

# **Edinburgh Quay (Two) Limited**

## **Directors' Report and Financial Statements**

For the year ended 31 December 2006

Registered Number SC280667



## **Directors' Report and Financial Statements**

### **Contents**

Directors' Report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Edinburgh Quay (Two) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

## Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2006

### Principal activities

The principal activity of the company is that of property development

### Proposed dividend

The directors do not recommend the payment of a dividend (2005 nil)

### Business review

The result for the financial year amounted to a loss of £600 (2005 nil)

### Directors

The Directors of the company during the year were

A Sutherland

P H Miller

J M Jackson

M Wood

(Appointed 28 July 2006)

P Grant

(Appointed 15 August 2006)

O A Elmi

(Resigned 15 August 2006)

None of the Directors had any interest in the share capital of the company

### 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 reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the Board



P J Smyth  
Secretary

6 June 2007

Edinburgh

## **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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

## **Independent auditors' report to the members of Edinburgh Quay (Two) Limited**

We have audited the financial statements of Edinburgh Quay (Two) Limited for the year ended 31 December 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 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. 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**

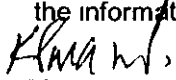
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 December 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**  
Chartered Accountants  
Registered Auditor  
Edinburgh

Date  
6 June 2007

## **Profit and loss account**

*For the year ended 31 December 2006*

	<i>Note</i>	<b>2006</b>	10 month period ended December 2005
<b>Turnover</b>	2	-	41,000,000
Cost of sales			(41,000,000)
		<hr/>	<hr/>
<b>Gross profit</b>			
Administrative expenses		(600)	
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	3	(600)	
Tax on loss on ordinary activities	5	<hr/>	<hr/>
		<hr/>	<hr/>
<b>Loss for the financial year</b>		(600)	
		<hr/>	<hr/>

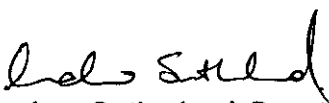
The company has no recognised gains or losses other than the loss for the above financial year

## Balance sheet

As at 31 December 2006

	Note	2006 £	2005 £
<b>Current assets</b>			
Debtors	6	107	2
<b>Creditors . amounts falling due within one year</b>	7	(705)	
<b>Net (liabilities)/assets</b>		<u>(598)</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account	9	(600)	
<b>Shareholders' (deficit)/funds</b>	10	<u>(598)</u>	<u>2</u>

These financial statements were approved by the board of directors on 06 June 2007 and were signed on its behalf by

  
Andrew Sutherland, Director

  
Phil Miller, 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 accounts are prepared under the historical cost basis and in accordance with applicable Accounting Standards

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

As the company is a wholly owned subsidiary of Edinburgh Quay Limited the company's voting rights are controlled within the group headed by Edinburgh Quay Limited. 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 financial statements have been prepared on a going concern basis as the shareholders have indicated that they will continue to support the company

#### ***Taxation***

The charge for taxation is based on the loss for the year and takes into account taxation deferred or accelerated 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

### 2 Turnover

Turnover represents the sale of property in the period, exclusive of value added tax

### 3 Loss on ordinary activities before taxation

	2006	2005
	£	£
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
	<hr/>	<hr/>

Auditors' remuneration is paid by ultimate parent company, Edinburgh Quay Limited and is disclosed in the accounts of that company

### 4 Remuneration of directors

There were no emoluments paid to the directors during the year. There were no employee or staff costs during the year



## Notes (cont'd)

### 5 Taxation

	2006 £	2005 £
Analysis in charge of period		
<b>UK Corporation tax</b>		
Current tax on income for the period	-	
Tax on profit on ordinary activities	-	

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower than (2005 *lower than*) the standard rate of corporation tax in the UK 30%. The differences are explained below

	2006 £	2005 £
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	(600)	
Current tax at 30%	(180)	
Effects of Deferred tax not recognised	180	
Total current tax charge (see above)		

### 6 Debtors

	2006 £	2005 £
Other debtors	105	
Unpaid share capital	2	2
	107	2

### 7 Creditors

	2006 £	2005 £
Trade creditors	705	

**Notes (cont'd)**

<b>8 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<i>Equity</i>		
<i>Authorised,</i>		
100 ordinary shares of £1 each	<b>100</b>	<b>100</b>
	<hr/>	<hr/>
<i>Allotted, called up and unpaid</i>		
2 ordinary shares at £1 each	<b>2</b>	<b>2</b>
	<hr/>	<hr/>

<b>9 Profit and loss account</b>	<b>Profit and loss account</b>
At beginning of year	-
Loss for year	<b>(600)</b>
At end of year	<hr/> <b>(600)</b> <hr/>

<b>10 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	<b>(600)</b>	
New share capital subscribed	-	<b>2</b>
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	<b>(600)</b>	<b>2</b>
Opening shareholders' funds	<b>2</b>	
	<hr/>	<hr/>
<b>Deficit in closing shareholders' funds</b>	<hr/> <b>(598)</b> <hr/>	<hr/> <b>2</b> <hr/>

**11 Ultimate parent company**

The company is a subsidiary undertaking of Edinburgh Quay Limited incorporated in the UK. The financial statements of Edinburgh Quay Limited are available to the public and may be obtained from the Register of Companies House, 37 Castle Terrace, Edinburgh, EH1 2GB.