

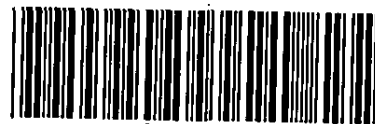
**Company Registration No. SC 180550**

**Dreelan Services Limited**

**Annual report and financial statements**

**for the year ended 31 December 2011**

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# **Dreelan Services Limited**

## **Annual report and financial statements 2011**

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# **Dreelan Services Limited**

## **Annual report and financial statements 2011**

### **Officers and professional advisers**

#### **Directors**

T Dreelan  
M Dreelan  
S Dreelan

#### **Secretary & Registered Office**

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

#### **Banker**

Royal Bank of Scotland plc  
40 Albyn Place  
Aberdeen

#### **Solicitor**

Maclay Murray & Spens LLP  
66 Queen's Road  
Aberdeen

#### **Independent auditor**

Deloitte LLP  
Aberdeen  
United Kingdom

# **Dreelan Services Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011.

The directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption.

### **Business review and principal activity**

The company's principal activity during the year was property investment and the provision of management and technical consultancy services.

The profit for the year was £304,851 (2010: £241,612). The directors are satisfied with the results.

### **Going concern**

The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

### **Financial risk management**

The company's activity exposes it to a number of financial risks including credit risk and liquidity risk.

#### ***Credit risk***

The company's principal financial assets are bank balances and cash and other receivables. The company's credit risk is primarily attributable to its other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited and derivative financial instruments is limited because the counterparty is a bank with credit-ratings assigned by international credit-ratings agencies.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a combination of long-term finance and directors' loans.

### **Directors**

The directors, who all served throughout the year and to the date of this report, are as follows:

T Dreelan  
S Dreelan  
M Dreelan

## **Dreelan Services Limited**

### **Directors' report (continued)**

#### **Auditor**

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 auditor is 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 auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

M Dreelan  
Director



22/9/2012

## **Dreelan Services Limited**

### **Directors' responsibilities statement**

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). 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 accounting 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 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 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.

# **Dreelan Services Limited**

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

We have audited the financial statements of Dreelan Services Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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'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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 31 December 2011 and of its 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.

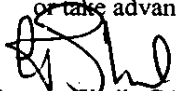
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report.

  
Graeme Sheils CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Aberdeen, United Kingdom

27 September 2012

# **Dreelan Services Limited**

## **Profit and loss account**

**Year ended 31 December 2011**

|  | Note | 2011<br>£             | 2010<br>£             |
|--|------|-----------------------|-----------------------|
| Turnover   | 2    | 1,120,108             | 1,000,000             |
| Administrative expenses                              |      | <u>(306,689)</u>      | <u>(120,440)</u>      |
| <b>Operating profit</b>                              | 3    | 813,419               | 879,560               |
| Interest payable and similar charges                 | 5    | <u>(438,692)</u>      | <u>(449,888)</u>      |
| <b>Profit on ordinary activities before taxation</b> |      | 374,727               | 429,672               |
| Tax on profit on ordinary activities                 | 6    | <u>(69,876)</u>       | <u>(188,060)</u>      |
| <b>Profit for the financial year</b>                 | 13   | <u><u>304,851</u></u> | <u><u>241,612</u></u> |

All activities relate to continuing operations.

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

At 31 December 2011

|  | Note | 2011<br>£   | 2010<br>£   |
|--|------|-------------|-------------|
| <b>Fixed assets</b>  |      |             |             |
| Tangible assets  | 7    | 11,575,000  | 11,575,000  |
| <b>Current assets</b>  |      |             |             |
| Debtors  | 8    | 121,652     | 58,076      |
| Cash at bank and in hand                                       |      | 258,125     | 246,448     |
|  |      | 379,777     | 304,524     |
| <b>Creditors: amounts falling due within one year</b>          | 9    | (1,177,454) | (864,711)   |
| <b>Net current liabilities</b>                                 |      | (797,677)   | (560,187)   |
| <b>Total assets less current liabilities</b>                   |      | 10,777,323  | 11,014,813  |
| <b>Creditors: amounts falling due after more than one year</b> | 10   | (8,920,252) | (9,528,982) |
| <b>Provision for liabilities</b>                               | 11   | (477,574)   | (411,185)   |
| <b>Net assets</b>  |      | 1,379,497   | 1,074,646   |
| <b>Capital and reserves</b>                                    |      |             |             |
| Called up share capital  | 12   | 450,000     | 450,000     |
| Profit and loss account  | 13   | 929,497     | 624,646     |
| <b>Shareholders' funds</b>                                     | 14   | 1,379,497   | 1,074,646   |

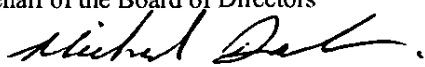
The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements of Dreelan Services Limited, registered number SC180550 were approved by the Board of Directors on 27/9/2012.

Signed on behalf of the Board of Directors

M Dreelan

Director



# **Dreelan Services Limited**

## **Notes to the financial statements**

### **Year ended 31 December 2011**

#### **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.

##### **Going concern**

Having considered the company's financial position and future prospects, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) from including a cash flow statement on the grounds that the company is a small company incorporated under the Companies Act 2006.

##### **Tangible fixed assets**

Tangible fixed assets consist of investment property.

Investment property is held at valuation and accounted for under SSAP 19. Surpluses or deficits on investment property are transferred to an investment revaluation reserve, except 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 (or credited) to the profit and loss account. Depreciation is not provided in respect of investment property. 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.

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

#### 1. Accounting policies (continued)

##### Taxation (continued)

Deferred tax is not recognised when fixed assets are revalued unless at 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.

##### Derivative financial instruments

The company uses an interest rate swap to reduce exposure to interest rate movements. The fair value of open instruments at 31 December 2011 is disclosed in note 17. Financial instruments are not held at fair value.

#### 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 and trade discounts, and is recognised as services are rendered. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

#### 3. Operating profit

|   | 2011<br>£    | 2010<br>£    |
|---|--------------|--------------|
| <b>Operating profit is stated after charging:</b>   |              |              |
| Fees payable to the company's auditor for the audit of the company's financial statements | <u>6,000</u> | <u>6,000</u> |

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

#### 4. Information regarding directors and employees

|                                | 2011<br>£     | 2010<br>£     |
|--------------------------------|---------------|---------------|
| <b>Directors' remuneration</b> |               |               |
| Pension                        | <u>16,500</u> | <u>16,500</u> |

#### 5. Interest payable and similar charges

|                  | 2011<br>£      | 2010<br>£      |
|------------------|----------------|----------------|
| Interest payable | <u>438,692</u> | <u>449,888</u> |

#### 6. Tax on profit on ordinary activities

|   |               |                 |
|---|---------------|-----------------|
| The tax charge comprises:                         | 2011<br>£     | 2010<br>£       |
| <b>Current tax</b>                                |               |                 |
| Charge for the year                               | 3,487         | -               |
| Adjustment in respect of prior year               | -             | (11,223)        |
| Total current tax charge/(credit)                 | <u>3,487</u>  | <u>(11,223)</u> |
| <b>Deferred tax</b>                               |               |                 |
| Origination and reversal of timing differences    | 87,029        | 89,909          |
| Adjustment in respect of previous periods         | -             | 216,467         |
| Effect of changes in tax rates                    | (20,640)      | (107,093)       |
| Total deferred tax charge                         | <u>66,389</u> | <u>199,283</u>  |
| <b>Total tax on profit on ordinary activities</b> | <u>69,876</u> | <u>188,060</u>  |

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

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

The main rate of corporation tax was reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. A further reduction to 25% from 1 April 2012 was substantively enacted on 5 July 2011 and is therefore taken into account in these financial statements.

In addition, a further reduction was announced in the 2012 Budget Statement to reduce the main rate to 24% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. Beyond the reduction to 25%, the changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements. The actual tax charge for the current and the previous year is lower than the standard rate for the reasons set out in the following reconciliation.

Deferred tax as at 31 December 2011 has been calculated at 25%.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20.2% (2010:21%). The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

|   | 2011<br>£ | 2010<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation         | 374,727   | 429,672   |
| Tax on profit on ordinary activities at standard rate | 75,869    | 90,231    |
| <i>Factors affecting charge for the period:</i>       |           |           |
| Expenses not deductible for tax purposes              | 14,646    | (322)     |
| Capital allowances in excess of depreciation          | (87,028)  | (89,909)  |
| Adjustments in respect of prior years                 | -         | (11,223)  |
| Total current tax charge/(credit)                     | 3,487     | (11,223)  |

#### 7. Tangible fixed assets

|   | Investment<br>property<br>£ |
|---|-----------------------------|
| <b>Valuation</b>                          |                             |
| At 1 January 2011 and at 31 December 2011 | 11,575,000                  |

The investment property was valued at their market value on an existing use basis 31 December 2011 by Ryden LLP, Chartered Surveyors, and in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors.

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

#### 8. Debtors

|                                     | 2011<br>£      | 2010<br>£     |
|-------------------------------------|----------------|---------------|
| Other debtors                       | 58,076         | 58,076        |
| Amounts due from group undertakings | 63,576         | 0             |
|                                     | <u>121,652</u> | <u>58,076</u> |

All amounts are due within one year.

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

|                                       | 2011<br>£        | 2010<br>£      |
|---------------------------------------|------------------|----------------|
| Bank loans (note 10)                  | 608,730          | 433,108        |
| Trade creditors                       | 4,869            | 12,336         |
| Corporation tax                       | 3,487            | -              |
| Other taxes and social security costs | 61,058           | 38,918         |
| Accruals and deferred income          | 499,310          | 380,349        |
|                                       | <u>1,177,454</u> | <u>864,711</u> |

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

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

|                            | 2011<br>£        | 2010<br>£        |
|----------------------------|------------------|------------------|
| Bank loans                 | 6,321,000        | 6,929,730        |
| Directors' loans (note 15) | 2,599,252        | 2,599,252        |
|                            | <u>8,920,252</u> | <u>9,528,982</u> |

Borrowing are repayable as follows:

|                            |                  |                  |
|----------------------------|------------------|------------------|
| <b>Bank loans</b>          |                  |                  |
| Within one year            | 608,730          | 433,108          |
| Between one and two years  | 433,108          | 2,054,730        |
| Between two and five years | 2,313,235        | 975,000          |
| After five years           | 3,574,657        | 3,900,000        |
|                            | <u>6,929,730</u> | <u>7,362,838</u> |

At 31 December 2011, the company has two bank loans:-

- i. A loan for £5,444,000, scheduled for repayment in quarterly instalments through to December 2027. The loan bears interest at LIBOR plus 1.5%.
- ii. A loan for £1,729,730 initially scheduled for repayment in June 2012. On 7<sup>th</sup> June 2012 this loan was renewed as a loan of £1,500,000 repayable in quarterly instalments of £27,000 through to March 2015 with a final instalment of £1,203,100 payable in March 2015. The loan bears interest at LIBOR plus 3.25%.

The company uses an interest rate swap to manage its exposure to interest rate movements on bank borrowings, details of which are provided at note 17. The bank loans are secured by a bond and floating charge over the assets of the company.

The directors' loans are interest free and are not repayable in the forthcoming twelve months.

# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

#### 11. Provision for liabilities

|                                | Deferred tax<br>£ |
|--------------------------------|-------------------|
| At 1 January 2011              | 411,185           |
| Charge for the year (note 6)   | 66,389            |
|                                | <u>477,574</u>    |
| At 31 December 2011            | <u>477,574</u>    |
|                                | £                 |
| Analysed as:                   |                   |
| Accelerated capital allowances | 549,018           |
| Tax losses carried forward     | (71,444)          |
|                                | <u>477,574</u>    |

#### 12. Called up share capital

|  | 2011<br>£      | 2010<br>£      |
|--|----------------|----------------|
| Authorised, allotted, called up and fully paid<br>450,000 Ordinary shares of £1 each | <u>450,000</u> | <u>450,000</u> |

#### 13. Profit and loss reserve

|                     | £              |
|---------------------|----------------|
| At 1 January 2011   | 624,646        |
| Profit for the year | 304,851        |
|                     | <u>929,497</u> |
| At 31 December 2011 | <u>929,497</u> |

#### 14. Reconciliation of movement in shareholders' funds

|   | 2011<br>£        | 2010<br>£        |
|---|------------------|------------------|
| Profit for the financial year and net movement in shareholders' funds | 304,851          | 241,612          |
| Opening shareholders' funds   | <u>1,074,646</u> | <u>833,034</u>   |
| Closing shareholders' funds   | <u>1,379,497</u> | <u>1,074,646</u> |



# Dreelan Services Limited

## Notes to the financial statements

### Year ended 31 December 2011

#### 15. Related party transactions

The company rents its premises to Aker Qserv Ltd, a company in which each of the directors were also directors of until 18 July 2012. The rental for this received in this period was £550,000 (2010: £1,000,000). All transactions are considered to be carried out on normal commercial terms.

At 31 December 2011, Thomas Dreelan, Michael Dreelan and Sean Dreelan are due £856,774 (2010: £856,774), £870,814 (2010: £870,814) and £871,664 (2010: £871,664) respectively (see note 10).

At 31 December 2011, the company is due £63,576 from Badentoy Land Limited (see note 8).

#### 16. 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 in the year amounted to £16,500 (2010: £16,500). No contributions were due at 31 December 2011 (2010: nil).

#### 17. Derivatives not included at fair value

##### Interest rate swap

The company uses an interest rate swap to manage its exposure to interest rate movements on bank borrowings. The fair value of this derivative is not reflected in the financial statements. The details are as follows:

|                        | Principal<br>£ | Rate fixed | Expiry          | Fair value<br>£ |
|------------------------|----------------|------------|-----------------|-----------------|
| As at 31 December 2011 | 5,524,000      | 5.52%      | 1 February 2017 | (1,020,597)     |
| As at 31 December 2010 | 5,524,000      | 5.52%      | 1 February 2017 | (849,284)       |

#### 18. Controlling party

Thomas Dreelan, Michael Dreelan and Sean Dreelan, all directors of the company, control the company as a result of their 100% interest in the issued share capital of the company.