

**FLAGSTEP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2008**



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**FLAGSTEP LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2008**

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# **FLAGSTEP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **The Board of Directors**

D F R Mitchell  
W J Gray Muir

### **Company Secretary**

A Gray Muir

### **Registered Office**

89 Ravenscroft Street  
Edinburgh  
EH17 8QS

### **Accountants**

Chiene + Tait  
Chartered Accountants  
61 Dublin Street  
Edinburgh  
EH3 6NL

### **Bankers**

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

### **Solicitors**

Shepherd and Wedderburn LLP  
1 Exchange Crescent  
Conference Square  
Edinburgh  
EH3 8UL

# FLAGSTEP LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

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The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 December 2008.

### Principal activities and business review

The company's principal activity is property development.

The company sold its sole development property during the previous financial year and the Directors are continuing to look for further development opportunities.

The directors have recommended the following dividends:

	2008 £	2007 £
Dividends paid on ordinary shares	<u>300,000</u>	<u>-</u>

### Directors

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

D F R Mitchell  
W J G Muir

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 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;
- 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 to 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.

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



A Gray Muir  
Company Secretary

Approved by the directors on 29 Sep 2009

# FLAGSTEP LIMITED

## CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF FLAGSTEP LIMITED

YEAR ENDED 31 DECEMBER 2008

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In accordance with the engagement letter dated 26 January 2007, and in order to assist you to fulfil your duties under the Companies Act 1985, we have prepared the financial statements of the company on pages 4 to 8 from the accounting records and information and explanations supplied to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken to enable us to prepare the financial statements on behalf of the Company's Board of Directors 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with best practice guidance issued by the Institute of Chartered Accountants of Scotland and have complied with the ethical guidance laid down by the Institute relating to members undertaking the preparation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2008 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

*Chiene + Tait*

CHIENE + TAIT  
Chartered Accountants

61 Dublin Street  
Edinburgh  
EH3 6NL

5 OCTOBER 2009

**FLAGSTEP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
Turnover		—	49,777
Cost of sales		—	20,982
<b>Gross profit</b>		—	28,795
Administrative expenses		1,206	8,878
<b>Operating (loss)/profit</b>		(1,206)	19,917
Profit on disposal of fixed assets		—	387,101
		(1,206)	407,018
Interest receivable	2	24,116	11,000
Interest payable and similar charges		—	(34,296)
<b>Profit on ordinary activities before taxation</b>		22,910	383,722
Tax on profit on ordinary activities	3	4,754	86,363
<b>Profit for the financial year</b>		18,156	297,359

**FLAGSTEP LIMITED**

Company Registration Number : SC299603

**BALANCE SHEET****31 DECEMBER 2008**

	Note	£	2008 £	2007 £
<b>Current assets</b>				
Debtors	5	18,040		380,057
Cash at bank		3,074		4,606
		<u>21,114</u>		<u>384,663</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>6,254</u>		<u>87,959</u>
<b>Net current assets</b>			<b>14,860</b>	<b>296,704</b>
<b>Total assets less current liabilities</b>			<b>14,860</b>	<b>296,704</b>
<b>Capital and reserves</b>				
Called-up equity share capital	8		2	2
Profit and loss account	9		<b>14,858</b>	<b>296,702</b>
<b>Shareholders' funds</b>	9		<b>14,860</b>	<b>296,704</b>

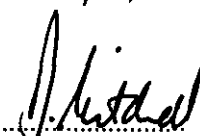
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

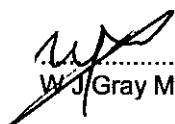
The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

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 2007).

These financial statements were approved by the directors and authorised for issue on 19 Sept 09, and are signed on their behalf by:

  
D F R Mitchell

  
W J Gray Muir

# FLAGSTEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

#### Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

### 2. Interest receivable

	2008 £	2007 £
Bank interest receivable	132	943
Interest from group undertakings	23,984	10,057
	<u>24,116</u>	<u>11,000</u>

### 3. Taxation on ordinary activities

#### Analysis of charge in the year

	2008 £	2007 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	4,754	86,209
Total current tax	<u>4,754</u>	<u>86,209</u>
Deferred tax:		
Origination and reversal of timing differences		
Losses	-	154
Tax on profit on ordinary activities	<u>4,754</u>	<u>86,363</u>



# FLAGSTEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

### 4. Dividends

#### Equity dividends

	2008 £	2007 £
Paid		
Equity dividends on ordinary shares	<u>300,000</u>	<u>—</u>

### 5. Debtors

	2008 £	2007 £
Amounts owed by related undertakings	<u>18,040</u>	<u>380,057</u>

### 6. Creditors: amounts falling due within one year

	2008 £	2007 £
Corporation tax	4,754	86,209
Other creditors	<u>1,500</u>	<u>1,750</u>
	<u>6,254</u>	<u>87,959</u>

### 7. Related party transactions

The company is a joint venture between Sundial Properties (Gilmerton) Limited and Manse Investments Limited.

Sundial Properties (Gilmerton) Limited received interest payments during the year of £nil (2007: £2,059). The company charged Sundial Properties (Gilmerton) Limited interest of £11,992 (2007: £5,029). At 31 December 2008 £9,020 was due from Sundial Properties (Gilmerton) Limited (2007: £190,029).

Manse Investments Limited received interest payments during the year of £nil (2007: £2,059). The company charged Manse Investments Limited interest of £11,992 (2007: £5,029). At 31 December 2008 £9,020 was due from Manse Investments Limited (2007: £190,029).

### 8. Share capital

#### Authorised share capital:

	2008 £	2007 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

#### Allotted, called up and fully paid:

	2008 No	£	2007 No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

# FLAGSTEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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**9. Reconciliation of shareholders' funds and movement on reserves**

	Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward	2	296,702	296,704
Profit for the year	—	18,156	18,156
Equity dividends	—	(300,000)	(300,000)
Balance carried forward	<u>2</u>	<u>14,858</u>	<u>14,860</u>