

Company Registration No. SC116282

ROSS-SHIRE DEVELOPMENTS LIMITED

Directors' Report and Unaudited Financial Statements

For the year ended 30 June 2013

THURSDAY



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ROSS-SHIRE DEVELOPMENTS LIMITED

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ROSS-SHIRE DEVELOPMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G G Fraser
A J Grant

REGISTERED OFFICE

Stoneyfield House
Stoneyfield Business Park
Inverness
IV2 7PA

BANKERS

Bank of Scotland plc
Inverness

SOLICITORS

Harper Macleod LLP
Glasgow

ROSS-SHIRE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 June 2013. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ACTIVITIES

The principal activity of the company during the year was property development.

DIRECTORS

The directors who served during the year and to the date of this report are:

A J Grant
G G Fraser

DIRECTORS' AND OFFICERS' LIABILITY

The company maintains insurance to cover all directors and other officers indemnifying them against certain liabilities incurred by them while acting as officers of the company.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'A J Grant', with a stylized, sweeping flourish extending to the right.

A J Grant
Director
18 March 2014

ROSS-SHIRE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2013

	Note	Year to 30 June 2013	18 months to 30 June 2012
		£	£
Impairment of work in progress		-	(24,004)
OPERATING LOSS: continuing operations	2	-	(24,004)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(24,004)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL PERIOD	7	-	(24,004)

The notes on pages 5 to 8 form an integral part of these financial statements.

The results above for the current year and prior financial period represent the only gains and losses arising during these financial periods. Consequently no statement of total recognised gains and losses is presented.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

For the year ended 30 June 2013

	Year to 30 June 2013	18 months to 30 June 2012
	£	£
Opening shareholder's funds	223	15,227
Loss for the financial period	-	(24,004)
Capital contribution	-	9,000
Closing shareholder's funds	223	223

ROSS-SHIRE DEVELOPMENTS LIMITED

BALANCE SHEET

As at 30 June 2013

	Note	30 June 2013 £	30 June 2012 £
CURRENT ASSETS			
Stocks	4	-	-
Debtors	5	223	223
NET ASSETS		<u>223</u>	<u>223</u>
CAPITAL AND RESERVES			
Called up share capital	6	1,000	1,000
Profit and loss account	7	(777)	(777)
SHAREHOLDER'S FUNDS		<u>223</u>	<u>223</u>

The notes on pages 5 to 8 form an integral part of these financial statements.

For the financial period ended 30 June 2013 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to qualifying subsidiaries. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The financial statements of Ross-shire Developments Limited (Company Registration No. SC116282) were approved by the Board of Directors on 18 March 2014.

Signed on behalf of the Board of Directors



A J Grant
Director

ROSS-SHIRE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current year and prior period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The company is party to a cross-corporate guarantee with certain other companies within the Tulloch Homes Group Limited group, (the "Group") in respect of certain bank borrowings. During the course of the year the Group's existing lender (the "Bank") agreed to transfer its rights and obligations under the existing banking facilities (the "facilities") to ELQ Investors II Limited ("ELQ") (or a nominee of ELQ) pursuant to a sale and purchase agreement dated 13th August 2012 (As amended on 7 December 2012) (the "SPA"). Legal transfer of the facilities has yet to occur and therefore until such time as the facilities do transfer, the Bank remains lender of record under the facilities and holds the related security, albeit economic risk has passed to Remich Holding II, S.a.r.l. (an entity nominated by ELQ under the SPA) under a master funded participation agreement dated 22 May 2013 between Remich Holding II, S.a.r.l. and the Bank. Credit decisions and lender consents set out in the Facility Agreement fall to Remich Holding II, Sarl under the terms of its participation arrangements with the Bank.

The terms of the facilities currently remain unchanged. Under the terms of the facilities the Group is required to repay £25m within 12 months with £9m due to be repaid on or before 30 June 2013, under the PIK facility.

Although there was sufficient headroom in the facilities to meet the PIK step down at 30 June 2013, the Group and the Bank (in consultation with Remich Holding II, S.a.r.l.) agreed to not implement the PIK step down. Instead the Group has used the headroom available to invest in development and land. This is a departure from the original intention of the facilities.

As a result, the PIK facility is technically in default at year end, and through the investment in land and acceleration of development opportunities, certain financial covenants are forecast to be breached over the next twelve months.

The directors have discussed these actual and forecast breaches with the lenders who are aware of the change in strategy, and who the directors consider continue to be supportive of the Group. Through these discussions the lenders have indicated a desire to restructure the facilities enabling the Group to maximise the value from the existing assets. At this time the Group is in the process of agreeing a timetable to re-structure the facilities. The directors have assumed that a revised facility would be negotiated on terms that will allow the Group to continue to trade in the ordinary course while allowing the Group to maximise the value of the existing asset base.

These conditions result in the existence of a material uncertainty which may cast significant doubt about the Groups ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquires and considering the uncertainties outlined above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ROSS-SHIRE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2013

1. ACCOUNTING POLICIES (Continued)

Cash flow statement

The company has not presented a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 (Revised 1996) - "Cash Flow Statements", as the ultimate parent, Tulloch Homes Group Limited, has included the company within its group financial statements.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. OPERATING LOSS

	Year to 30 June 2013 £	18 months to 30 June 2012 £
Operating loss is stated after charging:		
Impairment of work in progress	-	(24,004)

Auditor's remuneration for the prior year was borne by another group company. The directors estimate that the balance relating to the company was £1,000.

The company had no employees in the current year or prior period. No remuneration was paid to or accrued by the directors during the year (2012: £nil)

ROSS-SHIRE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2013

3. TAX ON LOSS ON ORDINARY ACTIVITIES

The average rate of tax for the period, based on the UK standard rate of corporation tax, is 24% (2012: 26%). The actual tax charge for the current period differs from the average rate for the reasons set out in the following reconciliation:

	Year to 30 June 2013 £	18 months to 30 June 2012 £
Loss on ordinary activities before tax	-	(24,004)
Tax on loss on ordinary activities at average UK corporation tax rate of 24% (2012: 26%)	-	(6,241)
Factors affecting charge for the period:		
Losses carried forward	-	6,241
Total actual amount of current tax	-	-

During the year, the UK corporation tax rate changed from 24% to 23%. The average rate for the year is 24%.

4. STOCKS

	30 June 2013 £	30 June 2012 £
Work in progress	24,004	24,004
Impairment of work in progress	(24,004)	(24,004)
	-	-

5. DEBTORS

	30 June 2013 £	30 June 2012 £
Amounts owed by group undertakings	223	223

Amounts due from group companies are unsecured, repayable on demand and do not accrue interest.

6. SHARE CAPITAL

	30 June 2013 £	30 June 2012 £
Called up, allotted and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

ROSS-SHIRE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2013

7. PROFIT AND LOSS ACCOUNT

	30 June 2013 £	30 June 2012 £
At 1 July 2012 and 30 June 2013	<u>(777)</u>	<u>(777)</u>

8. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to those subsidiaries that are 100% owned under FRS 8 "Related Party Disclosures". Accordingly, disclosure is not made of any related party transactions with the company's parent company or fellow subsidiaries.

The parent undertaking has guaranteed all outstanding liabilities to which the subsidiary company is subject at 30 June 2013, until they are satisfied in full.

9. ULTIMATE PARENT COMPANY

At 30 June 2013, the immediate parent company was Tulloch Limited, a company registered in Scotland.

The ultimate parent company at 30 June 2013 was Tulloch Homes Group Limited, a company registered in Scotland, and this is the smallest and largest group in which the results of this company are consolidated. Copies of the group financial statements of Tulloch Homes Group Limited are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.

10. CONTINGENT LIABILITIES

The company was party to a cross guarantee arrangement with other group companies in respect of the group's multi-option bank borrowing facility which, at 30 June 2013, amounted to £95,000,000 (2012: £89,588,000).