

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

Report and Financial Statements

Period from incorporation on 22 July 2005 to 31 December 2005

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DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Barry
S Gibson
A Fullerton
I Solley
A Blain

SECRETARY

A Fullerton

REGISTERED OFFICE

22 Rutland Street
Edinburgh
EH1 2AN

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Edinburgh

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

DIRECTORS' REPORT

The directors present their annual report and financial statements for the period from incorporation to 31 December 2005

INCORPORATION

The company was incorporated on 22 July 2005

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is principally engaged in the business of investing in Jersey property unit trusts

The company qualifies as a small company as defined in law and has therefore taken advantage of the exemption outlined in s246(4)(a) of the Companies Act 1985. As such no enhanced business review has been prepared

REVIEW OF DEVELOPMENTS

The directors are satisfied with the company's state of affairs and its future prospects

The directors are satisfied with the Group's state of affairs and its future prospects

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £124,000. The directors do not recommend payment of a dividend and the loss for the period will be transferred against reserves

DIRECTORS AND THEIR INTERESTS

The directors in office during the period and to the date of this report were as follows

	Appointed	Resigned
R Barry	25 July 2005	
S Gibson	25 July 2005	
A Fullerton	25 July 2005	
I Solley	25 July 2005	
A Blain	17 April 2006	
C Elder	22 July 2005	25 July 2005
T Swan	22 July 2005	25 July 2005

There are no directors' interests in the shares of the company requiring disclosures under the Companies Act 1985

Details of directors' interests in the shares of the ultimate parent company, Dunedin Property Industrial Fund (Holdings No 1) Limited, are disclosed in that company's financial statements

RISK MANAGEMENT POLICY

The principal financial risks that the company are exposed to and manages are as follows

Credit risk

Credit risk is the risk arising from the possibility that the company will incur losses from the failure of customers to meet their obligations. Credit risk is addressed by the following

- Risk is monitored on a periodic basis by the board
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is then implemented promptly to minimise any potential loss

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

DIRECTORS' REPORT (continued)

RISK MANAGEMENT POLICY (continued)

Liquidity risk

Liquidity risk is the risk arising that the company is unable to meet its' obligations as they fall due. Liquidity risk is addressed by the following

- The liquidity of the company is managed on a daily basis to ensure that any contractual cash flow obligations, and potential cash flows arising from undrawn commitments and other contingent obligations, can be met as they arise

Market risk

The company is exposed to market risk because of positions held in relation to interest rate risk. Market risk is addressed by the following

- The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.
- For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts

STATEMENT ON INFORMATION GIVEN TO AUDITORS

Each of the directors at the date of approval of this report confirm that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and
- The director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS

Deloitte & Touche LLP were appointed auditors of the company on incorporation

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re appoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed by order of the Board



A Fullerton
Secretary
19th January 2007

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Period from incorporation on 22 July 2005 to 31 December 2005

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP')

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with UK GAAP of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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, 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, which 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

We have audited the financial statements of Dunedin Property Industrial Fund Limited for the period from 22 July 2005 to 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 United Kingdom 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 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 for the above period 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 December 2005 and of its loss for the period from 22 July 2005 to 31 December 2005, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh
United Kingdom
19th January 2007

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

PROFIT AND LOSS ACCOUNT

Period from incorporation on 22 July 2005 to 31 December 2005

		Period from 22 July 2005 to 31 December 2005 £000
	Note	
Administrative expenses		<u>(2)</u>
OPERATING LOSS: continuing operations	3	(2)
Interest receivable and similar income	5	3,009
Interest payable and similar charges	6	<u>(3,062)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(55)
Tax on loss on ordinary activities	7	<u>(69)</u>
RETAINED LOSS FOR THE FINANCIAL PERIOD	13	<u>(124)</u>

There were no recognised gains or losses for the period other than those included in the profit and loss account, so no statement of total recognised gains and losses is presented

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £000
CURRENT ASSETS		
Debtors	9	171,195
Cash at bank and in hand		1,546
		<hr/> 172,741
CREDITORS: amounts falling due within one year	10	<hr/> (54,079)
TOTAL CURRENT LIABILITIES		<hr/> 118,662
CREDITORS: amounts falling due after more than one year	11	<hr/> (118,786)
NET LIABILITIES		<hr/> <hr/> (124)
CAPITAL AND RESERVES		
Called up share capital	12	
Profit and loss account	13	<hr/> (124)
SHAREHOLDERS' DEFICIT	13	<hr/> <hr/> (124)

These financial statements were approved by the Board of Directors on 19th January 2007

Signed on behalf of the Board of Directors



A Fullerton

Director

NOTES TO THE FINANCIAL STATEMENTS

Period from incorporation on 22 July 2005 to 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the period.

Consolidation

The company's financial statements present information about it as an individual undertaking and not about its group. No consolidated financial statements have been prepared for the company and its subsidiary undertakings (note 8), under the terms of the Companies Act 1985 section 228 (1) (b) which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements.

Turnover

Turnover represents the total amount received by the company in the ordinary course of business from management fees excluding value added tax.

Investments

Current assets investments are stated at the lower of cost and net realisable value.

Taxation

Current tax, comprising UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The company is a wholly owned subsidiary of Dunedin Property Industrial Fund (Holdings No 1) Limited, whose group accounts include a cash flow statement and are publicly available. It has therefore taken advantage of the exemption outlined in paragraph 5 of FRS 1 Cash Flow Statements. As such no cash flow statement has been prepared.

2. TURNOVER

Turnover is attributable to management fees charged to the subsidiary companies in the ordinary course of business. All rental income is derived in the United Kingdom.

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Period from incorporation on 22 July 2005 to 31 December 2005

3. OPERATING LOSS

	Period from 22 July 2005 to 31 December 2005 £000
Operating loss is stated after charging:	
Auditors' remuneration – audit fees	2
	<hr/>

4. DIRECTORS AND EMPLOYEES

No director received emoluments from the company during the current period

The directors received remuneration from Dunedin Property Asset Management Limited, a related company, for services to Dunedin Property Industrial Fund Limited and it is not considered practical to make any apportionment in respect of their services to the company

There were no employees during the current period

5. INTEREST RECEIVABLE

	Period from 22 July 2005 to 31 December 2005 £000
Bank interest	10
Intercompany interest	2,999
	<hr/>
	3,009
	<hr/>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 22 July 2005 to 31 December 2005 £000
Amortised finance charges	62
Bank interest	2
Intercompany interest	2,998
	<hr/>
	3,062
	<hr/>

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Period from incorporation on 22 July 2005 to 31 December 2005

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	Period from 22 July 2005 to 31 December 2005 £000
Corporation tax charge	69

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation

	Period from 22 July 2005 to 31 December 2005 £000
Loss on ordinary activities before tax	(55)
Tax on loss on ordinary activities at standard UK corporation rate of 30%	(16)
<i>Factors affecting charge for the period</i>	
Transfer pricing adjustment	85
Total actual amount of current tax	69

8. INVESTMENTS

	2005 £000
Shares in subsidiary undertakings at cost	

The company owns 100% of the issued ordinary share capital of the subsidiary undertakings set out below

Subsidiary undertakings	Country of incorporation	Country of registration	Activity
DPIF (Newton Aycliffe) Limited	Great Britain	England and Wales	Property trading
DPIF (Newton Aycliffe) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Cambridge) Limited	Great Britain	England and Wales	Property trading
DPIF (Cambridge) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Peterlee) Limited	Great Britain	England and Wales	Property trading
DPIF (Peterlee) No 2 Limited	Great Britain	England and Wales	Property trading
DPIF (Treforest) Limited	Great Britain	England and Wales	Property trading
DPIF (West Molesey) Limited	Great Britain	England and Wales	Property trading
DPIF (Enfield) Limited	Great Britain	England and Wales	Property trading

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Period from incorporation on 22 July 2005 to 31 December 2005

9. DEBTORS

	2005 £000
Sundry debtors	3
Amounts owed by group undertakings	171,191
Other debtors including taxation and social security	1
	<u>171,195</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £000
Sundry creditors	877
Corporation tax	69
Amounts owed to related undertakings (Note 15)	471
Amounts owed to group undertakings	52,662
	<u>54,079</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £000
Senior loan	
Facility A	106,050
Facility B	13,418
	<u>119,468</u>
Analysis of bank loan repayments	
Between two and five years	119,468
Unamortised arrangement fee	(682)
	<u>118,786</u>

12. CALLED UP SHARE CAPITAL

	2005 £
Authorised	
100 ordinary shares of £1 each	100
	<u>100</u>
Called up, allotted and fully paid	
1 ordinary share of £1 each	1
	<u>1</u>
All shares were issued at par on incorporation	

DUNEDIN PROPERTY INDUSTRIAL FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Period from incorporation on 22 July 2005 to 31 December 2005

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit & loss account £000	Total £000
At incorporation on 22 July 2005			
Loss for the period		(124)	(124)
As at 31 December 2005		(124)	(124)

14. PARENT UNDERTAKING

The immediate and ultimate parent undertaking is Dunedin Property Industrial Fund (Holdings No 1) Limited. Dunedin Property Industrial Fund (Holdings No 1) Limited is the parent company of the largest and smallest group into which the company's results are consolidated. Copies of the consolidated group financial statements are available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB.

15. RELATED PARTY TRANSACTIONS

During the period, the company engaged in certain property related transactions with the following companies, in which certain directors have an ownership interest:

Related party transactions in which directors have a certain ownership interest	Nature of transaction	2005 £000
Dunedin Property Asset Management Limited	Increase in loans from related parties	61
Dunedin Property Limited	Increase in loans from related parties	410

At 31 December 2005 the following amounts were receivable from related parties:

	2005 £000
Dunedin Property Asset Management Limited	61
Dunedin Property Limited	410

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 with regard to the non disclosure of transactions between group companies which are eliminated in the consolidated financial statements of Dunedin Property Industrial Fund Limited for the period ending December 2005.