

AIRDRIE NORTH LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2009



AIRDRIE NORTH LIMITED

COMPANY INFORMATION

Director	Thomas Graham Gillespie
Company number	SC292161
Registered office	176 Bath Street Glasgow G2 4HG
Auditors	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
Bankers	Dunfermline Building Society Suite 3/4 135 Buchanan Street Glasgow G1 2JA
Solicitors	Maclay Murray & Spens 151 St Vincent Street Glasgow G2 5NJ

AIRDRIE NORTH LIMITED

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AIRDRIE NORTH LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 OCTOBER 2009

The director presents his report and the financial statements for the year ended 31 October 2009.

Principal activities

The principal activity of the company is that of land and property development.

The company continues to work on several major projects and is developing other opportunities within the Drumshangie site through Structure and Local Plans and by direct application. The site is owned by the company's subsidiary undertaking, GM Drumshangie Limited.

Director

The director who served during the year was:

Thomas Graham Gillespie

Provision of information to auditors

The director at the time when this director's report is approved has confirmed that:

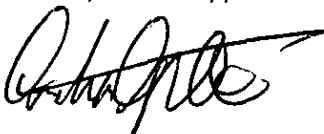
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

The report of the director has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the board on

28/7/10

and signed on its behalf.



Thomas Graham Gillespie
Director

AIRDRIE NORTH LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) . Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

AIRDRIE NORTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRDRIE NORTH LIMITED

We have audited the financial statements of Airdrie North Limited for the year ended 31 October 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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

As explained more fully in the directors' responsibilities statement, 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 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 Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

Included within debtors on the balance sheet are amounts of £2,098,304 and £485,270 due from two related party companies which both continue to be loss making. Airdrie North Limited has no security for these debts. In our opinion the company is unlikely to receive any payment in the foreseeable future and full provision of £2,583,574 should have been made against these balances. Accordingly, debtors should be reduced by £2,583,574 and the loss for the year and retained losses in the balance sheet should be increased by £2,583,574.

Except for the financial effect of not making the provision referred to in the preceeding paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified in respect of going concern, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,548,014 during the year ended 31 October 2009 and, at that date, the company's current liabilities exceeded its total assets by £2,549,661. The company is dependant on its bankers on a month to month basis for ongoing financial support. These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the bankers were to withdraw their financial support and the company was unable to continue as a going concern.

AIRDRIE NORTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRDRIE NORTH LIMITED

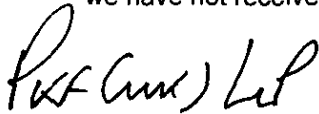
Opinion on other matter prescribed by the Companies Act 2006

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; or



Alastair Rae (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors

30 July 2010
Glasgow, UK

AIRDRIE NORTH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	2008 £
Cost of sales - exceptional item	3	(894,689)	-
GROSS LOSS	3	(894,689)	-
Administrative expenses		(495,929)	(282,625)
Other operating income	2	95,000	-
OPERATING LOSS	3	(1,295,618)	(282,625)
Interest receivable		31	-
Interest payable		(252,427)	(401,282)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,548,014)	(683,907)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		(1,548,014)	(683,907)

The notes on pages 7 to 11 form part of these financial statements.

AIRDRIE NORTH LIMITED
REGISTERED NUMBER: SC292161

BALANCE SHEET
AS AT 31 OCTOBER 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	4		2,092,502		-
Fixed asset investments	5		2,700,001		2,700,001
			4,792,503		2,700,001
CURRENT ASSETS					
Stocks	6	500,000		2,982,118	
Debtors	7	2,583,574		1,085,457	
Debtors: amounts falling due within one year	7	69,434		595,834	
Cash in hand		99		-	
		3,153,107		4,663,409	
CREDITORS: amounts falling due within one year	8	(10,495,271)		(8,365,156)	
NET CURRENT LIABILITIES			(7,342,164)		(3,701,747)
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,549,661)		(1,001,746)
CAPITAL AND RESERVES					
Called up share capital	9		100		1
Profit and loss account	10		(2,549,761)		(1,001,747)
SHAREHOLDERS' DEFICIT			(2,549,661)		(1,001,746)

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28 July 2010.



Thomas Graham Gillespie
 Director

The notes on pages 7 to 11 form part of these financial statements.

AIRDRIE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

1. ACCOUNTING POLICIES

1.1 Fundamental accounting concept and basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is exempt from the requirement to prepare group accounts by virtue of section Chapter 3 Part 15 of Companies Act 2006.

Going concern

At the balance sheet date the company had net liabilities of £2,549,661 (2008 - £1,001,746) and net current liabilities of £7,342,164 (2008 - £3,701,747) and is dependent on the continuing financial support of its bankers on a month to month basis in order to continue trading and meet its obligations as they fall due. The company has total bank borrowings of £10,064,075 (2008 - £7,994,619) at the balance sheet date and has breached certain bank covenants in the year. Given the developments in the year with the site at Drumshangie, which is owned by the company's subsidiary, and the planning consents received on this land, the director is satisfied that the financial support of their bankers will continue for the foreseeable future and, accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments that would arise from the withdrawal of this financial support.

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Assets in the course of construction	-	nil
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1.3 Investments

Investments in subsidiaries are valued at cost less any provision for impairment required.

1.4 Work in progress

Stocks and work in progress comprise properties held for re-sale and are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

AIRDRIE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

2. OTHER OPERATING INCOME

	2009 £	2008 £
Income received from access to land	<u>95,000</u>	<u>-</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2009 £	2008 £
Auditors' remuneration	<u>4,700</u>	<u>4,500</u>

During the year, no director received any emoluments (2008 - £NIL).

The director made a provision against the carrying value of the company's work in progress in the year of £894,689 (2008 - £Nil) to reflect the current net realisable of the undeveloped sites. These costs are considered by the director to be exceptional items in nature.

4. TANGIBLE FIXED ASSETS

	Assets in the course of construction £
Cost	
At 1 November 2008	-
Additions - transferred from work in progress	2,092,502
At 31 October 2009	<u>2,092,502</u>
Depreciation	
At 1 November 2008 and 31 October 2009	-
Net book value	
At 31 October 2009	<u>2,092,502</u>
At 31 October 2008	<u>-</u>

5. FIXED ASSET INVESTMENTS

	Shares in subsidiary £	Loans to subsidiary £	Total £
Cost			
At 1 November 2008 and 31 October 2009	<u>1</u>	<u>2,700,000</u>	<u>2,700,001</u>

AIRDRIE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

5. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

GM Drumshangie Limited

The aggregate of the share capital and reserves as at 31 January 2010 and of the profit or loss for the year ended on that date for the subsidiary undertaking (the latest publicly available accounts) was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
GM Drumshangie Limited	1	-

6. STOCKS

	2009 £	2008 £
Work in progress	500,000	2,982,118

7. DEBTORS

	2009 £	2008 £
Due after more than one year		
Other debtors	2,583,574	1,085,457
Due within one year		
Other debtors	69,434	595,834

8. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	10,064,075	7,994,619
Trade creditors	421,696	361,037
Other creditors	9,500	9,500
	10,495,271	8,365,156

The bank loan is secured by a standard security over the company's properties which are held as work in progress, over land held by its subsidiary, G M Drumshangie Limited and a personal guarantee for

AIRDRIE NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

8. CREDITORS: Amounts falling due within one year (continued)

£125,000 from the director, Mr T G Gillespie.

The bank loan is repayable in full on 14 April 2011. Certain bank covenants have been breached in the year and so, in line with applicable accounting standards, the loan is classified as a current liability.

9. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
100 (2008 - 1) Ordinary Shares shares of £1 each	<u>100</u>	<u>1</u>

During the year the company issued 54 ordinary shares of £1 each and 45 "B" ordinary shares of £1 each. the "B" ordinary shares of £1 each are non-voting.

10. RESERVES

	Profit and loss account £
At 1 November 2008	(1,001,747)
Loss for the year	(1,548,014)
At 31 October 2009	<u>(2,549,761)</u>

11. RELATED PARTY TRANSACTIONS

During the year Airdrie North Limited paid expenses and advanced loans totalling £1,478,341 (2008 - £1,185,607) of on behalf of G Street Properties Limited, a company which shares common directors. The balance at the year end is £2,098,304 (2008 - £619,963) and is included with other debtors recoverable after more than one year.

During the year, the company incurred management charges of £70,000 (2008 - £120,000) payable to G Street Properties Limited.

During the year, the company paid £19,776 (2008 - £465,494) on behalf of Monarch Park Homes Limited, a company which shares common directors. The balance at the year end is £485,270 (2008 - £465,494) and is included within other debtors recoverable after more than one year.

Also included within debtors due after one year is £2,875 (2008 - £nil) due from Gillespie (Brighton) Limited, £30 (2008 - £nil) due from AG Developments Limited and £1,392 (2008 - £nil) from Fife Regeneration Partnership Limited. These are companies which share common directors and shareholders.

At the year end £41,702 was payable to the director, Thomas Graham Gillespie and £36,710 to Gillespie Investment Group Limited (a company with common shareholders and directors) for expenses incurred on behalf of the company. During the year Thomas Graham Gillespie was allotted 54 ordinary shares of £1 each and 45 "B" ordinary shares of £1 each at par value for cash.

AIRDRIE NORTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009**

11. RELATED PARTY TRANSACTIONS (continued)

12. CONTROLLING PARTY

The controlling party of the company is Thomas Graham Gillespie.

13. DEFERRED TAXATION

The company has a deferred tax asset of £458,405 (2008 - £314,931) principally relating to losses available for future set off against corporation tax payable. This amount has not been incorporated within these financial statements due to uncertainty over the extent and timing of future taxable profits of the company.