged to the profit and loss account.

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, 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.

This is in accordance with the FRSSE which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

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.

2. Turnover

Turnover is wholly attributable to the company's main activities, and arose entirely in the UK.

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. Operating profit

Operating profit is stated after charging:

	2008 £	2007 £
Auditors' fees	<u>1,582</u>	<u>1,500</u>

The only employees of the company were the directors and they received no remuneration (2007: £Nil).

During the year bank interest of £30,603 (2007: £398,661) was capitalised within fixed assets.

4. Tax on loss on ordinary activities

(a) Analysis of credit in year

	2008 £	2007 £
Current tax:		
UK corporation tax on loss of the year	–	3,119
Payment for group relief	(126,490)	(225,689)
Adjustments in respect of previous periods:		
- Corporation tax	(166,388)	(129)
- Payment for group relief	<u>156,697</u>	<u>(1,800)</u>
Total current tax	(136,181)	(224,499)
Deferred tax:		
Origination and reversal of timing differences	<u>18,069</u>	<u>74,089</u>
	<u>(118,112)</u>	<u>(150,410)</u>

(b) Factors affecting tax credit in year

The amounts written off investment properties of £4,776,618 (2007: £Nil) are not deductible for tax purposes in the year.

(c) Factors affecting future tax charges

No provision has been made for £Nil (2007: £Nil) of tax in respect of gains arising from the revaluation of fixed assets.

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

5. Tangible fixed assets

	Investment properties £	Assets in course of construction £	Total £
Cost or valuation			
At 1 January 2008	9,550,000	4,293,351	13,843,351
Additions	–	212,201	212,201
Revaluation	(2,800,000)	(1,430,603)	(4,230,603)
At 31 December 2008	6,750,000	3,074,949	9,824,949
Depreciation			
At 1 January 2008 and 31 December 2008	–	–	–
Net book value			
At 31 December 2008	6,750,000	3,074,949	9,824,949
At 31 December 2007	9,550,000	4,293,351	13,843,351

The company's investment properties were valued at £9,350,000 on 31 December 2008 by Jones Lang LaSalle, Chartered Surveyors, on an open market basis (2007: £13,550,000). These valuations were carried out in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, and exclude additional construction costs in the year and earlier of £474,949 (2007: £293,351).

The historical cost of revalued assets was £14,601,567 (2007: £14,389,366).

6. Debtors

	2008 £	2007 £
Trade debtors	9,062	979
Amounts owed by group undertakings	628,413	669,937
Corporation tax repayable	166,388	–
Other debtors	283,968	377,696
	1,087,831	1,048,612

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Amounts owed by group undertakings	628,413	669,937
Other debtors	173,333	5,079
	801,746	675,016

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7. Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	–	9,520,000
Trade creditors	2,779	13,192
Amounts owed to group undertakings	16,604,692	6,305,259
Corporation tax	–	3,119
Other creditors	98,585	187,540
	<u>16,706,056</u>	<u>16,029,110</u>

8. Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Excess of taxation allowances over depreciation on fixed assets	153,050	143,550
Other timing differences	725,659	717,090
	<u>878,709</u>	<u>860,640</u>

9. Parent undertakings and related party transactions

The immediate parent company is The EDI Group Limited, a company registered in Scotland.

The ultimate holding organisation is The City of Edinburgh Council.

The company has taken advantage of the exemption under FRS 8 paragraph 3(c) from the requirement to disclose information of transactions with entities that are part of the group on the basis that consolidated group financial statements are publicly available.

10. Share capital

Authorised share capital:

	2008	2007
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2008		2007
	No	£	No
			£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Revaluation reserve £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	100	(546,015)	(1,451,872)	(1,997,787)
Loss for the year	–	–	(5,119,728)	(5,119,728)
Charged to profit and loss account in the year on permanent diminution in value of investment properties	–	546,015	–	546,015
Balance carried forward	<u>100</u>	<u>–</u>	<u>(6,571,600)</u>	<u>(6,571,500)</u>

12. Financial commitments

At the balance sheet date the company had contractual commitments in the order of £Nil (2007: £200,000).

13. Charge on assets

In February 2008 the company wholly repaid its bank overdraft as part of a group bank refinancing arrangement by The EDI Group Limited. The liability was replaced by intra-group borrowings, and a standard security and floating charge on the company's assets was created in favour of The EDI Group Limited's bankers.

14. Going concern

The future of the company is dependent on the continued financial support of the company's shareholders. The directors have received assurances that this support will continue for the foreseeable future, and that the group funding in the order of £16.6 million at the balance sheet date will not be fully sought for repayment as the company has significant net liabilities as a consequence. The financial statements have been prepared on the going concern basis.

15. Post balance sheet events

On 28 May 2009 The City of Edinburgh Council, the ultimate controlling organisation, approved a restructuring of its subsidiary companies which will involve the transfer of the company's business to a new company under its control during 2009.

Consequently, the directors consider that the proposed transfer value of the company's investment properties, which is to be equivalent to their net book value at 31 December 2008, has resulted in a permanent diminution in their value. Hence an impairment loss is recognised in the profit and loss account.