

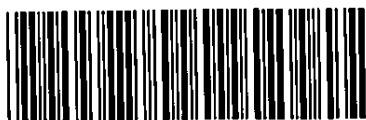
Hart Estates (Granton Harbour) Limited

**Directors' report and financial
statements**

Registered number SC274559

31 March 2012

TUESDAY



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10/07/2012

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Directors and advisors

Directors	KD Reid SG Simpson
Company Secretary	ST Fairclough
Registered office	Baberton House Juniper Green Edinburgh EH14 3HN
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	The Bank of Scotland plc New Ueberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Burness Solicitors 50 Lothian Road Festival Square Edinburgh EH3 9WJ

Directors' report

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2012.

Principal activities

The principal activity of the company in the year was the development and selling of private residential housing.

Directors

The directors who served the company during the year and to the date of this report were as follows:

KD Reid
SG Simpson
AJH Hepburn (resigned 25 May 2011)
AJN Hewitt (appointed 25 May 2011, resigned 16 December 2011)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

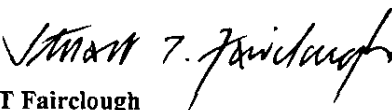
Disclosure of information to auditor

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 auditor 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 auditor are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



ST Fairclough
Secretary

Baberton House
Juniper Green
Edinburgh
EH14 3HN

2 July 2012

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 Practice).

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 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 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 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 auditor's report to the members of Hart Estates (Granton Harbour) Limited

We have audited the financial statements of Hart Estates (Granton Harbour) Limited for the year ended 31 March 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, 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 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 Directors' Responsibilities Statement 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, and express an opinion on, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been 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.

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.

L Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

2 July 2012

Profit and loss account
For the year ended 31 March 2012

	<i>Note</i>	2012 £	2011 £
Turnover		-	-
Cost of sales – exceptional		(4,024,065)	-
Gross loss		(4,024,065)	-
Administrative expenses		(1,500)	-
Operating loss		(4,025,565)	-
Interest payable and similar charges	3	(84,730)	-
Loss on ordinary activities before taxation	2	(4,110,295)	-
Tax on loss on ordinary activities	4	309,331	-
Loss for the financial year	9	(3,800,964)	-

The company has no recognised gains or losses other than the loss for the current year and the result for the prior year.

The result for the year has been derived from continuing activities.

Balance sheet
at 31 March 2012

	<i>Note</i>	2012 £	2011 £
Current assets			
Stocks	5	670,663	4,650,279
Debtors	6	309,507	1,176
Cash at bank		10,077	6,566
		<hr/>	<hr/>
		990,247	4,658,021
 Creditors: amounts falling due within one year	 7	 (4,791,622)	 (1,537,528)
		<hr/>	<hr/>
Net current (liabilities)/assets		(3,801,375)	3,120,493
 Creditors: amounts falling due after more than one year	 7	 -	 (3,120,904)
		<hr/>	<hr/>
Net liabilities		(3,801,375)	(411)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	(3,801,376)	(412)
		<hr/>	<hr/>
Shareholders' deficit	10	(3,801,375)	(411)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 2 July 2012 and signed on their behalf by:



S G Simpson
 Director



KD Reid
 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 under the historical cost convention.

As 100% of the company's voting rights are controlled within the group headed by Cruden Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and therefore not disclosed transactions or balances with entities that form part of the group. The consolidated accounts of Cruden Holdings Limited, within which this company is included, can be obtained from the address given in note 12.

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the loss of £3,800,964 for the year and net liabilities of £3,801,375 at the financial year end, which the directors believe to be appropriate for the following reasons. The company's day to day working capital requirements are provided by the parent undertaking. The directors of the parent undertaking have indicated that they will continue to provide such funds as are necessary to enable Hart Estates (Granton Harbour) Limited to continue to trade and to meet their liabilities as they fall due and that the parent undertaking will not seek repayment of the amounts currently made available. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based upon the undertaking of financial support outlined above, and after making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual financial statements.

Land and property for development

This is stated at the lower of cost and net realisable value and includes interest on development specific borrowings.

Taxation

The charge for taxation is based on the result for the year and taking into account taxation deferred because of timing differences between the treatment of certain items of taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes but not reversed by the balance sheet date except as otherwise required by FRS 19.

2 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging:

	2012 £	2011 £
Exceptional cost of sales – work in progress write down	4,024,065	-

The auditor's remuneration of £1,500 (2011: £1,500) was borne by the parent company.

Notes (continued)

3 Net interest payable

	2012 £	2011 £
On bank loans	-	113,143
On other loans	84,730	86,547
	<u>84,730</u>	<u>199,690</u>
Less interest capitalised (note 5)	-	(199,690)
	<u>84,730</u>	<u>-</u>

4 Taxation

	2012 £	2011 £
Current tax credit	(309,507)	-
Deferred tax charge	176	-
	<u>(309,331)</u>	<u>-</u>
Tax credit for the year		

The current tax credit for the year is lower than (2011: *equal to*) the standard rate of tax in the UK of 26% (2011: 28%). The differences are explained below:

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(4,110,295)	-
	<u>(1,068,677)</u>	<u>-</u>
Current tax at 26% (2011: 28%)	759,170	-
Losses not utilised for group relief		-
	<u>(309,507)</u>	<u>-</u>

The company has tax losses of £2,919,882 available for consortium relief or carry forward against future profits. A deferred tax asset has not been recognised due to uncertainties over the timing of utilisation of these losses.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

Notes (continued)

5 Stocks

	2012 £	2011 £
Land and property for development	670,663	4,650,279

Included above are capitalised interest costs of £Nil (2011: £878,245).

6 Debtors

	2012 £	2011 £
Group relief receivable	309,507	-
Deferred tax (loss carried forward)	-	176
Other debtors	-	844
Amounts owed by parent company	-	156
	<u>309,507</u>	<u>1,176</u>

7 Creditors

	2012 £	2011 £
<i>Amounts falling due within one year:</i>		
Loans from joint venture parties	-	1,102,421
Amount owed to parent company	4,789,961	-
Amount owed to joint venture parties	-	431,783
Accruals and deferred income	1,661	3,324
	<u>4,791,622</u>	<u>1,537,528</u>
	2012 £	2011 £
<i>Amounts falling due after more than one year:</i>		
Bank loan	-	3,120,904

The bank loan was transferred to Hart Estates Limited in the year and ultimately assigned to Cruden Homes (East) Limited.

Analysis of debt

	2012 £	2011 £
<i>Debt can be analysed as falling due:</i>		
Between one and two years	-	3,120,904

Notes (continued)

8 Called up share capital

	2012 £	2011 £
<i>Authorised:</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>

9 Profit and loss account

	£
At beginning of year	(412)
Loss for financial year	(3,800,964)
	<hr/>
At end of year	(3,801,376)
	<hr/>

10 Reconciliation of movements in shareholders' deficit

	2012 £	2011 £
Loss for the year	(3,800,964)	-
Opening shareholders' deficit	(411)	(411)
	<hr/>	<hr/>
Closing shareholders' deficit	(3,801,375)	(411)
	<hr/>	<hr/>

11 Related party disclosures

The company is a subsidiary undertaking of Hart Estates (City) Limited, a company wholly owned by Cruden Homes (East) Limited. During the year Cruden Homes (East) Limited purchased the shares of Uberior Ventures Limited their previous joint venture partner in Hart Estates (City) Limited.

During the year Cruden Homes (East) Limited and Uberior Ventures Limited advanced loans of £34,370 (2011: £19,814) and £30,009 (2011: £25,885) respectively to the company. The joint venture loans were transferred to Hart Estates (City) Limited in the year (2011: £551,211 and £551,210 was due to Cruden Homes (East) Limited and Uberior Ventures Limited respectively). No interest was charged on these loans during the year and the total accrued interest outstanding was transferred to Hart Estates (City) Limited during the year (2011: £154,585 and £154,532 was due to Cruden Homes (East) Limited and Uberior Ventures Limited respectively).

Bank of Scotland, a company related to Uberior Ventures Limited provided banking facilities to the company during the year. The bank debt was transferred to Hart Estates (City) and ultimately assigned to Cruden Homes (East) Limited during the year. Net interest payable in respect of these facilities amounted to £84,730 (2011: £113,143).

Cruden Homes (East) Limited carried out construction work and recharged costs to the company. At the year-end £Nil (2011: £122,666) was due to Cruden Homes (East) Limited.

Notes *(continued)*

12 Immediate and ultimate parent company

The immediate parent company is Hart Estates (City) Limited and the ultimate parent company is Cruden Holdings Limited. Both companies are incorporated in Scotland.

The largest group in which the results of the company are consolidated is that headed by Cruden Holdings Limited. The smallest group in which these results are consolidated is that headed by Cruden Homes (East) Limited. The consolidated accounts of these groups are available to the public and may be obtained from Baberton House, Juniper Green, Edinburgh, EH14 3HN.