

Tulloch Homes (Aviemore) Limited

Directors' report and financial statements

Registered number SC269077

28 September 2006



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Company information

| | |
|--------------------------|---|
| Directors | DJ Macdonald DF Sutherland I Robertson IP Bankier GH Smith |
| Secretary | RG Fraser |
| Registered office | Whiteside House Bathgate West Lothian EH48 2RX |
| Auditors | KPMG LLP Chartered Accountants Saltire Court 20 Castle Terrace EDINBURGH EH1 2EG |
| Solicitors | Ledingham Chalmers 5 Melville Crescent Edinburgh EH3 7JA |
| Principal bankers | Bank of Scotland 123 St Vincent Street Glasgow G2 5EA |

Directors' report

The directors present their report and the audited financial statements for the year ended 28 September 2006

Principal activities and business review

The principal activity of the company is the development of land and property in the Aviemore vicinity

The directors consider the results for the year to be satisfactory given the current stage of development

Dividend and transfer to reserves

The directors do not recommend payment of a dividend for the year

The retained loss for the year of £7,000 is to be transferred to reserves

Directors and their interests

The directors of the company during the period year are shown below

DJ Macdonald
DF Sutherland
I Robertson
IP Bankier
GH Smith

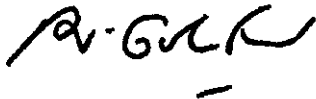
Disclosure of information to auditors

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



RG Fraser
Secretary

Whiteside House
Bathgate
West Lothian
EH48 2RX

24 July 2007

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.

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 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

Independent auditors' report to the members of Tulloch Homes (Aviemore) Limited

We have audited the financial statements of Tulloch Homes (Aviemore) Limited for the year ended 28 September 2006 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 3, 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. We also 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 28 September 2006 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

KPMG LLP

*Chartered Accountants
Registered Auditor
26 July 2007*

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and loss account
for the year ended 28 September 2006

| | <i>Note</i> | Year ended 28 September 2006 £000 | 9 month period ended 29 September 2005 £000 |
|--|-------------|--|--|
| Administrative expenses | | (6) | (3) |
| Operating loss | | <u>(6)</u> | <u>(3)</u> |
| Interest payable | | (1) | |
| Loss on ordinary activities before taxation | | <u>(7)</u> | <u>(3)</u> |
| Taxation | 3 | | |
| Loss for the financial year | | <u><u>(7)</u></u> | <u><u>(3)</u></u> |

The above amounts relate entirely to the continuing activities of the company

There were no recognised gains and losses other than those detailed above

Balance sheet
 at 28 September 2006

| | <i>Note</i> | 28 September 2006 £000 | 29 September 2005 £000 |
|--|-------------|---------------------------------------|---------------------------------------|
| Current assets | | | |
| Stocks | 4 | 4,571 | 4,210 |
| Debtors | 5 | 12 | 5 |
| | | <hr/> | <hr/> |
| Creditors amounts falling due within one year | 6 | 4,583 (3,193) | 4,215 (2,818) |
| | | <hr/> | <hr/> |
| Net current assets | | 1,390 | 1,397 |
| | | <hr/> | <hr/> |
| Creditors amounts falling due after one year | 7 | (1,400) | (1,400) |
| Net liabilities | | (10) | (3) |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Share capital | 8 | | |
| Profit and loss account | 9 | (10) | (3) |
| | | <hr/> | <hr/> |
| Deficit in equity shareholders' funds | | (10) | (3) |
| | | <hr/> | <hr/> |

These financial statements were approved by the board of directors on 24 July 2007 and were signed on its behalf by


DJ Macdonald
 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, except as noted below

Basis of preparation

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

The balance sheet on page 6 shows net liabilities of £10,000 (2005 £3,000) The financial statements have been prepared on a going concern basis which assumes that adequate financial support will continue to be made available by the company's shareholders The shareholders have indicated they will provide adequate financial resources to support the company for the foreseeable future In the circumstances, the directors are satisfied that it is appropriate to prepare these financial statements on the going concern basis

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published financial statements

Stocks

Stocks are valued at the lower of cost and net realisable value

Property in the course of development is carried at cost as part of work in progress until such time as the property is complete Interest incurred on project specific borrowings is capitalised within the cost of the project

Taxation

Deferred taxation is recognised without discounting in respect of all material 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 Deferred tax assets that are not assessed as recoverable due to future uncertainties have not been recognised in the accounts

2 Staff numbers and costs

All staff were employed by the company's parent companies, Aviemore Highland Resorts Limited and Tulloch Homes Group Limited, and their costs were recharged by way of management expenses

Directors' remuneration

No directors received remuneration from this company during the year

Notes (continued)

3 Taxation

There is no taxation charge in the current year

The current period tax charge is lower than the standard rate in the UK (30%) The difference is explained below

| | Year ended 28 September | 9 month period ended 29 September |
|--|----------------------------|---|
| | 2006 £000 | 2005 £000 |
| Loss on ordinary activities before tax | (7) | (3) |
| Loss on ordinary activities at standard UK corporation tax at 30% (2005 30%) | (2) | (1) |
| <i>Effects of</i> Losses carried forward | 2 | 1 |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

4 Stocks

| | 2006 £000 | 2005 £000 |
|------------------|-------------------|-------------------|
| Work in progress | 4,571 | 4,210 |
| | <u> </u> | <u> </u> |

5 Debtors

| | 2006 £000 | 2005 £000 |
|--------------------------------|-------------------|-------------------|
| Prepayments and accrued income | 12 | 5 |
| | <u> </u> | <u> </u> |

6 Creditors: amounts falling due within one year

| | 2006 £000 | 2005 £000 |
|---------------------------|-------------------|-------------------|
| Bank loans and overdrafts | 3,135 | 2,810 |
| Other creditors | 58 | 8 |
| | <u> </u> | <u> </u> |
| | 3,193 | 2,818 |
| | <u> </u> | <u> </u> |

7 Creditors: amounts falling due after one year

| | 2006 £000 | 2005 £000 |
|-------------|-------------------|-------------------|
| Other loans | 1,400 | 1,400 |
| | <u> </u> | <u> </u> |

Notes (continued)

7 Creditors: amounts falling due after one year (continued)

The company's borrowings are secured by a standard charge over all of its tangible fixed assets and a bond and floating charge over all the assets of the company

Debt is repayable as follows

| | 2006 £000 | 2005 £000 |
|------------------------------|--------------|--------------|
| Within one year or on demand | 3,135 | 2,810 |
| Between one and two years | 350 | 350 |
| Within two to five years | 1,050 | 1,050 |
| | <hr/> 4,535 | <hr/> 4,210 |

8 Called up share capital

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| <i>Authorised</i> | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| <i>Allotted, called up and fully paid</i> | | |
| Ordinary shares of £1 each | 1 | 1 |
| | <hr/> | <hr/> |

9 Profit and loss account

| | Profit and loss reserve £000 |
|------------------------------|------------------------------------|
| Balance at beginning of year | (3) |
| Loss for the financial year | (7) |
| | <hr/> |
| Balance at end of year | (10) |
| | <hr/> |

10 Related party transactions

The company paid bank overdraft interest of £325,214 (2005 £80,000) which was capitalised, to companies within the HBOS plc group, and at the end of the year the overdraft was £3,135,214 (2005 £2,810,000)

At the year end the company had loans from companies in the Macdonald Hotels group totalling £560,000 (2005 £560,000), loans from companies in the HBOS plc group totalling £560,000 (2005 £560,000) and loans from companies in the Tulloch Group plc totalling £280,000 (2005 £280,000)

11 Ultimate parent undertakings

At the year end, the company's share was held by Aviemore Highland Resort Limited. Aviemore Highland Resort Limited's shares were held by and therefore ultimately owned by, Macdonald Resorts Limited (a wholly owned subsidiary of the group headed by Macdonald Hotels Limited), Inverness Holdings (Spey Valley) Limited (a company related to Tulloch Group plc) and Uberior Investments PLC (a company related to HBOS plc) in the proportions described in the accounts of Aviemore Highland Resort Limited