

Block Securities (East Kilbride) Limited

**Directors' report and financial
statements**

Registered number SC268183

31 December 2007

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Directors' report

The directors submit their report and the financial statements of the company for the year ended 31 December 2007

Principal activities

The principal activity of the company during the year was property letting. The directors intend to continue with this activity in the forthcoming year.

Results and dividends

The results for the year are shown in the profit and loss account on page 4. The loss on ordinary activities after taxation for the year is £73,176 (2006 £109,042).

The directors do not propose payment of any dividend.

Directors

The directors of the company who held office during the year and to date were

R Gillies
AH Gloag
WC O'Hara
RW Gore
P Dickson

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Montagu Evans
Secretary

24 OCTOBER 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Policies)

The financial statements are required by law to give a 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,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Block Securities (East Kilbride) Limited

We have audited the financial statements of Block Securities (East Kilbride) Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

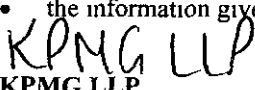
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 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.


KPMG LLP
Chartered Accountants
Registered Auditor

27 October 2008

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Turnover	2	120,825	120,825
Cost of sales		(1,350)	(1,830)
Gross profit		119,475	118,995
Amounts written off investment properties	7	(159,190)	
Interest payable and similar charges	3	(135)	
(Loss)/profit on ordinary activities before taxation	4	(39,850)	118,995
Tax on (loss)/profit on ordinary activities	6	(33,326)	(9,953)
(Loss)/profit for the financial year	10	(73,176)	109,042

All activities of the company are continuing operations

There are no gains or losses other than the profit for the financial period

Balance sheet

At 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Investment properties	7	1,800,000	1,959,190
Creditors amounts falling due within one year	8	(1,646,904)	(1,732,918)
Net assets		<u>153,096</u>	<u>226,272</u>
Capital and reserves			
Share capital	9	2	2
Profit and loss account	10	<u>153,094</u>	<u>226,270</u>
Shareholders' funds	11	<u>153,096</u>	<u>226,272</u>

These financial statements were approved by the Board of Directors on 24/10/2008 and were signed on its behalf by



WC O'Hara
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties. Compliance with Statement of Standard Accounting Practice (SSAP) 19 "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the investment properties accounting policy note below.

The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Block Holdings Limited, within which the company is included, can be obtained from the address in note 12.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Turnover

Turnover represents the amounts (excluding value added tax) derived from rental income receivable.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Investment properties

In accordance with Statement of Standard Accounting Practice 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Permanent deficits are transferred to the profit and loss account when they occur. No depreciation or amortisation is provided in respect of freehold investment properties. This treatment may be a departure from the Companies Act requirements concerning the depreciation of fixed assets. It is the opinion of the directors that, as these properties are held for investment purposes and not for consumption, a systematic annual charge for depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is one of several factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately quantified.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Turnover

The turnover and pre tax profit is attributable to rental activity and arises in the United Kingdom

3 Interest receivable and similar income

	2007 £	2006 £
Other interest payable	135	

4 (Loss)/profit on ordinary activities before taxation

	2007 £	2006 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Rental income received	(120,825)	(120,825)

The audit fee of £2,465 (2006 £2,000) is borne by the parent company

5 Directors and employees

The average number of persons employed by the company during the period, analysed by category was as follows

	2007 Number	2006 Number
Directors	5	5

No director received any remuneration from the company in the year The directors were the only employees of the company

6 Taxation

	2007 £	2006 £
<i>UK corporation tax</i>		
Current tax on income for the year	33,326	8,143
Adjustment in respect of previous years		1,810
Total current tax	33,326	9,953

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2007 £	2006 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(39,850)	118,995
Current tax at 30%	(11,955)	35,699
<i>Effects of</i>		
Expenses not deductible for tax purposes	47,757	
Group relief at nil consideration	(40)	(22,841)
Effect of marginal rate	(2,436)	(4,715)
Adjustment in respect of previous years		1,810
Total current tax charge (see above)	33,326	9,953

7 Investment properties

	Investment properties £
<i>Cost or valuation</i>	
At beginning of year	1,959,190
At end of year	1,959,190
<i>Impairment</i>	
Impairment losses for the year	159,190
At end of year	159,190
<i>Net book value</i>	
At end of year	1,800,000
At beginning of year	1,959,190

Investment properties were stated at directors' valuation at 31 December 2007

Notes *(continued)*

8 Creditors amounts falling due within one year

	2007 £	2006 £
Amounts owed to group undertakings	1,588,853	1,700,207
Corporation tax	33,326	8,143
Other taxes and social security	5,328	5,171
Accruals and deferred income	19,397	19,397
	<u>1,646,904</u>	<u>1,732,918</u>

9 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

10 Reserves

	Profit and loss account £
At beginning of year	226,270
Loss for the year	(73,176)
	<u> </u>
At end of year	153,094

11 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss)/profit for the financial year	(73,176)	109,042
Opening shareholders' funds	226,272	117,230
	<u> </u>	<u> </u>
Closing shareholders' funds	153,096	226,272

Notes *(continued)*

12 Ultimate parent company

The company is a subsidiary undertaking of Block Holdings Limited, a company incorporated in Scotland. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.

The ultimate parent undertaking is Moncrieffe Holdings Limited, which is incorporated in Great Britain and registered in Scotland. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.

13 Contingent liability

Bank loans taken out by the immediate parent company are secured by a bond and floating charge and standard security over the investment properties.