

GYLE DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009

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GYLE DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

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GYLE DEVELOPMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

E W Adair
T Buchanan
N S Johnson

Registered Office

4 Hunter Square
Edinburgh
EH1 1QW

Auditor

Chiene + Tait
Chartered Accountants
& Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

GYLE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements of the company for the year ended 31 December 2009.

Principal activities

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

The directors and their interests in the shares of the company

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

E W Adair
T Buchanan
N S Johnson

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

J M Di Ciacca retired 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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 2009

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:
4 Hunter Square
Edinburgh
EH1 1QW

Signed on behalf of the directors



E W Adair
Director

Approved by the directors on 25 August 2010

We have audited the financial statements of Gyle Developments Limited for the year ended 31 December 2009 on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 12 to the financial statements concerning the company's ability to continue as a going concern. The company sold its investment properties during the year ended 31 December 2009 and, at that date, the company's liabilities exceeded its total assets by £6,531,105. These conditions, along with the other matters explained in note 12 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GYLE DEVELOPMENTS LIMITED

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



YEAR ENDED 31 DECEMBER 2009

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Jeremy Chittleburgh BSc CA
(Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT
Chartered Accountants
& Statutory Auditor

61 Dublin Street
Edinburgh
EH3 6NL

30 August 2010

GYLE DEVELOPMENTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Turnover	2	229,093	428,755
Cost of sales		<u>4,694</u>	<u>6,757</u>
Gross profit		224,399	421,998
Administrative expenses		<u>74,372</u>	<u>55,916</u>
Operating profit	3	150,027	366,082
Loss on disposal of fixed assets		<u>(1,423,850)</u>	–
Amounts written off investment properties		<u>–</u>	<u>(4,776,618)</u>
		(1,273,823)	(4,410,536)
Interest receivable		<u>8,270</u>	20
Interest payable and similar charges		<u>(227,516)</u>	<u>(827,324)</u>
Loss on ordinary activities before taxation		(1,493,069)	(5,237,840)
Tax on loss on ordinary activities	4	(1,533,464)	(118,112)
Profit/(loss) for the financial year		<u>40,395</u>	<u>(5,119,728)</u>

The notes on pages 9 to 13 form part of these financial statements.

GYLE DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2009

	2009	2008
	£	£
Profit/(loss) for the financial year attributable to the shareholders	40,395	(5,119,728)
Impairment loss on fixed assets revalued in prior periods	–	546,015
Total gains and losses recognised since the last annual report	<u>40,395</u>	<u>(4,573,713)</u>

The notes on pages 9 to 13 form part of these financial statements.

GYLE DEVELOPMENTS LIMITED

BALANCE SHEET


31 DECEMBER 2009

	Note	£	2009 £	2008 £
Fixed assets				
Tangible assets	5		—	9,824,949
Current assets				
Debtors: amounts falling due after one year	6	1,233,496		801,746
Debtors: amounts falling due within one year	6	—		286,085
Cash at bank		23,009		100,485
		1,256,505		1,188,316
Creditors: amounts falling due within one year	7	7,787,610		16,706,056
Net current liabilities			(6,531,105)	(15,517,740)
Total assets less current liabilities			(6,531,105)	(5,692,791)
Provisions for liabilities				
Deferred taxation	8		—	878,709
			(6,531,105)	(6,571,500)
Capital and reserves				
Called-up equity share capital	10		100	100
Profit and loss account	11		(6,531,205)	(6,571,600)
Deficit	11		(6,531,105)	(6,571,500)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 25 August 2010, and are signed on their behalf by:


E W Adair


T Buchanan

Company Registration Number: SC209693

The notes on pages 9 to 13 form part of these financial statements.

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

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 April 2008).

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 The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 made under the Companies Act 2006, 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.

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

2. Turnover

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

3. Operating profit

Operating profit is stated after charging:

	2009 £	2008 £
Auditor's fees	<u>1,477</u>	<u>1,587</u>

The only employees of the company were the directors and they received no remuneration (2008: £Nil).

During the year bank interest of £30,603 (2008: £30,603) was capitalised within fixed assets.

4. Tax on loss on ordinary activities

Analysis of credit in year

	2009 £	2008 £
Current tax:		
UK corporation tax on loss of the year	-	-
Payment for group relief	(661,327)	(126,490)
Adjustments in respect of previous periods:		
- Corporation tax	-	(166,388)
- Payment for group relief	<u>6,572</u>	<u>156,697</u>
Total current tax	(654,755)	(136,181)
Deferred tax:		
Origination and reversal of timing differences	(878,709)	18,069
	<u>(1,533,464)</u>	<u>(118,112)</u>

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

5. Tangible fixed assets

	Investment properties £	Assets in course of construction £	Total £
Cost			
At 1 January 2009	6,750,000	3,074,949	9,824,949
Additions	-	35,995	35,995
Disposals	(6,750,000)	(3,110,944)	(9,860,944)
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2009 and 31 December 2009	-	-	-
Net book value			
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2008	<u>6,750,000</u>	<u>3,074,949</u>	<u>9,824,949</u>

Prior to their disposal in the year, the company's properties were held as investment properties. They were valued at £9,350,000 on 31 December 2008 by Jones Lang LaSalle, Chartered Surveyors, on an open market basis. The valuation was carried out in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, and excluded additional construction costs in 2008 and earlier of £474,949.

The historical cost of revalued assets was £Nil (2008: £14,601,567).

6. Debtors

	2009 £	2008 £
Trade debtors	(3,675)	9,062
Amounts owed by group undertakings	1,211,086	628,413
Corporation tax repayable	3,119	166,388
Other debtors	22,966	283,968
	<u>1,233,496</u>	<u>1,087,831</u>

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

	2009 £	2008 £
Amounts owed by group undertakings	-	628,413
Other debtors	-	173,333
	<u>-</u>	<u>801,746</u>

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	7,685	2,779
Amounts owed to group undertakings	6,427,532	16,604,692
Other taxation	1,349,822	—
Other creditors	2,571	98,585
	<u>7,787,610</u>	<u>16,706,056</u>

8. Deferred taxation

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

	2009	2008
	£	£
Excess of taxation allowances over depreciation on fixed assets	153,050	153,050
Other timing differences	(153,050)	725,659
	<u>-</u>	<u>878,709</u>

9. Parent undertakings

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.

During the year the company sold its investment properties to The City of Edinburgh Council for £8,912,094.

10. Share capital

Authorised share capital:

	2009	2008
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

GYLE DEVELOPMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

10. Share capital (*continued*)

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance brought forward	100	(6,571,600)	(6,571,500)
Profit for the year	–	40,395	40,395
Balance carried forward	<u>100</u>	<u>(6,531,205)</u>	<u>(6,531,105)</u>

12. 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 £6.4 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.