

**Company Registration No. SC 180550**

**Dreelan Services Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Dreelan Services Limited**

## **Report and financial statements 2007**

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# **Dreelan Services Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

T Dreelan  
M Dreelan  
S Dreelan

#### **Secretaries & Registered Office**

Maclay Murray & Spens LLP  
Solicitors  
66 Queen's Road  
Aberdeen

#### **Bankers**

Royal Bank of Scotland plc  
40 Albyn Place  
Aberdeen

#### **Solicitors**

Maclay Murray & Spens LLP  
66 Queen's Road  
Aberdeen

#### **Independent auditors**

Deloitte & Touche LLP  
Aberdeen

# Dreelan Services Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

### Principal activity

The company's principal activities during the year were property investment and the provision of management and technical consultancy services

### Directors

The directors who served through the year were as follows

T Dreelan  
S Dreelan  
M Dreelan

On 15 November 2007 Ian Smith & Company resigned as company secretary and on that date Maclay Murray & Spens LLP were appointed

### Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- ☐ so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware,
- ☐ the director has taken all the steps that 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 auditors are aware of the information

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

During the period Deloitte & Touche LLP were appointed as first auditors to the company. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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



T Dreelan

Director

30 Oct 2008

## **Dreelan Services Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent, 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 proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Dreelan Services Limited**

We have audited the financial statements of Dreelan Services Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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 annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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.

We did not audit the corresponding figures for the year ended 31 December 2006.

### **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 judgements 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, 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  
Aberdeen, United Kingdom

31 Oct 2008

## Dreelan Services Limited

### Profit and loss account Year ended 31 December 2007

	Note	2007 £	Unaudited (note 15) restated (note 16) 2006 £
Turnover continuing operations	2	1,095,340	505,944
Administrative expenses		(482,537)	(427,918)
<b>Operating profit, continuing operations</b>	3	612,803	78,026
Profit on sale of tangible fixed assets	4		123,480
<b>Profit on ordinary activities before finance charges</b>		612,803	201,506
Interest receivable		25,839	1,622
Interest payable		(408,425)	(71,155)
<b>Profit on ordinary activities before taxation</b>		230,217	131,973
Tax on profit on ordinary activities	6	(17,488)	
<b>Profit for the financial year</b>	12	212,729	131,973

There are no recognised gains and losses in the current or preceding financial year other than as included in the profit and loss account. Accordingly, no Statement of Total Recognised Gains and Losses is presented.

# Dreelan Services Limited

## Balance sheet Year ended 31 December 2007

	Note	2007 £	Unaudited (note 15) restated (note 16) 2006 £
<b>Fixed assets</b>			
Tangible assets	7	9,948,483	6,569,194
<b>Current assets</b>			
Debtors	8	47,900	637,083
Cash at bank and in hand		429,032	176,923
		476,932	814,006
<b>Creditors, amounts falling due within one year</b>	9	(1,289,319)	(4,621,936)
<b>Net current liabilities</b>		(812,387)	(3,807,930)
<b>Total assets less current liabilities</b>		9,136,096	2,761,264
<b>Creditors, amounts falling due after more than one year</b>	10	(8,774,252)	(2,612,149)
<b>Net assets</b>		361,844	149,115
<b>Capital and reserves</b>			
Called up share capital	11	450,000	450,000
Profit and loss account	12	(88,156)	(300,885)
<b>Shareholders' funds</b>	13	361,844	149,115

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

These financial statements were approved by the Board of Directors on 30 Oct 2008

Signed on behalf of the Board of Directors



T. Dreelan  
Director



# **Dreelan Services Limited**

## **Notes to the financial statements Year ended 31 December 2007**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

#### **Tangible fixed assets**

Tangible fixed assets consist of investment property and construction in progress. Property in the course of construction is carried at cost. Finance costs which are directly attributable to the construction of tangible fixed assets are not capitalised. When completed, property in the course of construction is transferred to investment property.

Investment properties are held at valuation and accounted for under SSAP 19. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged to the profit and loss account. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 Accounting for investment properties.

#### **Pensions**

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### **Taxation**

Current tax, comprising 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 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 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.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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. Turnover**

Turnover which arises wholly in the UK, represents the value of services provided within the company's ordinary activities, net of value added tax which arises wholly in the UK, and trade discounts and is recognised when the service has been rendered.

# Dreelan Services Limited

## Notes to the financial statements Year ended 31 December 2007

### 3 Operating profit

	2007	Unaudited (note 15) 2006
	£	£
<b>Operating profit is stated after charging:</b>		
Auditor's remuneration	6,000	
Net reduction in value of tangible fixed assets	20,461	
	<u>20,461</u>	<u></u>

### 4 Profit on sale of tangible fixed assets

The profit on sale of tangible fixed assets in the prior year related to the sale of land and buildings

### 5. Information regarding directors and employees

	2007	Unaudited (note 15) 2006
	£	£
<b>Directors' remuneration</b>		
Emoluments	374,375	280,725
	<u>374,375</u>	<u>280,725</u>

### 6. Tax on profit on ordinary activities

The tax charge comprises

	2007	Unaudited (note 15) 2006
	£	£
<b>Current tax</b>		
UK corporation tax – adjustment in respect of prior year	17,488	
	<u>17,488</u>	<u></u>
<b>Total tax on profit on ordinary activities</b>	<u>17,488</u>	<u></u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 30%)  
The actual tax charge for the current year and the previous year is lower than the standard rate for the reasons set out in the following reconciliation

# Dreelan Services Limited

## Notes to the financial statements Year ended 31 December 2007

### 6. Tax on profit on ordinary activities (continued)

	2007	Unaudited (note 15) 2006
	£	£
Profit on ordinary activities before taxation	212,729	131,973
Tax on profit on ordinary activities at standard rate	63,819	39,592
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	38,459	
Income not taxable for tax purposes	(12,800)	
Capital allowances in excess of depreciation	(36,327)	(112,490)
Utilisation/(generation) of tax losses	(53,151)	72,898
Adjustments in respect of prior years	17,488	
Total current tax before advance corporation tax	17,488	

At 31 December 2007 the company had an unrecognised deferred tax asset of £2,519 (2006 £nil). This balance includes a deferred tax liability of £97,503 (2006 £nil) in relation to capital allowances claimed in excess of depreciation and a deferred tax asset of £100,022 (2006 £nil) in relation to trading losses carried forward. No deferred tax asset has been recognised given the uncertainty over the availability of future taxable profits to utilise tax losses.

# Dreelan Services Limited

## Notes to the financial statements Year ended 31 December 2007

### 7 Tangible fixed assets

	Investment property £	Construction in progress £	Total £
<b>Cost</b>			
At 1 January 2007 (unaudited note 15)		6,682,641	6,682,641
Additions	2,951,267	448,483	3,399,750
Transfers	6,682,641	(6,682,641)	
Adjustments on revaluation	(133,908)		(133,908)
	<u>9,500,000</u>	<u>448,483</u>	<u>9,948,483</u>
<b>At 31 December 2007</b>			
<b>Depreciation</b>			
At 1 January 2007 (unaudited note 15)		113,447	
Adjustments on transfer and revaluation		(113,447)	
	<u></u>	<u></u>	<u></u>
<b>At 31 December 2007</b>			
<b>Net book value</b>			
At 31 December 2007	<u>9,500,000</u>	<u>448,483</u>	<u>9,948,483</u>
At 31 December 2006 (unaudited note 15)		<u>6,569,194</u>	<u>6,569,194</u>

Investment properties were valued at open market value on an existing use basis at 16 November 2007 by Ryden, a professional surveyor. These values have been adopted by the directors at 31 December 2007.

### 8 Debtors

	2007 £	Unaudited (note 15) Restated (note 16) 2006 £
Amounts owed by related parties (note 14)		74,295
Corporation tax	31,342	
Other debtors	16,558	562,788
	<u>47,900</u>	<u>637,083</u>

All amounts are due within one year

# Dreelan Services Limited

## Notes to the financial statements Year ended 31 December 2007

### 9. Creditors: amounts falling due within one year

	2007	Unaudited (note 15) 2006
	£	£
Bank overdraft		4,158,039
Bank loans (note 10)	704,617	
Trade creditors	2,524	31,978
Amounts owed by related parties (note 14)		404,987
Other taxes and social security costs	37,410	9,203
Accruals	344,768	17,729
Deferred income	200,000	
	<u>1,289,319</u>	<u>4,621,936</u>

### 10. Creditors: amounts falling due after more than one year

	2007	Unaudited (note 15) 2006
	£	£
Bank loans	6,175,000	
Directors' loans (note 14)	2,599,252	2,612,149
	<u>8,774,252</u>	<u>2,612,149</u>

Borrowing are repayable as follows

<b>Bank loans</b>		
Between one and two years	704,617	
Between two and five years	1,300,000	
After five years	4,875,000	
	<u>6,879,617</u>	

The company has two bank loans

- i A loan for £6,500,000 is scheduled for repayment in quarterly instalments commencing March 2008 through to December 2028. The loan bears interest at LIBOR plus 2.25%
- ii A loan for £379,617 scheduled for repayment by September 2008. The loan bears interest at 1.5% plus the bank's base rate

The bank loans are secured by a bond and floating charge over the assets of the company

The director loans are interest free and are not repayable in the coming twelve months

# Dreelan Services Limited

## Notes to the financial statements Year ended 31 December 2007

### 11 Called up share capital

	2007 £	Unaudited (note 15) 2006 £
Authorised, allotted, called up and fully paid 450,000 Ordinary shares of £1 each	450,000	450,000

### 12 Reserves

	Profit & loss account £
At 1 January 2007 (unaudited note 15)	(300,885)
Retained profit for the year	212,729
At 31 December 2007	(88,156)

### 13. Reconciliation of movement in shareholders funds

	2007 £	2006 £
Profit for the financial year	212,729	131,973
Opening shareholders funds	149,115	17,142
Closing shareholders funds	361,844	149,115

### 14. Related party transactions

The company rented premises to Qserv Ltd, a company which has common directors and beneficial owners, in the amount of £676,015 (2006 £214,344). The company also supplied consulting services to Qserv Ltd of £419,325 (2006 £291,600) during the year. It is the opinion of the directors that all transactions were carried out on normal commercial terms.

At 31 December 2007 no balance was due by Qserv Ltd (2006 £29,081) and the balance due to Carrack Ltd, which also has common directors and beneficial owners, was £nil (2006 £404,987). The company did not trade with Carrack Ltd in the year.

During the year the loan balance due from trustees of Dreelan Services Ltd Pension Scheme was repaid in full. The balance outstanding at 31 December 2006 was £45,214.

At 31 December 2007, Thomas Dreelan, Michael Dreelan and Sean Dreelan are due £856,774 (2006 £861,073), £870,814 (2006 £875,113) and £871,664 (2006 £875,963) respectively.

### 15. Comparatives

The comparatives for the year ended 31 December 2006 are unaudited as the directors considered the company exempt from audit under section 249A Companies Act.

## **Dreelan Services Limited**

### **Notes to the financial statements Year ended 31 December 2007**

#### **16 Restatement**

The profit and loss account for the year ended 31 December 2006 has been restated to reclassify £214,344 of rental income as turnover rather than other operating income. The net result for the year is unchanged.

A related party loan of £45,214 due from trustees of Dreelan Services Limited pension scheme has been reclassified from fixed assets to current assets at 31 December 2006.

#### **17. Pension costs**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

The pension costs charged amounted to £16,500 (2006: £16,500). There were no contributions due payable at 31 December 2007 (2006: nil).