

**DUNFERMLINE COMMERCIAL FINANCE LTD**

**DIRECTORS' REPORT & ACCOUNTS**  
**For the Year ended 31 December 2007**

**Company Reg No. 113201**



# Directors' Report

## Business Objectives

The objective of the company is to hold and administer loans to Local Authorities and other bodies

## Business Review

During the year the company held loans to Local Authorities, funded by a flexible loan from its parent undertaking

## Financial Review and Corporate Governance

The Directors are satisfied that the company will, for the foreseeable future, continue to be able to meet its obligations as they fall due, and have therefore prepared the financial statements on a going concern basis

To ensure the same high standards of corporate governance and financial control operated by its parent, the company has adopted similar practices. The Audit and Governance Committee of the parent has oversight over the affairs of the company

The profit in the year is £196,000 (2006 £226,000)

## Directors

The following persons served as Directors of the Company during the year: Sir John M Ward, Chairman (retired 15<sup>th</sup> April 2007), Graeme D Dalziel, Peter Weanie, and James J M Faulds (appointed 7<sup>th</sup> June 2007)

Graeme D Dalziel holds shares in the company as the nominee of Dunfermline Building Society

## Auditors

Deloitte & Touche LLP was appointed auditors in 2007. Deloitte & Touche LLP Registered Auditors have expressed their willingness to be re-appointed as Auditors and a resolution to re-appoint them will be put to the forthcoming Annual General Meeting

## Directors' Responsibility for the Financial Statements

The Directors are responsible for preparing the Annual Report including the financial statements. The Directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps the prevention and detection of fraud and other irregularities

## Small Company Exemptions

The Directors have taken advantage of the exemptions conferred by Part VII of the Companies Act 1985

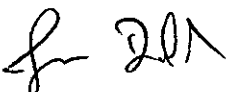
## Directors' disclosure to auditors:

Each of the directors at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

On behalf of the Board



Graeme D Dalziel

Director

20 February 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNFERMLINE COMMERCIAL FINANCE LIMITED**

We have audited the financial statements of Dunfermline Commercial Finance Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

Edinburgh

[Date]

22 February 2008

Profit and Loss Account  
For year ended 31 December 2007

	Note	2007	2006
		£000	£000
Interest receivable and similar income		280	328
Profit on ordinary activities before tax	3	280	328
Tax on profit on ordinary activities	4	(84)	(102)
Profit for the financial year		196	226

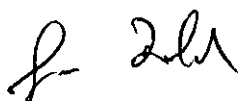
There are no recognised gains and losses other than the profit of £196,000 (2006 £226,000) for the year ended 31 December 2007, and accordingly no statement of recognised gains and losses is presented

All profits are from continuing operations

Balance Sheet  
As at 31 December 2007

	Note	2007 £000	2006 £000
<b>Loans</b>		<b>3,673</b>	<b>5,325</b>
<b>Creditors: Amounts falling due within one year</b>			
Corporation tax		89	102
Overdraft		0	4
<b>Net current assets</b>		<b>89</b>	<b>106</b>
<b>Total Assets less Current Liabilities</b>		<b>3,583</b>	<b>5,219</b>
<b>Creditors: Amounts falling due after one year</b>			
Amounts owed to parent undertaking	5	2,280	4,112
<b>Net Assets</b>		<b>1,303</b>	<b>1,108</b>
<b>Capital and Reserves</b>			
Called up share capital	6	0	0
Profit and Loss account	7	1,303	1,108
<b>Equity Shareholders' funds</b>	8	<b>1,303</b>	<b>1,108</b>

The accounts are prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985



**Graeme D Dalziel**

Caledonia House  
Carnegie Avenue  
Dunfermline

20 February 2008

The notes on pages 5 to 7 form part of these accounts

## 5 Creditors amounts falling due after more than one year

	2007	2006
	£000	£000
Amounts due to parent undertaking	2,280	4,112

## 6 Called up share capital

	2007	2006
	£	£
Authorised Ordinary shares of £1	100	100
Issued, Allotted and unpaid Ordinary shares of £1	2	2

## 7. Reserves

	£000
At 1 January 2006	1,108
Retained profit for the year	196
At 31 December 2006	1,303

## 8 Reconciliation of movements in shareholders' funds

	2007	2006
	£000	£000
Profit for the financial year	196	226
Opening shareholders' funds	1,108	882
Closing shareholders' funds	1,304	1,108

## 9 Controlling Party

Dunfermline Building Society, the parent undertaking, controls all of the equity shares of the company

Copies of the reports and accounts of Dunfermline Building Society can be obtained by writing to Dunfermline Building Society, Caledonia House, Carnegie Avenue, Pitreavie Business Park, Dunfermline, FIFE, KY11 8PJ