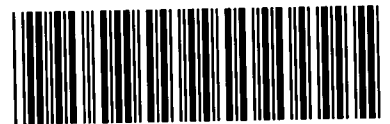


SUNDIAL HOLDINGS LIMITED
GROUP FINANCIAL STATEMENTS
For the year ended 31 December 2014

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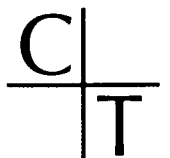
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SUNDIAL HOLDINGS LIMITED

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SUNDIAL HOLDINGS LIMITED

COMPANY INFORMATION

As at 31 December 2014

The Director

W J Gray Muir

Company Secretary

A Gray Muir

Registered Office

46 Charlotte Square
Edinburgh
EH2 4QS

Auditor

Chiene + Tait LLP
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 STRATEGIC REPORT

Year ended 31 December 2014

The director presents his strategic report for Sundial Holdings Limited for the year ended 31 December 2014.

Review and analysis of the business during the current year

Sundial Holdings Limited is a dormant holding company at the head of a group that specialises in property investment, property rental and construction services with a particular emphasis on the redevelopment of historic buildings.

The Group's strategy is unchanged and the Group continued its principal activities during the current year.

Key performance indicators

The Group was incorporated in July 1979 and commenced trading shortly thereafter. With the onset of the banking crisis the Director sought to steadily reduce the gearing of the Group whilst maintaining its ability to trade.

<i>Bank loans and overdrafts</i>	2014	2013	2012	2011	2010
Due within one year	4,915,732	3,102,298	4,417,544	9,526,173	6,181,650
Due after more than one year	1,275,000	1,532,184	931,305	735,487	4,000,000
	6,190,732	4,634,482	5,348,849	10,261,660	10,181,650

The increase in short term debt in 2014 is a result of significantly increased development activity in relation to projects wholly or largely directly owned by the Group. The Director is encouraged by this evidence of increasing profitable activity in the Group's core activities.

The Director believes that the current level of bank debt is sustainable, and that the Group's relationship with its bankers is first class.

Given its enhanced ability to fund new projects within the Group, the Director intends to increase the focus on in-house projects, whilst recognizing that joint ventures and similar arrangements can usefully enhance the Group's ability to access profitable projects.

The Director believes that the Group has first class prospects, being one of relatively few residential developers within the South East of Scotland to have continued to trade successfully throughout the banking crisis. The Group has continued to identify suitable new development sites, with a number either acquired or the subject of detailed negotiation with potential vendors and partners in the period since the balance sheet date.

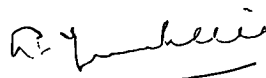
Development and financial performance during the year

As reported in the Group's profit and loss account, the company has reported a profit for the year of £727k. This was an improved position on the previous financial year.

The directors are sufficiently confident with progress to date and with the Group's strategy to continue to pursue the business plan and expect that the Group will continue to develop broadly in line with that plan.

Financial position at the reporting date

The balance sheet shows that the Group's net assets at the year end have increased from £2.2m to £2.9m due primarily to the profit in the year.



SUNDIAL HOLDINGS LIMITED

THE STRATEGIC REPORT (CONTD.)

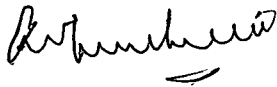
Year ended 31 December 2014

Principal risks and uncertainties facing the business

Management monitor the key risks facing the Group on a regular basis and assess potential mitigating strategies for these risks. With the recent recovery in volumes of sales in the residential market in South East Scotland, the Directors believe that the key risk to the business would now be a failure to identify and secure profitable development projects. As set out above, the Directors believe they have secured a good development pipeline and have no reason to believe that it will not be possible to continue to find suitable development sites.

The Directors are confident that the Group will continue to trade profitability in the near future, based on the success of the Group's Leith Academy development.

Signed on behalf of the director



A Gray Muir

Company Secretary

Approved by the director on 29 September 2015

SUNDIAL HOLDINGS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2014

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 2014.

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 2014	At 31 December 2013
W J Gray Muir	<u>107</u>	<u>107</u>

Director's responsibilities

The director is responsible for preparing the Strategic Report, 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 group and of the company and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

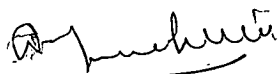
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director confirms that:-

- as far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 director



A Gray Muir
Company Secretary

Approved by the director on 29 September 2015

**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 2014 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 5, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

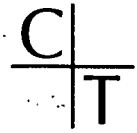
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 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.

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 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 2015

SUNDIAL HOLDINGS LIMITED**CONSOLIDATED PROFIT and LOSS ACCOUNT****For the year ended 31 December 2014**

	Note	2014 £	2013 £
Turnover	2	8,485,710	2,822,914
Cost of sales		6,307,554	3,055,300
Gross profit/(loss)		2,178,156	(232,386)
Administrative expenses		1,124,743	1,043,479
Group operating profit/(loss)	3	1,053,413	(1,275,865)
Profit/(loss) on disposal of fixed assets		73,024	(59,491)
		1,126,437	(1,335,356)
Interest payable	4	(270,415)	(237,264)
Interest receivable	5	1,385	2,333
Profit/(loss) on ordinary activities before taxation		857,407	(1,570,287)
Taxation on ordinary activities	8	(6,337)	(1,490)
Profit/(loss) on ordinary activities after taxation		851,070	(1,571,777)
Minority interest	24	(124,289)	-
Profit/(loss) for the financial year attributable to the to the group		726,781	(1,571,777)

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 12 to 25 form part of these financial statements.

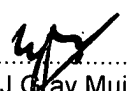
SUNDIAL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	9		4,197,840		4,333,431
Investments	10		237,335		237,335
			<u>4,435,175</u>		<u>4,570,766</u>
Current assets					
Stock	11	5,335,956		4,510,806	
Debtors	12	3,430,353		567,311	
Cash at bank and in hand		337,789		751,454	
			<u>9,104,098</u>	<u>5,829,571</u>	
Creditors: Amounts falling due within one year	13	8,207,571		5,661,119	
			<u>896,527</u>	<u>168,452</u>	
Net current assets					
Total assets less current liabilities			<u>5,331,702</u>	<u>4,739,218</u>	
Creditors: Amounts falling due after more than one year	14		2,275,000		2,532,184
Provisions for liabilities:	15				
Deferred taxation			2,608		1,490
Net assets			<u>3,054,094</u>	<u>2,205,544</u>	
Minority interests	24		124,694		2,925
Net assets attributable to group			<u>2,929,400</u>	<u>2,202,619</u>	
Capital and reserves					
Called up equity share capital	19		107		107
Profit and loss account	20		(3,412,335)		(4,139,116)
Share premium account	20		105		105
Revaluation reserve	20		24,423		24,423
Consolidation reserve	20		6,317,100		6,317,100
Shareholders' funds attributable to the group	21		<u>2,929,400</u>	<u>2,202,619</u>	

These financial statements were approved by the directors and authorised for issue on 29 September 2015, and are signed on their behalf by:


W J Gray Muir
(Director)

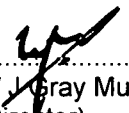
Company Registration Number – SC336540

The notes on pages 12 to 25 form part of these financial statements.

SUNDIAL HOLDINGS LIMITED**COMPANY BALANCE SHEET****As at 31 December 2014**

	Note	£	2014 £	£	2013 £
Fixed assets					
Investments	10		212		212
			-----		-----
Total assets less current liabilities			212		212
			-----		-----
Net assets			212		212
			=====		=====
Capital and reserves					
Called up share capital	19		107		107
Share premium account	20		105		105
			-----		-----
Shareholders' funds			212		212
			=====		=====

These financial statements were approved by the directors and authorised for issue on ~~29 September 2015~~, and are signed on their behalf by:


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

Company Registration Number – SC336540

The notes on pages 12 to 25 form part of these financial statements.

SUNDIAL HOLDINGS LIMITED**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 December 2014**

	Note	2014 £	2013 £
Net cash outflow from operating activities	22(a)	(1,893,778)	(116,012)
Returns on investments and servicing of finance	22(b)	(269,030)	(234,931)
Taxation		-	-
Capital expenditure	22(c)	192,893	1,291,094
Cash inflow before financing		(1,969,915)	940,151
Financing	22(d)	1,556,250	(714,367)
(Decrease)/increase in cash	23(b)	(413,665)	225,784
		=====	=====

The notes on pages 12 to 25 form part of these financial statements

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 2014 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 (2013: £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 25.

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 2014

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.

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:

	2014 £	2013 £
United Kingdom	8,485,710 =====	2,822,914 =====

3. Operating profit

	2014 £	2013 £
This is stated after charging:		
Depreciation of own fixed assets	13,202	8,719
Auditor's remuneration	15,715 =====	17,170 =====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

4. Interest payable and other charges

	2014 £	2013 £
Bank interest payable	270,415 =====	237,264 =====

5. Interest receivable

	2014 £	2013 £
Bank interest receivable	1,385 =====	2,333 =====

6. Particulars of employees

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

	2014 No	2013 No
Number of administrative staff	12	13
Number of site staff	29	26
	----- 41 =====	----- 39 =====

The aggregate payroll costs of the above were:

	2014 £	2013 £
Wages and salaries	1,359,567	1,282,662
Social security costs	139,374	134,297
Other pension costs	118,147	16,660
	----- 1,617,088 =====	----- 1,433,619 =====

7. Directors' remuneration

	2014 £	2013 £
Aggregate remuneration receivable	146,483	222,309
Contributions to money purchase pension schemes	100,000	-
Aggregate remuneration	----- 246,483 =====	----- 222,309 =====

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

	2014 £	2013 £
Money purchase schemes	1 =====	- =====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

8. Taxation on ordinary activities

(a) Analysis of charge in the year:

	2014 £	2013 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the year	5,219	-
	-----	-----
Total current tax	5,219	-
Deferred tax:		
Origination and reversal of timing differences	1,118	1,490
	-----	-----
Total deferred tax	1,118	1,490
	-----	-----
Tax on profit on ordinary activities	6,337	1,490
	=====	=====

(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:

	2014 £	2013 £
Profit/(loss) on ordinary activities before taxation	857,407	(1,570,287)
	-----	-----
Profit/(loss) on ordinary activities by rate of tax of 21.49% (2013: 21.5%)	184,257	(314,057)
Expenses not deductible for tax purposes	12,266	179,120
Income previously taxed	(176,209)	-
Capital allowances for period in excess of depreciation	34	(5,526)
Tax losses carried forward	2,984	109,031
Small companies relief	(389)	-
Other timing differences	63	-
Difference between tax and accounts gain on disposal of fixed assets	(17,787)	31,432
	-----	-----
Total current tax (note 8(a))	5,219	-
	=====	=====

(c) Factors affecting future tax charges

The group has an unrecognised deferred tax asset of £1,326,720 (2013: £1,322,749) which has arisen from losses carried forward, accelerated capital allowances and other 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.

No provision has been made for £2,000 (2013: £2,300) of tax which would arise if the revalued properties were disposed of at their accounting valuation. No provision has been made for this tax as there is no commitment at the balance sheet date to sell these properties.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

9. Tangible fixed assets (Group)

	Investment Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Heritable Property £	Total £
Cost or valuation						
At 1 Jan 2014	1,982,194	29,321	247,633	12,692	2,346,814	4,618,654
Additions	6,276	2,483	6,379	—	—	15,138
Disposals	(137,527)	—	—	—	—	(137,527)
At 31 Dec 2014	<u>1,850,943</u>	<u>31,804</u>	<u>254,012</u>	<u>12,692</u>	<u>2,346,814</u>	<u>4,496,265</u>
Depreciation						
At 1 Jan 2014	—	25,790	243,729	12,692	3,012	285,223
Charge for the year	—	1,802	5,376	—	6,024	13,202
On disposals	—	—	—	—	—	—
At 31 Dec 2014	<u>—</u>	<u>27,592</u>	<u>249,105</u>	<u>12,692</u>	<u>9,036</u>	<u>298,425</u>
Net book value						
At 31 Dec 2014	<u>1,850,943</u>	<u>4,212</u>	<u>4,907</u>	<u>—</u>	<u>2,337,778</u>	<u>4,197,840</u>
At 31 Dec 2013	<u>1,982,194</u>	<u>3,531</u>	<u>3,904</u>	<u>—</u>	<u>2,343,802</u>	<u>4,333,431</u>

The original cost of the investment properties noted above at valuation is £1,826,520 (2013: £1,957,771).

The director has considered the value of the investment and heritable property as at 31 December 2014 and is satisfied that there is no material movement in valuation in use or indicators of impairment to report in the statutory financial statements.

10. Investments (Group)

	Fine Art £
Cost	
At 1 January 2014 and 31 December 2014	<u>237,335</u>
Amounts written off	
At 1 January 2014 and 31 December 2014	<u>—</u>
Net book value	
At 31 December 2014	<u>237,335</u>
At 31 December 2013	<u>237,335</u>

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

10. Investments (Company)

	2014	2013
	£	£
Cost		
At 1 January 2014 and 31 December 2014	212	212
	=====	=====
Net book value		
At 31 December 2014	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 and 100% of Sundial CS Limited, a property rental 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 and owns 100% of the issued share capital of Yor Limited, a property development company. Yor Limited had a wholly owned subsidiary, Yor 2 Limited, a dormant company that was incorporated during the year and has subsequently been struck off. In addition, Sundial Properties (Gilmerton) Limited owns 75% of RW Leith Limited, a property development company. All of these companies are registered in Scotland.

Aggregate capital and reserves

	2014	2013
	£	£
Sundial Holdings (Gilmerton) Limited	212	212
Sundial Properties Limited	765,617	765,617
Sundial Properties (Gilmerton) Limited	1,794,835	2,277,023
Sundial Drumsheugh Limited	(411,207)	(412,465)
Sundial CS Limited	31,186	5,898
RW Leith Limited	497,255	100
Yor Limited	1,788,136	1,772,628
Yor 2 Limited	1	-

Profit and (loss) for the year

	2014	2013
	£	£
Sundial Holdings (Gilmerton) Limited	-	-
Sundial Properties Limited	-	-
Sundial Properties (Gilmerton) Limited	(482,188)	(768,738)
Sundial Drumsheugh Limited	1,258	(37,182)
Sundial CS Limited	25,288	5,897
RW Leith Limited	497,155	-
Yor Limited	15,508	(20,978)
Yor 2 Limited	-	-

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

11. Stocks

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Work in progress	5,335,956	-	4,510,806	-
	=====	=====	=====	=====

Included within work in progress is interest capitalised of £134,345 (2013: £96,315).

12. Debtors

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	133,299	-	120,722	-
Director's loans	-	-	1,136	-
Amounts owed by related undertakings	300,000	-	-	-
Other debtors	2,904,250	-	161,275	-
Prepayments and accrued income	92,804	-	284,178	-
	-----	-----	-----	-----
	3,430,353	-	567,311	-
	=====	=====	=====	=====

13. Creditors: Amounts falling due within one year

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Other loans	1,787,076	-	1,556,144	-
Bank loans and overdrafts	4,915,732	-	3,102,298	-
Trade creditors	306,822	-	253,520	-
Corporation tax	5,219	-	-	-
Taxation and social security	62,401	-	61,173	-
Other creditors	765,489	-	354,976	-
Accruals and deferred income	364,832	-	333,008	-
	-----	-----	-----	-----
	8,207,571	-	5,661,119	-
	=====	=====	=====	=====

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

	2014	2013
	£	£
Bank loans and overdrafts	<u>4,915,732</u>	<u>3,102,298</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%, LIBOR plus 2.9% and LIBOR plus 4.5%.

The other loans are repayable within twelve months and pay interest at rates between 7.5% 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.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

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

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Bank loans and overdrafts	1,275,000	-	1,532,184	-
Convertible loan notes	1,000,000	-	1,000,000	-
	<u>2,275,000</u>	<u>-</u>	<u>2,532,184</u>	<u>-</u>
	=====	=====	=====	=====

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

	2014	2013
	£	£
Bank loans and overdrafts	<u>1,275,000</u>	<u>1,532,184</u>

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

	2014	2013
	£	£
Convertible loan notes	<u>1,000,000</u>	<u>1,000,000</u>

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

15. Deferred taxation

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
The deferred tax included in the balance sheet is as follows:				
Provision for deferred tax	2,608	-	1,490	-
	<u>2,608</u>	<u>-</u>	<u>1,490</u>	<u>-</u>
	=====	=====	=====	=====

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	2,608	-	3,813	-
Other timing differences	-	-	(2,323)	-
	<u>2,608</u>	<u>-</u>	<u>1,490</u>	<u>-</u>
	=====	=====	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

16. 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 £118,147 (2013: £16,660). At 31 December 2014 contributions of £nil (2013: £nil) were payable to the funds.

17. Commitments under operating leases

At 31 December 2014 the group had aggregated annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	6,247	-	3,534
Within 2 to 5 years	-	-	-	2,713
	<u>-</u>	<u>6,247</u>	<u>-</u>	<u>6,247</u>

18. Related party transactions and ultimate controlling party

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

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

	2014 £	2013 £
C S Gray Muir	470,000	220,000
W J Gray Muir	3,036	5,365
A M Gray Muir	-	(1,136)
	<u>473,036</u>	<u>224,229</u>

Interest on the above loans was paid at commercial rates.

A Gray Muir and W J Gray Muir provided personal guarantees for up to £660,000 (2013: £660,000) of sums due to the Royal Bank of Scotland Plc. A guarantee fee of £26,400 (2013: £26,400) was paid to W J Gray Muir for the year.

W J Gray Muir has provided a personal guarantee to the sum of £950,000 and a cost overrun guarantee as security in relation to sums due to Close Brothers Property Finance and a personal guarantee of £300,000 for sums due to Svenska Handelsbanken AB.

During the year Andrew Gray Muir WS, Solicitor, a business run by A Gray Muir, director of certain group companies, charged the group £107,096 plus VAT (2013: £60,274). At the year end the balance outstanding was £10,185 plus VAT (2013: £471).

During the year Muir Gilmerton Limited, a company of which A Gray Muir is a director, advanced and were repaid various loans. Loans of £535,653 (2013: £83,706) remained outstanding at the year end. Interest was paid on the loans at a commercial rate.

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

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

18. Related party transactions (contd.)

During the year, the group received a deferred payment of £nil from RW Developments Limited (2013: £100,000) for the sale of property in previous years. The amount outstanding at the year end was £nil (2013: £nil). During the year the group charged £18,665 plus VAT (2013: £62,538) to RW Developments Limited for construction services and charged £nil plus VAT (2013: £26,838) for property sales services. The amount outstanding at the year end was £nil (2013: £nil). The group received various loan advances from RW Developments Limited in the year. The amount due to RW Developments Limited at the year end was £359,000 (2013: £400,000).

During the year the group charged £nil plus VAT (2013: £159,512) to FV Developments Limited and the amount outstanding at the year end was £nil (2013: £8,550). The group also charged £nil plus VAT (2013: £25,250) to FV Developments Limited for property sales services. The amount outstanding at the year end was £nil (2013: £nil).

During the year the group charged £53,487 plus VAT (2013: £512,199) to HV Developments Limited for construction services. The amount outstanding at the year end was £nil plus VAT (2013: £63,953). The group also charged £nil (2013: £24,000) to HV Developments Limited as a management fee. The amount outstanding at the year end was £nil (2013: £nil). During the year the group received loan advances from HV Developments Limited. The amount outstanding at the year end was £55,000 (2013: £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, £241,000 (2013: £250,000) was due to Fox Edinburgh Limited. During the year, the company charged £nil (2013: £9,000) to Fox Edinburgh Limited as a management fee.

During the year the group charged £3,209,274 plus VAT (2013: £734,378) for construction services to RW Leith Limited, a subsidiary. The amount outstanding at the year end was £164,675 (2013: £163,140) plus VAT. During the year the group made various loan advances to RW Leith Limited. The amount outstanding at the year end was £2,398,493 (2013: £2,220,000) plus interest on the loan of £67,493 (2013: £33,460). At the year end there was an amount receivable of £136,143 (2013: £nil) from RW Leith Limited in respect of group relief. W J Gray Muir and A Gray Muir are directors of RW Leith Limited.

During the year, the group charged £848,885 plus VAT (2013: £50,583) for construction services and £80,000 plus VAT (2013: £nil) for management charges on commercial terms to Sundial Rutland Limited, a company in which W J Gray Muir is a director. At the year end, £80,000 (2013: £50,853) was due from Sundial Rutland Limited. During the year, the group received a loan from Sundial Rutland Limited. The amount outstanding at the year end was £73,884 (2013: £nil).

At the year end, £1,000,000 (2013: £1,000,000) was due from the group to Octant Investments Limited, a company whose director is W J Gray Muir's sister. Interest was paid at a rate of 10.55%.

An aggregate amount of £49,504 (2013: £47,073) was due at the year end from the group to two trusts set up by A Gray Muir for various family members.

W J Gray Muir was charged £31,829 plus VAT (2013: £447,677) for construction services on commercial terms. The amount outstanding at the year end was £nil plus VAT (2013: credit of £4,466).

During the year the group advanced a loan to Sundial Dundas Limited, a company in which W J Gray Muir is a director. The amount outstanding at the year end was £300,000 (2013: £nil).

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

19. Share capital	2014	2013
	£	£
Authorised share capital:		
107 Ordinary shares of £1 each	107	107
	=====	=====
	2014	2013
	£	£
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.

20. Reserves	Revaluation reserve	Share premium reserve	Profit and loss account	Consolidation reserve	Total
	£	£	£	£	£
Group					
Opening balance	24,423	105	(4,139,116)	6,317,100	2,202,512
Profit for the financial year	-	-	726,781	-	726,781
	-----	-----	-----	-----	-----
Closing balance	24,423	105	(3,412,335)	6,317,100	2,929,293
	=====	=====	=====	=====	=====

	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
	=====	=====	=====	=====	=====

21. Reconciliation of movements in shareholders' funds

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Profit/(loss) for the year	726,781	-	(1,571,777)	-
	-----	-----	-----	-----
Net addition to /(reduction in) shareholders' funds	726,781	-	(1,571,777)	-
Opening shareholders' funds	2,202,619	212	3,774,396	212
	-----	-----	-----	-----
Closing shareholders' funds	2,929,400	212	2,202,619	212
	=====	=====	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

22. Notes to the cash flow statement

(a) Reconciliation of operating profit to operating cashflows

	2014	2013
	£	£
Operating profit/(loss)	1,053,413	(1,275,865)
Depreciation	13,202	8,720
Increase in stock	(825,150)	(201,883)
(Increase)/decrease in debtors	(2,863,042)	94,537
Increase/(decrease) in creditors	727,799	1,258,479
	-----	-----
Net cash outflow from operating activities	(1,893,778)	(116,012)
	=====	=====

(b) Returns on investments and servicing of finance

	2014	2013
	£	£
Interest receivable	1,385	2,333
Interest paid	(270,415)	(237,264)
	-----	-----
Net cash outflow for returns on investments and servicing of finance	(269,030)	(234,931)
	=====	=====

(c) Capital expenditure and financial investment

	2014	2013
	£	£
Payments to acquire tangible fixed assets	(15,138)	(11,616)
Proceeds from disposal of fixed assets	210,551	1,302,710
Purchase of minority interest shares	(2,520)	-
	-----	-----
Net cash inflow for capital expenditure and financial investment	192,893	1,291,094
	=====	=====

(d) Financing

	2014	2013
	£	£
Bank finance introduced/(repaid) – short term	1,813,434	(1,275,246)
Bank finance (repaid)/introduced – long term	(257,184)	560,879
	-----	-----
Net cash inflow/(outflow) from financing	1,556,250	(714,367)
	=====	=====

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

23. Reconciliation of net debt

	2014 £	2013 £
(a) Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash	(413,665)	225,784
Net cash (inflow)/outflow from bank loans	(1,556,250)	714,367
	-----	-----
Change in net debt	(1,969,915)	940,151
Opening net debt	(4,883,028)	(5,823,179)
	-----	-----
Closing net debt	(6,852,943)	(4,883,028)
	=====	=====

(b) Analysis of changes in net funds

	At 1 January 2014 £	Cash Flows £	At 31 December 2014 £
Cash at bank and in hand	751,454	(413,665)	337,789
	-----	-----	-----
Debt			
Debt due within 1 year	(3,102,298)	(1,813,434)	(4,915,732)
Debt due after 1 year	(2,532,184)	257,184	(2,275,000)
	-----	-----	-----
	(5,634,482)	(1,556,250)	(7,190,732)
	-----	-----	-----
Net debt	(4,883,028)	(1,969,915)	(6,852,943)
	=====	=====	=====

24. 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.

RW Leith Limited has 100 ordinary class A shares for £1 each in issue. 25% of these shares are held outwith the group. These class A ordinary shares carry entitlement to dividends and voting rights.

SUNDIAL HOLDINGS LIMITED

NOTES to the FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2014

25. 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.

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.