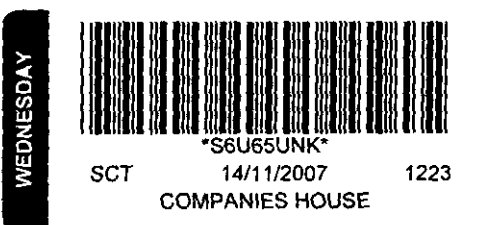


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# **Credential Residential (Hamiltonhill) Limited**

## **Report and Financial Statements**

31 March 2007



# Credential Residential (Hamiltonhill) Limited

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Registered No SC264849

## **Directors**

D Porter

J M Law

## **Secretary**

Secretar Securities Limited

## **Auditors**

Ernst & Young LLP

George House

50 George Square

Glasgow

G2 1RR

## **Bankers**

Bank of Scotland

Gordon Street

Glasgow

G1 3RS

## **Solicitors**

DLA Piper Scotland LLP

249 West George Street

Glasgow

G2 4RB

## **Registered Office**

249 West George Street

Glasgow

G2 4RB

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

### Results and dividends

The profit for the year, after taxation, amounted to £503,787 (2006 £71,614). The directors recommend no dividend for the year.

### Principal activity, review of the business and future developments

The company's principal activity during the year was that of residential property development.

During the year the company continued with the sale of residential units. The directors are satisfied with the results for the year.

The company intends to continue with its existing activities.

### Directors and their interests

The directors of the company during the year were

D Porter  
J M Law

J M Law is also a director of Credential Residential Finance Limited, the intermediate parent company, in which company's financial statements his interests in the share capital of other group undertakings are shown.

### Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

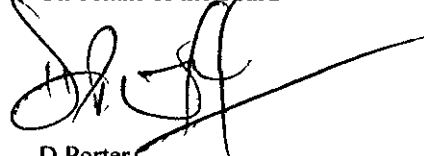
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



D Porter  
Director

25 July 2007

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

### **to the members of Credential Residential (Hamiltonhill) Limited**

We have audited the financial statements of Credential Residential (Hamiltonhill) Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. 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 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 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 the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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.

### **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 March 2007 and of its profit 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.

*Ernst & Young LLP*

Ernst & Young LLP

Registered Auditor

Glasgow

17 July 2007

## Profit and loss account

for the year ended 31 March 2007

	Notes	2007 £	2006 £
<b>Turnover</b>	2	3,835,120	1,019,044
Cost of sales		(3,127,521)	(916,738)
<b>Operating profit</b>	3	707,599	102,306
Interest receivable		12,097	
<b>Profit on ordinary activities before taxation</b>		719,696	102,306
Taxation on profit on ordinary activities	4	215,909	30,692
<b>Profit on ordinary activities after taxation</b>		503,787	71,614

All amounts relate to continuing activities

## Statement of total recognised gains and losses

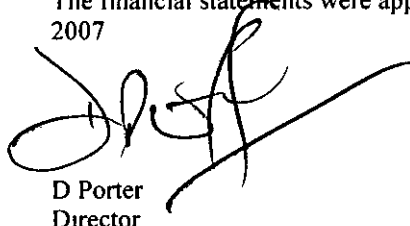
There were no recognised gains or losses other than the profit attributable to shareholders of the company of £503,787 in the year ended 31 March 2007 and of £71,614 in the year ended 31 March 2006

## Balance sheet

at 31 March 2007

	Notes	2007 £	2006 £
<b>Current assets</b>			
Stocks	5	2,087,322	2,638,920
Debtors	6	47,450	48,256
Cash at bank and in hand		85,125	16,488
		<u>2,219,897</u>	<u>2,703,664</u>
<b>Creditors</b> amounts falling due within one year	7	1,644,495	2,632,049
		<u>575,402</u>	<u>71,615</u>
<b>Total assets less current liabilities</b>			
		<u>575,402</u>	<u>71,615</u>
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	9	575,401	71,614
		<u>575,402</u>	<u>71,615</u>
<b>Shareholders' funds</b>			
		<u>575,402</u>	<u>71,615</u>

The financial statements were approved by the board of directors and authorised for issue on 25 July 2007



D Porter  
Director

25 July 2007

## Notes to the financial statements

at 31 March 2007

### 1. Accounting policies

#### *Accounting convention*

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

#### *Turnover*

Turnover represents the value of property development sales, for properties where legal contracts have been completed during the year

No turnover is included in the financial statements in connection with property sales unless a legally binding contract for sale of the development has been entered into and completion has taken place before or shortly after the period end

#### *Capitalisation of interest*

Interest incurred on borrowings to finance property development is capitalised Interest is capitalised before any allowances for tax relief

#### *Stocks*

Development work in progress is stated at cost less provision for any known or anticipated losses Cost includes direct costs, and, where appropriate, attributable overheads

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

### 2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

### 3. Operating profit

This is stated after charging

	2007	2006
	£	£
Auditors remuneration	1,650	1,500
	<u>          </u>	<u>          </u>



## Notes to the financial statements

at 31 March 2007

### 4. Tax

(a) Tax on profit on ordinary activities

	2007 £	2006 £
UK Corporation tax		
Group relief	215,909	30,692
	<u>215,909</u>	<u>30,692</u>

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is equal to the standard rate of corporation tax in the UK of 30% (2006 – 30%) as shown below

	2007* £	2006 £
Profit on ordinary activities before tax	719,696	102,306
	<u>719,696</u>	<u>102,306</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 – 30%)	215,909	30,692
	<u>215,909</u>	<u>30,692</u>

### 5. Stocks

	2007 £	2006 £
Development work in progress	2,087,322	2,638,920
	<u>2,087,322</u>	<u>2,638,920</u>

Development work in progress includes gross interest amounting to £69,610 (2006 – £103,940)

### 6. Debtors

	2007 £	2006 £
Amounts owed by group undertakings	47,450	47,462
Other debtors		794
	<u>47,450</u>	<u>48,256</u>

All amounts shown under debtors fall due for payment within one year

## Notes to the financial statements

at 31 March 2007

### 7. Creditors. amounts falling due within one year

	2007 £	2006 £
Bank loans	668,253	1,673,161
Trade creditors	77,935	296,664
Amounts owed to group undertakings	593,896	519,722
Group relief payable	246,601	30,692
Other creditors	53,760	105,000
Accruals and deferred income	4,050	6,810
	<u>1,644,495</u>	<u>2,632,049</u>

The bank loans are secured by a first ranking standard security over the development site at Hamiltonhill Road, Glasgow, and by a bond and floating charge over the company's assets

The amount owed to group undertakings is secured by a second ranking standard security over the development site at Hamiltonhill Road, Glasgow

### 8. Share capital

	2007 £	Authorised 2006 £	Allotted, called up and fully paid 2007 £	2006 £
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>1</u>	<u>1</u>

### 9. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	Total £
At 1 April 2005	1		1
Profit for the year		71,614	71,614
At 31 March 2006	<u>1</u>	<u>71,614</u>	<u>71,615</u>
Profit for the year		503,787	503,787
At 31 March 2007	<u>1</u>	<u>575,401</u>	<u>575,402</u>

### 10. Related party disclosure

Pursuant to the exemption granted by Financial Reporting Standard 8 'Related Party Disclosures' transactions with other undertakings within, and related parties of, Credential Holdings have not been disclosed in these financial statements

## Notes to the financial statements

at 31 March 2007

### 11. Ultimate parent company

The directors regard Credential Holdings Limited, a company registered in Scotland, as the company's *ultimate parent company*. Credential Holdings Limited, which is controlled by R B Clapham by virtue of his controlling interest in the share capital of that company, is the parent undertaking of the largest group of which the company is a member, and for which group accounts are drawn up. Credential Residential Finance Limited is the parent undertaking of the smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts of Credential Holdings Limited and of Credential Residential Finance Limited may be obtained from the Registrar of Companies.