

Company No. SC227185



KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

REPORT and FINANCIAL STATEMENTS

For the year ended 30 April 2009

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KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

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KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

COMPANY INFORMATION

Directors

Susan E Groat
Gordon I Bennet

Registered Office

7 Castle Street
Edinburgh
EH2 3AH

Auditor

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

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 April 2009.

Principal activities

The company's principal activity was as a holding company.

Review of activities

The company's subsidiary (Kilmartin Inshes No. 2 Limited) continues to develop its land interests in Inverness.

Results and dividends

The profit for the year after taxation was £Nil (2008: £Nil). The directors do not propose the payment of a final dividend (2008: £Nil).

Directors

The directors of the company during the year were as follows:

Robert J Wotherspoon (resigned 7 January 2010)

Neil S McGuinness (resigned 7 January 2010)

Susan E Groat (appointed 7 January 2010)

Gordon I Bennet (appointed 7 January 2010)

Statement of 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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.

Disclosure of information to auditor

The directors confirm that:

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

DIRECTORS' REPORT (cont)

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.

ON BEHALF OF THE BOARD

Susan E Groat
Director

29/11/2010

Susan Groat

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KILMARTIN DEVELOPMENTS (NO. 2) LIMITED**



We have audited the financial statements of Kilmartin Developments (No. 2) Limited for the year ended 30 April 2009 set out on pages 7 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 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 members 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 Statement of Directors' Responsibilities set out on page 3, 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 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 the directors; and the overall presentation of the financial statements.

Qualified opinion on financial statements arising from limitation in audit scope

The audit evidence available to us was limited because, as at 7 January 2010 the ultimate parent company, Kilmartin Holdings Limited, went into receivership. While the directors consider that bank facilities will continue to be available and are sufficient to enable the company to meet its obligations as they fall due for payment, the directors are unable to confirm this position for a period of at least twelve months from the date of approval of these financial statements and consequently are unable to confirm the appropriateness of the going concern basis. Had this information been available to us we might have formed a different opinion on the financial statements.

Except for the financial effects of any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the financial statements, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KILMARTIN DEVELOPMENTS (NO. 2) LIMITED**

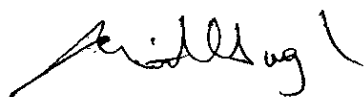
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Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.



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

**61 Dublin Street
Edinburgh
EH3 6NL**

29/11/2010

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2009

	Notes	2009 £	2008 £
Turnover	2	-	-
Administrative expenses		-	-
Operating profit		-	-
Gain on sale of fixed asset investments		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	4	-	-
Profit for the financial year		-	-

A statement of recognised gains and losses has not been prepared as all gains and losses are shown in the profit and loss account.

All activities in the year relate to continuing activities.

The notes on pages 9 to 11 form part of these financial statements.

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

BALANCE SHEET

As at 30 April 2009

	Note	2009 £	2008 £
Fixed assets			
Investments	5	1	1
		-----	-----
Current assets			
Debtors	6	30,000	30,000
		-----	-----
Net assets		30,001	30,001
		=====	=====
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	29,999	29,999
		-----	-----
Equity shareholder's funds	9	30,001	30,001
		=====	=====

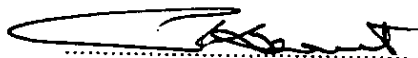
These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board of Directors and signed on its behalf by:


.....

Susan E Groat

Director


.....

Gordon I Bennet

Director

Company No. SC227185

29/11/2010

The notes on pages 9 to 11 form part of these financial statements.

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2009

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements contain information about Kilmartin Developments (No.2) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 398 of the Companies Act from the requirements to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash flow statement

The company is a small company as defined by S382 of the Companies Act 2006 and is entitled to exemption from the preparation of a cash flow statement as required under FRS1. Consequently, a cash flow statement has not been prepared.

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

2. Turnover

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities within the United Kingdom, stated net of value added tax.

3. Directors and employees

No staff costs were incurred and the directors did not receive any emoluments during the year.

4. Taxation

	2009 £	2008 £
Corporation tax	-	-
	=====	=====

There is no tax payable in the year.

5. Investments

	2009 £	2008 £
Cost		
At 1 May 2008 and 30 April 2009	1	1
	=====	=====

Details of the company investment at 30 April 2009, which is registered in Scotland, are as follows:

Name	Business Activity	Shares	Held %	Aggregate Capital & reserves £	Loss for year £
Kilmartin Inshes (No. 2) Limited	Property Development	Ordinary	100	(12,722,835)	(12,916,467)
				=====	=====

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2009

6. Debtors	2009	2008
	£	£
Amounts owed by related parties	30,000	30,000
	=====	=====

7. Share capital

	2009	Authorised	Allotted, called up	and fully paid
	No	2008	2009	2008
		No	£	£
"A" Ordinary shares of £1 each	500	500	1	1
"B" Ordinary shares of £1 each	500	500	1	1
	-----	-----	-----	-----
	1,000	1,000	2	2
	=====	=====	=====	=====

The "A" and "B" ordinary shares rank pari passu in all respects.

8. Profit and loss account	2009	2008
	£	£
At 1 May 2008 and 30 April 2009	29,999	29,999
	=====	=====

9. Reconciliation of movement in shareholder's funds	2009	2008
	£	£
At 1 May 2008 and 30 April 2009	30,001	30,001
	=====	=====

10. Ultimate parent company and related party transactions

The company is a 100% subsidiary of Kilmartin Estates Limited.

The parent and ultimate parent company of Kilmartin Estates Limited is Kilmartin Holdings Limited, a company registered in Scotland. Kilmartin Holdings Limited was a joint venture between R J Wotherspoon, who was a director, and Uberior Ventures Limited. Both parties had a 50% interest in the share capital of Kilmartin Holdings Limited.

Included in debtors is an amount of £30,000 (2008: £30,000) due from Kilmartin Estates Limited. Last year, this amount was due from K W Estates Ltd, a wholly owned subsidiary of KW Scotland Limited. R J Wotherspoon is a 50% shareholder in KW Scotland Limited.

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of the Kilmartin Holdings Limited group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

KILMARTIN DEVELOPMENTS (NO. 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 30 April 2009

11. Contingent liabilities

The company's bankers hold cross company guarantees between companies within the Kilmartin Holdings Limited group. At 30 April 2009 the amounts outstanding on overdrafts within this group facility amounted to £266,397,129 (2008: £225,161,210).

The group overdraft facility is secured by a bond and floating charge and standard securities over the assets of the company.

12. Going concern

As set out in the post balance sheet events note, the Company's ultimate parent undertaking, Kilmartin Holdings Limited, was placed into receivership on 7 January 2010. The group's bankers have made available to the Receivers an overdraft facility which is available for utilisation by the solvent entities in the Kilmartin Group which continue to trade. Based on this, the directors have concluded that the financial statements should be prepared on a going concern basis.

13. Post Balance Sheet Events

On 7 January 2010 the Company's ultimate parent undertaking, Kilmartin Holdings Limited, was placed into receivership.

John Bruce Cartwright and Graham Douglas Frost, both Chartered Accountants of PriceWaterhouseCoopers LLP were appointed as receivers to manage the Kilmartin Holdings Limited's affairs, business and assets. The insolvency appointment made is restricted to the parent company and does not include subsidiaries or joint ventures (of the parent company), with the exception of Kilmartin Property Group Limited which is also in receivership.

On 7 January 2010, Bank of Scotland Plc made available to the Receivers, an overdraft facility which may be utilised by the solvent entities in the Kilmartin Group to provide funding for them to meet their obligations as they fall due for payment.