

Company Registration No. SC294938

**BELSCO 1026 LIMITED**

**Report and Financial Statements**

**31 October 2006**



# **BELSCO 1026 LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

# **BELSCO 1026 LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Peter J Taylor  
Mhairi J Taylor  
Hamish J Taylor  
Iain P Taylor

#### **SECRETARY**

Mhairi J Taylor

#### **REGISTERED OFFICE**

35 Drumsheugh Gardens  
Edinburgh  
EH3 7RN

#### **BANKERS**

Bank of Scotland  
38 St Andrew Square  
Edinburgh  
EH2 2YR

#### **SOLICITORS**

Bell & Scott WS  
16 Hill Street  
Edinburgh  
EH2 3LD

#### **INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Edinburgh

## **BELSCO 1026 LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in presenting their first report and the financial statements of the company for the period 29 December 2005 (date of incorporation) to 31 October 2006

#### **ACTIVITIES**

The principal activity of the company will be hotel management and catering upon completion of the development noted below

#### **REVIEW OF DEVELOPMENTS**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The company was incorporated on 29 December 2005 and is currently focused on redeveloping the property at Blythswood Square in Glasgow which it acquired during the period. Until this is completed, anticipated to be in early March 2008, minimal profits or losses are expected.

The directors regard the results of the company for the period, and the company's financial position, as satisfactory and expect the growth and development of the business to continue in the forthcoming year.

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served the company during the year were as follows.

Peter J Taylor  
Mhairi J Taylor  
Hamish J Taylor  
Iain P Taylor  
Bell & Scott (Nominees) Limited

The company is a wholly owned subsidiary and the interests of the directors in the parent company are disclosed in the financial statements of that company

Peter J Taylor was appointed as a director on 29 December 2005  
Mhairi J Taylor was appointed as a director on 27 January 2006  
Hamish J Taylor was appointed as a director on 27 January 2006  
Iain P Taylor was appointed as a director on 27 January 2006.  
Bell & Scott (Nominees) Limited was appointed as a director on 29 December 2005  
Bell & Scott (Nominees) Limited retired as a director on 29 December 2005.

#### **AUDITORS**

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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

A resolution to re appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

# **BELSCO 1026 LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

Registered office

35 Drumsheugh Gardens  
Edinburgh  
EH3 7RN

Signed by order of the directors



Peter J Taylor  
Director

Approved by the directors on *20 February* 2007

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, 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 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 BELSCO 1026 LIMITED**

We have audited the financial statements of Belsco 1026 Limited for the period from incorporation to 31 October 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the FRSSE (effective January 2005).

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 the 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 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.

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 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 United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 October 2006 and of its profit for the period from incorporation 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.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Edinburgh, United Kingdom

*21 February* 2007

## **BELSCO 1026 LIMITED**

### **PROFIT AND LOSS ACCOUNT**

**Period ended 31 October 2006**

	<b>Note</b>	<b>2006 £</b>
Administrative expenses		(1,100)
Other operating income		3,965
<b>OPERATING PROFIT</b>	<b>2</b>	<b>2,865</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>2,865</b>
<b>TAXATION</b>	<b>3</b>	
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,865</b>

All amounts relate to continuing activities.

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current period. Accordingly no statement of total recognised gains and losses is presented.



# BELSCO 1026 LIMITED

## BALANCE SHEET 31 October 2006

	Note	2006 £
<b>FIXED ASSETS</b>		
Tangible assets	4	5,714,761
<b>CURRENT ASSETS</b>		
Debtors	5	22,978
Cash in hand		150
		<u>23,128</u>
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>(859,042)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(835,914)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,878,847
<b>CREDITORS: Amounts falling due after more than one year</b>	7	<u>(4,875,882)</u>
<b>NET ASSETS</b>		<u>2,965</u>
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital	9	100
Profit and loss account	10	2,865
<b>SHAREHOLDERS' FUNDS</b>	10	<u>2,965</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the Board of Directors on 20th October 2007

Signed on behalf of the Board of Directors



Peter J Taylor  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 October 2006**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). The accounting policies have been applied consistently throughout the period

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax. There was no turnover recognised during the period.

**Cash flow statement**

The company has taken advantage of the exemption contained in Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement on the grounds of being a small company defined by Section 247 of the Companies Act 1985

**Fixed assets**

Fixed assets represent assets under development which by their nature are not depreciated. The company policy is to capitalise borrowing costs during the development phase. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

**Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non discounted basis.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2. OPERATING PROFIT**

	<b>2006</b>
	<b>£</b>
<b>Operating profit is stated after charging</b>	
Directors' emoluments	
Auditors' fees	<u>1,000</u>

# BELSCO 1026 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Period ended 31 October 2006

### 3. TAXATION

	2006 £
Current tax.	
UK corporation tax based on the results for the year at 19%	-
The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation	

	2006 £
Profit on ordinary activities before tax	2,865
Tax charge on profit on ordinary activities at standard rate	544
<i>Factors affecting charge for the year</i>	
Capital allowances in excess of depreciation	(544)
Total actual amount of current tax	-

### 4. TANGIBLE FIXED ASSETS

	Assets under development £
Cost and net book valuation	
Additions	5,714,761
At 31 October 2006	5,714,761

Included within additions are capitalised finance charges totalling £237,970

The company has purchased buildings in Blythswood Square, Glasgow and is currently in the process of refurbishing them to create a new, boutique hotel. It is anticipated that the cost of completing this project will be a further £14,200,000 which will be funded by a development loan granted by the company's bankers. There were no amounts committed or contracted for at the period end

### 5. DEBTORS

	2006 £
Trade debtors	3,965
Other debtors	19,013
	22,978

# **BELSCO 1026 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 October 2006**

### **6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>
	<b>£</b>
Bank loans and overdrafts	674,815
Trade creditors	179,229
Other taxation and social security	1,545
Other creditors	3,453
	<u>859,042</u>

### **7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>
	<b>£</b>
Amounts owed to group undertakings	171,867
Bank loans and overdrafts	4,704,015
	<u>4,875,882</u>

The bank loan and overdraft are secured over the assets of the company. The loan bears interest at a rate of 1% over Bank of Scotland base rate.

	<b>2006</b>
	<b>£</b>
Bank loans and overdrafts are repayable as follows:	
Within one year	674,815
Between one and two years	355,020
Between two and five years	1,065,060
After more than five years	3,283,935
	<u>5,378,830</u>

### **8. RELATED PARTY TRANSACTIONS**

During the year The Town House Company Limited made payments to suppliers of Belco 1026 Limited totalling £171,867. This amount remains outstanding at the period end. The Town House Company Limited is the ultimate parent company, and the Board of Directors are common to both companies.

### **9. SHARE CAPITAL**

	<b>2006</b>
	<b>£</b>
Authorised	
1,000 ordinary shares of £1 each	1,000
	<u>1,000</u>
Called up, allotted and fully paid	
100 ordinary shares of £1 each	100
	<u>100</u>

The share capital was issued upon incorporation for cash.

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 October 2006**

**10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES**

	Share capital £	Profit and Loss Account £	Total share- holders' funds £
Balance as at 29 December 2005	-		-
Profit for the year	-	2,865	2,865
Issue of share capital	100		100
Balance as at 31 October 2006	<u>100</u>	<u>2,865</u>	<u>2,965</u>

**11. ULTIMATE PARENT COMPANY**

The ultimate parent company is The Town House Company Limited, a company incorporated in Scotland. The registered office of The Town House Company is 35 Drumsheugh Gardens, Edinburgh