

Scott Dunn UK Limited

**Directors' report and financial
statements**

Registered number 06519468
For the year ended 30 June 2010



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Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2010

Principal activities

The principal activity of the company in the period under review was that of property investment

Business review

Due to the downturn in the property market the investment properties were revalued downwards during the year. The directors do not consider this to be a permanent diminution in the value of the properties and the adjustment has therefore been posted to the revaluation reserve

Results and Dividend

The profit for the financial year after taxation amounted to £57,893 (2009: £23,774). The company paid no dividend in the year (2009: £nil)

Directors

The directors who held office during the year were as follows

A W Dunn
S A Clarke
G R Trotter
B P Rose

All the directors being eligible offer themselves for election at the forthcoming first Annual General Meeting

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



S A Clarke
Secretary

Scott Dunn
Madgwick Lane
Westhampnett
Chichester
West Sussex
PO18 0FB

10 March 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditor's report to the members of Scott Dunn UK Limited

We have audited the financial statements of Scott Dunn UK Limited for the year ended 30 June 2010 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Scott Dunn UK 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 or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit



P Pateman (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

10 March 2011

Profit and Loss Account
for the year ended 30 June 2010

	<i>Note</i>	Year ended 30 June 2010 £	16 month period ended 30 June 2009 £
Turnover	1	105,418	101,075
Administrative expenses		(13,957)	(21,985)
Operating profit	2	91,461	79,090
Interest receivable and similar charges		16,666	114
		108,127	79,204
Interest payable and similar charges		(41,920)	(55,430)
Profit on ordinary activities before taxation		66,207	23,774
Tax on profit on ordinary activities	3	(8,314)	-
Profit for the financial period		57,893	23,774

Statement of total recognised gains and losses
for the year ended 30 June 2010

	Year ended 30 June 2010 £	16 month period ended 30 June 2009 £
Profit for the financial period	57,893	23,774
Revaluation of investment property	(291,266)	298,822
Total recognised gains and losses relating to the period	(233,373)	322,596

Continuing operations

None of the company's activities were acquired or discontinued during the current year or previous year


Notes on pages 7-10 form part of these financial statements

Balance Sheet
at 30 June 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	4	1,665,000	1,956,266
Current assets			
Debtors	5	395,895	19,697
Cash at bank		17,584	34,613
		<u>413,479</u>	<u>54,310</u>
Creditors – amounts falling due within one year	6	(1,173,675)	(1,362,440)
Net current liabilities		<u>(760,196)</u>	<u>(1,308,130)</u>
Total assets less current liabilities		<u>904,804</u>	<u>648,136</u>
Creditors			
Amounts falling due after more than one year	7	(815,580)	(325,539)
Net assets		<u>89,224</u>	<u>322,597</u>
Capital and reserves			
Called up share capital	9	1	1
Revaluation reserve	10	7,556	298,822
Profit and loss account	10	81,667	23,774
Shareholders' funds		<u>89,224</u>	<u>322,597</u>

Notes on pages 7-10 form part of these financial statements

These financial statements were approved by the board of directors on 10 March 11 and were signed on its behalf by


B P Rose
Director

Company registered number 06519468

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of land and buildings

The Company is exempt by virtue of s400 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As the Company is a wholly owned subsidiary of Scott Dunn Property Holdco Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Turnover

Turnover represents rental income becoming due during the year from the company's investment properties.

Going concern

The company has net current liabilities at the year end. The accounts are prepared on a going concern basis as Scott Dunn Limited (a connected party) has agreed to provide financial support to the Company in order that it can meet its liabilities as they fall due for as long as the Company remains a connected party.

Investment properties

Investment properties are accounted for in accordance with SSAP 19 Accounting for Investment Properties which provides that these should not be subject to periodic depreciation charges but should be shown at open market value. This is contrary to the Companies Act 2006 which states that subject to any provision for depreciation or diminution in value fixed assets are normally to be stated at purchase price or production cost.

In the view of the Directors the treatment of investment properties under Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments and changes in that current value which are of prime importance. Consequently for the proper appreciation of the financial position the accounting treatment required by SSAP 19 is considered appropriate for investment properties. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

2 Operating profit

The operating profit is stated after charging

	Year ended 30 June 2010	16 month period ended 30 June 2009
	£	£
Director emoluments and other benefits etc	-	-

Auditors remuneration of £1 000 (2009 £1 000) is borne by a company under common control

Notes (continued)

3 Taxation

Analysis of the tax charge

	£	£
Tax on profit on ordinary activities	8,314	-
	=	=

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK (28% 2009 28 %). The differences are explained below

	Year ended 30 June 2010 £	16 month period ended 30 June 2009 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	66,207	23,774
	=	=
Current tax at 28% (2009 28 %)	18,538	6,657
<i>Effects of</i>		
Items not deductible	321	
Group relief surrender	(10,545)	(6,657)
	=	=
Total current tax charge	8,314	-
	=	=

4 Investment properties

	Total £
<i>Cost or valuation</i>	
At 1 July 2009	1,956,266
Revaluations	(291,266)
	=
At 30 June 2010	1,665,000
	=
<i>Net book value</i>	
At 30 June 2010	1,665,000
	=
At 30 June 2009	1,956,266
	=

If the investment properties had not been revalued they would have been included at the following historical cost

	£
Cost	1,657,444
	=

The investment properties were valued on an open market basis by CB Richard Ellis Limited after the year end. The directors consider this to be equal to the valuation at the balance sheet date. They were valued using the investment approach method based on likely current and future rental cashflows derived from the property.

Notes (continued)

5 Debtors – amounts falling due within one year

	2010	2009
	£	£
Trade debtors	28,370	17,071
Amounts owed by group undertakings	1	1
Other debtors	-	2,625
Directors' loan Account (see note 12)	367,524	-
	<u>395,895</u>	<u>19,697</u>

6 Creditors – amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdrafts	101,532	56,206
Amounts owed to connected companies	1,057,234	1,298,094
Corporation tax	4,095	8,140
Taxation and social security	8,314	-
Accruals	2,500	-
	<u>1,173,675</u>	<u>1,362,440</u>

7 Creditors – amounts falling due after more than one year

	2010	2009
	£	£
Bank loans	815,580	325,539
	<u>815,580</u>	<u>325,539</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	409,450	92,097
	<u>409,450</u>	<u>92,097</u>

8 Secured debts

The following secured debts are included within creditors:

	2010	2009
	£	£
Bank loans	917,112	381,745
	<u>917,112</u>	<u>381,745</u>

The bank loan is secured by first legal charges over the company's investment properties in favour of The Royal Bank of Scotland plc.

Notes (continued)

9 Called up share capital

	2010 £	2009 £
<i>Authorised</i> 1,000 (2009: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i> 1 (2009: 1) Ordinary share of £1 each	<u>1</u>	<u>1</u>

10 Reserves

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 July 2009	23,774	298,822	322,596
Profit for the year	57,893	-	57,893
Revaluation	-	(291,266)	(291,266)
At 30 June 2010	<u>81,667</u>	<u>7,556</u>	<u>89,223</u>

11 Contingent liabilities

The company has provided a cross-guarantee to Natwest Bank plc in respect of the borrowings both current and future of Scott Dunn Limited a company under common control

12 Related party disclosures

On 1 September 2008 the company acquired freehold properties from Scott Dunn Limited, a company under common control. The consideration was £1,105,678 which represented the carrying value of these property assets. At the balance sheet date consideration remained outstanding in the form of an intercompany loan (which is repayable on demand) upon which interest of £31,430 (2009: £40,861) was charged during the period at a commercial rate. Repayments totalling £272,290 were made during the year (2009: £nil). The total amount outstanding at the year end was £1,057,234 (2009: £1,298,094).

During the year the Company paid Scott Dunn Ltd £367,524 (2009: nil) to settle Directors loans in Scott Dunn Ltd. These loans remain outstanding at the balance sheet date and are disclosed in debtors within the Financial Statements.

13 Ultimate parent company party

The share capital of the company is owned by Scott Dunn Property Holdco Limited which is in turn controlled by the director A W Dunn.

Trading and profit and loss account
for the year ended 30 June 2010

	2010 £	2010 £	2009 £	2009 £
Turnover				
Rents received		105,418		101,075
Other income				
Other interest received		16,666		114
		<u>122,084</u>		<u>101,189</u>
Expenditure				
Repairs and renewals	3,518		(21,608)	
Audit & Accountancy	(5,500)		-	
Legal & Professional Fees	(3,312)		-	
	<u></u>	<u>(5,294)</u>	<u></u>	<u>(21,608)</u>
		116,790		79,581
Finance costs				
Bank charges	(8,663)		(377)	
Other interest paid	(41,920)		(55,430)	
	<u></u>	<u>(50,583)</u>	<u></u>	<u>(55,807)</u>
Profit before tax		<u>66,207</u>		<u>23,774</u>