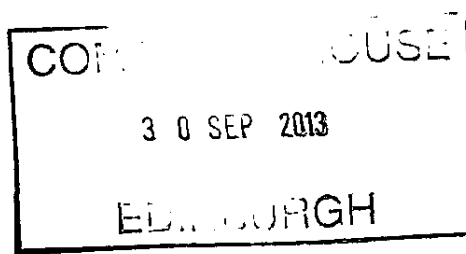
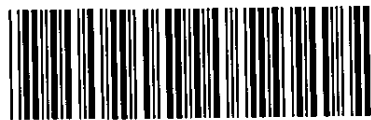


SUNDIAL HOLDINGS LIMITED
GROUP FINANCIAL STATEMENTS
For the year ended 31 December 2012



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SUNDIAL HOLDINGS LIMITED

Contents	Page
Company Information	2
Director's Report	3 - 4
Independent Auditor's Report to the shareholders	5 - 6
Profit and Loss Account – Consolidated	7
Balance Sheet – Consolidated	8
Balance Sheet – Company	9
Cashflow Statement – Consolidated	10
Notes to the Financial Statements	11 – 23

SUNDIAL HOLDINGS LIMITED

COMPANY INFORMATION

As at 31 December 2012

The Director W J Gray Muir

Company Secretary A Gray Muir

Registered Office 46 Charlotte Square
Edinburgh
EH2 4QS

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

Solicitors Andrew Gray Muir, WS
89 Ravenscroft Street
Edinburgh
EH17 8QS

SUNDIAL HOLDINGS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2012

The director has pleasure in presenting his report and the financial statements of the company and its subsidiary undertakings for the year ended 31 December 2012.

Principal activity

The principal activity of the group during the year was that of property investment, rental and development.

Results and dividends

The group net loss for the period amounted to £2,526,323 compared to a loss of £61,349 in the prior period. The directors have not recommended a dividend.

Business review

The principal activities of the group during the year are property investment, property development and construction services.

During the year the group successfully completed a restructuring exercise to strengthen its balance sheet and leave it well placed to take advantage of future development opportunities. The director believes that all assets have been written down to realistic current market values.

The director's strategy of continued debt reduction has resulted in bank debt being reduced in the year from £6.6m down to £4.7m having peaked at £34.1m in 2004. With the tight market for bank funding the company has sourced non mainstream bank funding for current and future projects and intends to commence on a number of major new development projects in the near future.

The group has also entered into a number of contracts to provide construction services for joint ventures.

The group will work through its existing projects to provide further equity for new projects. The key to the success of the group continues to be finding profitable projects in high quality locations.

The director and his interests in the shares of the company

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary shares of £1 each	
	At 31 December 2012	At 31 December 2011
W J Gray Muir	<u>107</u>	<u>107</u>

SUNDIAL HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

Directors' responsibilities

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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:-

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed by order of the directors



A Gray Muir
Company Secretary

Approved by the directors on 30 September 2013

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SUNDIAL HOLDINGS LIMITED**



We have audited the financial statements of Sundial Holdings Limited for the year ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement 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 and company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume any 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 director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is 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 and express an opinion on 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 of the financial statements

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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, we have considered the adequacy of the disclosure made in note 23 to the financial statements concerning the company and group's ability to continue as a going concern. The group has recorded a loss for the year ended 31 December 2012 of £2,526,323 and the group had net current liabilities of £221,471 at that date. The company and group relies on the continued support of the company and group's bankers and transaction activity within property markets to provide liquidity. These conditions, together with the general economic conditions, indicate the existence of a material uncertainty which may cast doubt on the company and group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company and group were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

SUNDIAL HOLDINGS LIMITED *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Malcolm A Beveridge

Malcolm Beveridge BA CA (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

30 September 2013

SUNDIAL HOLDINGS LIMITED

CONSOLIDATED PROFIT and LOSS ACCOUNT

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	9,237,193	9,188,244
Cost of sales		9,251,119	7,734,536
		-----	-----
Gross (loss)/profit		(13,926)	1,453,708
Administrative expenses		2,005,595	1,256,192
		-----	-----
Group operating (loss)/profit	3	(2,019,521)	197,516
Profit on disposal of fixed assets		2,052	152,195
Investment property impairment provision		(130,000)	-
		-----	-----
		(2,147,469)	349,711
Interest payable	4	(381,861)	(417,342)
Interest receivable	5	3,007	7,846
		-----	-----
Loss on ordinary activities before taxation		(2,526,323)	(59,785)
Taxation on ordinary activities	8	-	(1,564)
		-----	-----
Loss on ordinary activities after taxation		(2,526,323)	(61,349)
Minority interest	22	-	-
		-----	-----
Loss for the financial year attributable to the group		(2,526,323)	(61,349)
		=====	=====

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the profit and loss account.

All of the activities of the group are classed as continuing.

The notes on pages 11 to 23 form part of these financial statements.

SUNDIAL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	9		5,692,737		7,904,091
Investments	10		237,335		237,335
			<u>5,930,072</u>		<u>8,141,426</u>
Current assets					
Stock	11	4,308,923		10,860,986	
Debtors	12	661,848		1,814,083	
Cash at bank and in hand		525,670		675,791	
		<u>5,496,441</u>		<u>13,350,860</u>	
Creditors: Amounts falling due within one year	13	5,717,912		18,253,180	
Net current liabilities			<u>(221,471)</u>		<u>(4,902,320)</u>
Total assets less current liabilities			5,708,601		3,239,106
Creditors: Amounts falling due after more than one year	14		1,931,305		735,487
Net assets			<u>3,777,296</u>		<u>2,503,619</u>
Minority interests	22		2,900		2,520
Net assets attributable to group			<u>3,774,396</u>		<u>2,501,099</u>
Capital and reserves					
Called up equity share capital	18		107		107
Profit and loss account	19		(2,816,678)		(324,816)
Share premium account	19		105		105
Revaluation reserve	19		273,762		308,223
Consolidation reserve	19		6,317,100		2,517,480
Shareholders' funds attributable to the group			<u>3,774,396</u>		<u>2,501,099</u>

These financial statements were approved by the directors and authorised for issue on 30 Sep 2013, and are signed on their behalf by:


W.J. Gray Muir
(Director)

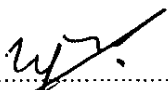
Company Registration Number – SC336540

The notes on pages 11 to 22 form part of these financial statements.

SUNDIAL HOLDINGS LIMITED**COMPANY BALANCE SHEET****As at 31 December 2013**

	Note	2012	2011
		£	£
Fixed assets			
Investments	10	212	212
		-----	-----
Total assets less current liabilities		212	212
		-----	-----
Net assets		212	212
		=====	=====
Capital and reserves			
Called up share capital	18	107	107
Share premium account	19	105	105
		-----	-----
Shareholders' funds		212	212
		=====	=====

These financial statements were approved by the directors and authorised for issue on 30 Sep 2013, and are signed on their behalf by:


.....
W J Gray Muir
(Director)

Company Registration Number – SC336540

The notes on pages 11 to 23 form part of these financial statements.

SUNDIAL HOLDINGS LIMITED**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 December 2012**

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	20(a)	2,986,568	(1,477,507)
Returns on investments and servicing of finance	20(b)	(378,854)	(409,496)
Taxation		(1,564)	-
Capital expenditure	20(c)	2,071,116	(55,107)
Acquisitions and disposals	20(d)	-	(200,001)
Cash inflow before financing		4,677,266	(2,142,111)
Financing	20(e)	(4,827,387)	1,938,337
Decrease in cash	21(b)	(150,121)	(203,774)

The notes on pages 11 to 23 form part of these financial statements

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company Sundial Holdings Limited for the year ended 31 December 2012 and of its subsidiary companies for the same period. The profits and losses of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. The difference between the cost of acquisition and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

The company has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual profit and loss account for the parent company. The profit for the year dealt with in the financial statements of the company was £Nil (2011: £Nil).

Going concern

The financial statements have been prepared on a going concern basis. The director has assessed the company and group's ability to continue as a going concern and has reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the financial statements. Further details on going concern are at note 23.

Turnover

Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for goods and services provided.

Profit is recorded in the financial statements in connection with property developments when a legally binding contract for sale of the development has been entered into. Profit with regards rental income is recorded when this is receivable.

Investments

Investments are valued at cost less provision for permanent diminution in value.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	12.5% to 50% straight line
Fixtures & Fittings	-	33 1/3% straight line
Motor Vehicles	-	33 1/3% to 20% straight line

Financial Reporting Standard (FRS) 15 requires all assets to be depreciated over their estimated economic life, taking account of any residual value of the assets. Heritable properties are considered to have a high residual value, and a useful economic life in excess of 50 years. The depreciation charge is immaterial and no charge has therefore been made.

Where no charge for depreciation is made and where the useful economic life exceeds 50 years an impairment review under FRS 11 should be carried out on an annual basis. Such a review has been performed and this shows that the value of the properties exceeds the carrying value in the financial statements.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Accounting policies (contd.)

Investment Properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is a departure from the Companies Act 2006 which requires all tangible fixed assets to be depreciated. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

During the year, the director undertook a review of the value of the investment properties and based on this, has made a provision of £130,000. Further details are in note 9 to the financial statements.

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

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 that have originated but not reversed at the balance sheet date, with the exception of deferred tax assets which are only recognised to the extent that they are regarded as recoverable.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell at the balance sheet date.

2. Turnover

The turnover and loss before tax are attributable to the two principal activities of the company.

An analysis of turnover is given below:

	2012 £	2011 £
United Kingdom	9,237,193 =====	9,188,244 =====

3. Operating profit

This is stated after charging:

	2012 £	2011 £
Depreciation of own fixed assets	12,290	52,163
Auditor's remuneration	12,560 =====	11,910 =====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2012

4. Interest payable and other charges

	2012 £	2011 £
Bank interest payable	381,861	417,342
	=====	=====

5. Interest receivable

	2012 £	2011 £
Bank interest receivable	3,007	7,846
	=====	=====

6. Particulars of employees

The average number of staff employed by the group during the financial period amounted to:

	2012 No	2011 No
Number of administrative staff	13	13
Number of site staff	28	31
	-----	-----
	41	44
	=====	=====

The aggregate payroll costs of the above were:

	2012 £	2011 £
Wages and salaries	1,294,166	1,185,930
Social security costs	136,279	123,059
Other pension costs	16,974	16,974
	-----	-----
	1,447,419	1,325,963
	=====	=====

7. Directors' remuneration

	2012 £	2011 £
Aggregate remuneration receivable	117,274	58,249
	-----	-----
Aggregate remuneration	117,274	58,249
	=====	=====

The number of directors who accrued benefits under the group pension schemes was as follows:

	2012 £	2011 £
Money purchase schemes	-	-
	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

8. Taxation on ordinary activities

(a) Analysis of charge in the year:

	2012	2011
	£	£
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the year	-	1,564
Adjustments in respect of prior periods	-	-
	-----	-----
Total current tax	-	1,564
	=====	=====
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
	-----	-----
Total deferred tax	-	-
	-----	-----
Total current tax credit	-	-
	=====	=====

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the expected tax charge as explained below:

	2012	2011
	£	£
(Loss)/profit on ordinary activities before taxation	(2,526,324)	(59,785)
	-----	-----
(Loss)/profit on ordinary activities by rate of tax	(544,395)	(12,570)
Expenses not deductible for tax purposes	34,322	36,257
Capital allowances for period in excess of depreciation	2,706	2,723
Unrelieved tax losses	231,160	85,540
Group relief surrendered	-	531
Tax losses carried forward	298,041	(77,966)
Income not taxable	(1,449)	(2,413)
Other timing differences	(18,293)	(10,252)
Difference between tax and accounts gain on disposal of fixed assets	(1,462)	-
	-----	-----
Total current tax (note 8(a))	-	1,564
	=====	=====

(c) Factors affecting future tax charges

If the group's properties were sold for their book value at the balance sheet date, it is estimated that there would be no resultant tax liability (2011: £nil).

The group has an unrecognised deferred tax asset of £1,398,793 (2011: £921,463) which has arisen from short term timing differences. Its recoverability is dependent upon future taxable profits arising, the likelihood of which cannot at this stage be determined with reasonable certainty.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

9. Tangible fixed assets (Group)

	Investment Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Heritable Property £	Total £
Cost or valuation						
At 1 Jan 2012	5,553,848	52,669	255,375	12,692	2,337,205	8,211,789
Additions	—	1,080	6,710	—	4,800	12,590
Disposals	(2,081,654)	(16,584)	(16,206)	—	—	(2,114,444)
Revaluation	(130,000)	—	—	—	—	(130,000)
At 31 Dec 2012	3,342,194	37,165	245,879	12,692	2,342,005	5,979,935
Depreciation						
At 1 Jan 2012	—	48,325	246,681	12,692	—	307,698
Charge for the year	—	2,893	9,397	—	—	12,290
On disposals	—	(16,584)	(16,206)	—	—	(32,790)
At 31 Dec 2012	—	34,634	239,872	12,692	—	287,198
Net book value						
At 31 Dec 2012	3,342,194	2,531	6,007	—	2,342,005	5,692,737
At 31 Dec 2011	5,553,848	4,344	8,694	—	2,337,205	7,904,091

The original cost of the investment properties noted above at valuation is £3,098,432 (2011: £5,245,625). Certain investment properties were revalued by the director on 31 December 2008 on an open market value basis. Other investment properties were revalued by Graham & Sibbald on 18 May 2012 resulting in an impairment of £50,000. Subsequent to this, the director reviewed the property values and considered it appropriate to record a further impairment of £80,000 at the year end.

10. Investments (Group)

	Fine Art £
Cost	
At 1 January 2012 and 31 December 2012	237,335
Amounts written off	
At 1 January 2012 and 31 December 2012	—
Net book value	
At 31 December 2012	237,335
At 31 December 2011	237,335

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

10. Investments (Company)

	2012 £	2011 £
Cost		
At 1 January 2012 and 31 December 2012	212	212
	=====	=====
Net book value		
At 31 December 2012	212	212
	=====	=====

The company owns 100% of the issued share capital of Sundial Holdings (Gilmerton) Limited, a company registered in Scotland and whose principal activity is that of a holding company.

Sundial Holdings (Gilmerton) Limited owns 100% of the issued share capital of Sundial Properties Ltd, a dormant company, 98.9% of Sundial Properties (Gilmerton) Limited, a property investment and development company. All of these companies are registered in Scotland.

Sundial Properties (Gilmerton) Limited owns 100% of the issued share capital of Sundial (Drumsheugh) Limited, a property investment company. In addition Sundial Properties (Gilmerton) Limited owns 100% of the issued share capital of Yor Limited, a property development company. Yor Limited has a wholly owned subsidiary, Yor Lettings Limited, a property development and rental company. All of these companies are registered in Scotland.

Aggregate capital and reserves

	2012 £	2011 £
Sundial Holdings (Gilmerton) Limited	212	212
Sundial Properties Limited	765,617	765,617
Sundial Properties (Gilmerton) Limited	3,045,762	830,612
Sundial Drumsheugh Limited	(375,283)	41,474
Yor Limited	1,793,606	2,737,116
Yor Lettings Limited	29,752	3,602

Profit and (loss) for the year

	2012 £	2011 £
Sundial Holdings (Gilmerton) Limited	-	-
Sundial Properties Limited	-	-
Sundial Properties (Gilmerton) Limited	(1,584,850)	(263,394)
Sundial Drumsheugh Limited	(416,757)	16,526
Yor Limited	(943,510)	(338,083)
Yor Lettings Limited	26,150	3,601

11. Stocks

	2012		2011	
	Group £	Company £	Group £	Company £
Work in progress	4,308,923	-	10,860,986	-
	=====	=====	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2012

12. Debtors

	2012		2011	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	342,650	-	247,364	-
Director's loans	13,912	-	-	-
Other debtors	119,244	-	275,327	-
Prepayments and accrued income	186,042	-	1,291,392	-
	=====	=====	=====	=====
	661,848	-	1,814,083	-

13. Creditors: Amounts falling due within one year

	2012		2011	
	Group	Company	Group	Company
	£	£	£	£
Other loans	366,021	-	5,096,874	-
Bank loans and overdrafts	4,417,544	-	9,526,173	-
Trade creditors	298,328	-	272,378	-
Taxation and social security	94,417	-	41,046	-
Other creditors	223,876	-	3,071,341	-
Corporation tax	-	-	1,564	-
Accruals and deferred income	317,726	-	243,804	-
	=====	=====	=====	=====
	5,717,912	-	18,253,180	-

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2012	2011
	£	£
Bank loans and overdrafts	<u>4,417,544</u>	<u>9,526,173</u>

The bank overdrafts and loans are secured by standard securities over specific properties. Interest is charged on specific loans at base rate plus 1.5%, LIBOR plus 1.5% and LIBOR plus 4.5%.

The other loans are repayable within twelve months and pay interest at rates between 1.5% above bank base rate and 9.5%.

The company's bankers hold a legal charge over a group company's development property and a bond and floating charge over a group company's assets.

14. Creditors: Amounts falling due after more than one year

	2012		2011	
	Group	Company	Group	Company
	£	£	£	£
Bank loans and overdrafts	931,305	-	735,487	-
Convertible loan notes	1,000,000	-	-	-
	=====	=====	=====	=====
	1,931,305	-	735,487	-

SUNDIAL HOLDINGS LIMITED**NOTES to the FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2012****14. Creditors: Amounts falling due after more than one year (contd.)**

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2012 £	2011 £
Bank loans and overdrafts	<u>931,305</u>	<u>735,487</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2012 £	2011 £
Convertible loan notes	<u>1,000,000</u>	<u>-</u>

The convertible loan notes carry an interest rate of 10.55% and are fully repayable on 31 January 2019.

15. Pensions

The group contributes to defined contribution pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The pension charge for the year was £16,974 (2011: £16,974). At 31 December 2012 contributions of £nil (2011: £nil) were payable to the funds.

16. Commitments under operating leases

At 31 December 2012 the group had aggregated annual commitments under non-cancellable operating leases as set out below.

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	4,907	4,500	4,681
Within 2 to 5 years	-	<u>1,848</u>	-	<u>1,848</u>
	<u>-</u>	<u>6,755</u>	<u>4,500</u>	<u>6,529</u>

17. Related party transactions and ultimate controlling party

The company was under the control of W Gray Muir throughout the year.

At the end of the year, the group owed the following amounts to directors of companies within the group

	2012 £	2011 £
C S Gray Muir	220,000	235,340
W J Gray Muir	(13,904)	937
A Gray Muir	(8)	-
	<u>206,088</u>	<u>236,277</u>

Interest on the above loans was paid at commercial rates.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

17. Related party transactions (contd.)

A Gray Muir and W J Gray Muir provided personal guarantees for up to £660,000 (2011: £660,000) of sums due to the Royal Bank of Scotland Plc. A guarantee fee of £23,100 (2011: £13,200) was paid to W J Gray Muir for the year.

During the year Andrew Gray Muir WS, Solicitor, a business run by A Gray Muir, director of certain group companies, charged the group £18,794 plus VAT (2011: £30,312). At the year end the balance outstanding was £10,546 plus VAT (2011: £742).

During the year Muir Gilmerton Limited, a company of which A Gray Muir is a director, advanced and were repaid various loans. Loans of £75,052 (2011: £5,928) remained outstanding at the year end. Interest was paid on the loans at a commercial rate. During the year Sundial Properties (Gilmerton) Limited, a group company, carried out £7,283 plus VAT of construction works for Muir Gilmerton Limited on normal commercial terms. The amount outstanding at the year end was £3,249.

The group entered into construction contracts and sales contracts on commercial terms for the joint venture companies Eglinton Developments Limited, RW Developments Limited and related companies HV Developments Limited and FV Developments Limited. W J Gray Muir is a director in all four companies and A Gray Muir is a director within Eglinton Developments Limited, HV Developments Limited and FV Developments Limited.

In the previous year the group sold certain properties to RW Developments Limited on normal commercial terms. At the year end a deferred payment of £100,000 (2011: £100,000) was due from RW Developments Limited. During the year the group charged £1,054,575 plus VAT (2011: £nil) to RW Developments Limited for construction services. The amount outstanding at the year end was £21,905 plus VAT (2011: £nil).

During the year the group charged £427,827 plus VAT (2011: £nil) to FV Developments Limited and the amount outstanding at the year end was £58,877 (2011: credit of £4,783).

During the year the group charged £69,134 plus VAT (2011: £nil) to HV Developments Limited for construction services. The amount outstanding at the year end was £24,005 plus VAT (2011: £nil).

During the year the group charged Eglinton Developments Limited £389,423 plus VAT (2011: £nil) for construction services, £52,617 plus VAT (2011: £nil) for selling agents fees and £50,000 plus VAT (2011: £nil) for management fees. There was no balance outstanding at the year end (2011: £nil).

During the year, the group received various loan advances from Fox Edinburgh Limited, a company whose director is W J Gray Muir. At the year end, £26,336 (2011: debit of £28,000) was due to Fox Edinburgh Limited.

At the year end 10.55% convertible loan notes were owed £1,000,000 (2011: a loan of £4,812,665) from the group to Octant Investments Limited, a company whose directors include W J Gray Muir's sister. £3,800,000 of the loan during the year was converted to 380 Ordinary B shares of £1 each and the remaining £1,000,000 loan became a convertible loan notes with an interest rate of 10.55% which are fully repayable 31 January 2019.

An aggregate amount of £44,634 (2011: £42,004) was due at the year end from the group to two trusts set up by A Gray Muir for various family members.

During the year W J Gray Muir, director, advanced and was repaid various loan amounts. At the year end £1,258 (2011: £937) was outstanding. Interest was paid on the loans at a commercial rate. W J Gray Muir and C S Gray Muir were charged £51,334 plus VAT (2011: £nil) for construction services on commercial terms. The amount outstanding at the year end was £14,439 plus VAT (2011: £nil).

During the year C S Gray Muir, a director of certain group companies received various loan repayments and advanced various loans. At the year end £220,000 (2011: £235,340) remained outstanding. Interest was paid on the loans at a commercial rate.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

18. Share capital	2012	2011
	£	£
Authorised share capital:		
107 Ordinary shares of £1 each	107	107
	=====	=====
	2012	2011
	£	£
Allotted, called up and fully paid:		
107 Ordinary shares of £1 each	107	107
	=====	=====

Ordinary shareholders shall have one vote for each Ordinary share held by them.

19. Reserves	Revaluation reserve	Share premium reserve	Profit and loss account	Consolidation reserve	Total
	£	£	£	£	£
Group					
Opening balance	308,223	105	(324,816)	2,517,480	2,501,099
Transfer to the Profit and Loss Account on realisation	(34,461)	-	34,461	-	-
Loss for the financial year	-	-	(2,526,323)	-	(2,526,323)
Premium on the issue of shares in subsidiary	-	-	-	3,799,620	3,799,620
	-----	-----	-----	-----	-----
Closing balance	273,762	105	(2,816,678)	6,317,100	3,774,396
	=====	=====	=====	=====	=====
	Revaluation reserve	Share premium reserve	Profit and loss account	Consolidation reserve	Total
	£	£	£	£	£
Company					
Opening balance	-	105	-	-	105
Profit for the year	-	-	-	-	-
	-----	-----	-----	-----	-----
Closing balance	-	105	-	-	105
	=====	=====	=====	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

20. Notes to the cash flow statement

(a) Reconciliation of operating profit to operating cashflows

	2012	2011
	£	£
Operating (loss)/profit	(2,019,521)	197,516
Depreciation	12,290	52,163
Decrease/(increase) in stock	6,552,063	(2,131,040)
Decrease/(increase) in debtors	1,152,235	(761,824)
(Decrease)/increase in creditors	(2,710,499)	1,165,678
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	2,968,568	(1,477,507)
	=====	=====

(b) Returns on investments and servicing of finance

	2012	2011
	£	£
Interest receivable	3,006	7,846
Interest paid	(381,861)	(417,342)
	<hr/>	<hr/>
Net cash outflow for returns on investments and servicing of finance	(378,855)	(409,496)
	=====	=====

(c) Capital expenditure and financial investment

	2012	2011
	£	£
Payments to acquire tangible fixed assets	(12,590)	(507,302)
Proceeds from disposal of fixed assets	2,083,706	452,195
	<hr/>	<hr/>
Net cash inflow/(outflow) for capital expenditure and financial investment	2,071,116	(55,107)
	=====	=====

(d) Acquisitions and disposals

	2012	2011
	£	£
Purchase of subsidiary undertaking	-	(200,001)
	<hr/>	<hr/>
Net cash outflow from acquisitions and disposals	-	(200,001)
	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2012

(e) Financing

	2012 £	2011 £
Bank finance repaid – short term	(9,823,205)	(7,127,935)
Bank finance introduced – short term	-	6,546,272
Bank finance introduced – long term	195,818	-
Other finance forgiven	3,799,620	2,517,480
Convertible shares issued	1,000,000	-
New shares issued	380	2,520
Net cash (outflow)/inflow from financing	(4,827,387)	1,938,337
	=====	=====

21. Notes to the cash flow statement

	2012 £	2011 £
(a) Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash	(150,121)	(203,774)
Change in net funds	(150,121)	(203,774)
Opening net funds	675,791	879,565
Closing net funds	525,670	675,791
	=====	=====

(b) Analysis of changes in net funds

	At 1 January 2012 £	Cash Flows £	At 31 December 2012 £
Cash at bank and in hand	675,791	(150,121)	525,670
Total	675,791	(150,121)	525,670
	=====	=====	=====

22. Minority interest

Included in the share capital of Sundial Properties (Gilmerton) Limited is 380 ordinary B £1 shares which have the following rights:

The Ordinary Class B shares carry no entitlement to dividends. The shares also carry no entitlement to capital distributions until 1 January 2026 when both the Ordinary and Ordinary Class B shareholders are entitled to share equally in any capital distribution. The Ordinary Class B shares also carry no voting entitlement.

Included in the share capital of Yor Limited is 2,520 ordinary B £1 shares which have the following rights:

Ordinary Class B shareholders are entitled to receive notice of and attend general meetings but are not entitled to vote at general meetings of the company. They are not entitled to dividends from the company. Ordinary Class B shareholders are not entitled to any capital distributions except that on liquidation after 31 December 2025, the Ordinary Class A and Ordinary Class B shares are entitled to share equally in surplus assets.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2012

23. Going concern

The director considers the group and company to be a going concern and therefore the financial statements have been prepared on a going concern basis. The future operations of the group and company are dependent on the continued financial support of the group and company's bankers and transaction activity within property markets to provide liquidity to the group and company prospectively.

In particular, as disclosed in note 13, the group and company has significant short term finance associated with medium term property assets under development. During the year the group and company underwent a financial restructuring that has strengthened their balance sheet and subsequent to the year end it has concluded the refinancing of certain of the loan facilities and has also further reduced its indebtedness to the bank.

The group and company relies on transaction activity within property markets to realise assets to provide liquidity for the foreseeable future. Although the ability to realise property assets and to provide property related services prospectively is uncertain in current property sector markets, the group and company is fortunate to have a balance of activities through its property development and rental operations.

The director in preparing these financial statements is mindful of general economic conditions and has prepared financial forecasts for a period of 12 months from the date of approval, which indicate that the group and company, subject to considered revenue assumptions, can meet its obligations as they fall due. The key assumption is the continued financial support of all of the group and company's bankers.

Material adverse changes could occur in the amount and timing of cash flows compared to management prepared projections which could cast significant doubt upon the group and company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the director has a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, he continues to adopt the going concern basis in preparing the financial statements.