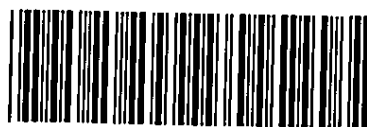


**SLACKBUIE LIMITED**

**Annual Report and Financial Statements**

**31 December 2010**

WEDNESDAY



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# **SLACKBUIE LIMITED**

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# **SLACKBUIE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

D. F. Sutherland, CBE CA  
A. J. Grant

### **SECRETARY**

C. A. Sutherland

### **REGISTERED OFFICE**

Stoneyfield House  
Stoneyfield Business Park  
Inverness  
IV2 7PA

### **BANKERS**

Bank of Scotland plc  
Edinburgh

### **SOLICITORS**

Dundas & Wilson  
Edinburgh

Harper MacLeod  
Glasgow

### **INDEPENDENT AUDITOR**

Deloitte LLP  
Edinburgh  
United Kingdom

# **SLACKBUIE LIMITED**

## **DIRECTORS' REPORT**

The directors' present their annual report and the audited financial statements for the year ended 31 December 2010. 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 period was that of property development.

### **RESULTS, DIVIDENDS AND FUTURE PROSPECTS**

The financial position of the company is shown within the balance sheet on page 7.

The company made a profit for the financial year of £17,856 (2009: £140,642) on turnover of £5,584,050 (2009: £1,077,450). The decrease in profit against the prior year resulted from the general decline in trading conditions affecting all housebuilders over the past year. More detail regarding the performance and financial position of Tulloch Homes Group Limited, the company's parent, and all of its subsidiaries, is set out in the annual report of Tulloch Homes Group Limited.

The directors do not propose the payment of a dividend (2009: £nil).

The company was in a net asset position of £201,209 at 31 December 2010 (2009: £183,353). The company meets its day to day working capital requirements through cash flow from operating activity and funding from related undertakings.

The company is party to a cross-guarantee with certain other companies within the Tulloch Homes Group Limited group in respect of bank borrowings.

Based on the group's projected trading and cash flows, and in the light of the group's available debt facilities which are not due for repayment until December 2012, the directors of Tulloch Homes Group Limited are satisfied that the group will have adequate resources to continue in operational existence and to continue to support its subsidiaries and joint ventures, including the company, for a period of at least one year from the date of approval of these financial statements.

### **DIRECTORS**

The directors who held office during the year and to the date of this report were:

D. F. Sutherland, CBE CA

A. Marshall (resigned 26 April 2011)

A. J. Grant

### **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.

### **SUPPLIER PAYMENT POLICY**

The company has agreed specific payment terms with its major suppliers. For other suppliers, the company's policy is to pay generally no later than the end of the month following that in which the supplier's invoice is received. The policy is made known to the staff who handle payments to suppliers and is made known to all suppliers on request.

# SLACKBUIE LIMITED

## DIRECTORS' REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES

#### *Market and economic risk*

House building is affected by a number of economic factors such as changes in general and local economic conditions and market confidence, as well as movements in land values and changes in the related demand for and pricing of land. The cost and availability of mortgage financing can also adversely affect market demand. Socio-economic factors can significantly affect demand; whilst historically these factors have stimulated demand, there is no guarantee that this will continue in the future.

#### *Financial risk policy*

The company's principal financial assets are other debtors. The balance of other debtors includes funds receivable under the company's shared equity sales scheme as described in note 8. Such balances are secured by the property assets to which they relate. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Other debtors, relating to shared equity arrangements, are receivable under extended contracted terms.

The company's financial liabilities comprise of the bank borrowings, trade creditors and inter-group borrowings. Trade creditors, accruals and inter-group borrowings are payable under standard terms of payment. The company does not enter into any derivative financial instruments for hedging, speculative or for any other purpose.

### INFORMATION TO AUDITOR

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

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

### AUDITOR

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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



D F Sutherland, CBE CA  
Director

20 May 2011

## **SLACKBUIE 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;
- state whether applicable UK Accounting Standards have been followed; 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLACKBUIE LIMITED**

We have audited the financial statements of Slackbuie Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 (APB'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.

### **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 2010 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 take advantage of the small companies exemption in preparing the directors' report.



David Crawford CA, ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh, United Kingdom

20 May 2011

# SLACKBUIE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Notes	2010 £	2009 £
<b>TURNOVER – continuing operations</b>	1	5,584,050	1,077,450
Cost of sales		(5,407,930)	(811,815)
<b>GROSS PROFIT</b>		176,120	265,635
Administrative expenses		(169,194)	(27,942)
<b>OPERATING PROFIT: continuing operations</b>	2	6,926	237,693
Net interest payable	3	-	(97,051)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,926	140,642
Tax on profit on ordinary activities	5	10,930	-
<b>PROFIT FOR THE YEAR</b>	12, 13	17,856	140,642

The notes on pages 8 to 13 form an integral part of these financial statements.

There are no recognised gains or losses in the current year or prior period, other than the profit set out above. Accordingly, a statement of total recognised gains and losses has not been presented.



# SLACKBUIE LIMITED

## BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	6	<u>2</u>	<u>2</u>
<b>CURRENT ASSETS</b>			
Stock	7	15,912,050	17,173,258
Debtors	8	<u>318,666</u>	<u>246,216</u>
		16,230,716	17,419,474
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(16,029,509)</u>	<u>(5,715,238)</u>
<b>NET CURRENT ASSETS</b>		<u>201,207</u>	<u>11,704,236</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		201,209	11,704,238
<b>CREDITORS: amounts falling due after more than one year</b>	10	<u>-</u>	<u>(11,520,885)</u>
<b>NET ASSETS</b>		<u>201,209</u>	<u>183,353</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Profit and loss account	12	<u>201,207</u>	<u>183,351</u>
<b>SHAREHOLDER'S FUNDS</b>	13	<u>201,209</u>	<u>183,353</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

The financial statements of Slackbuie Limited, registered company number SC272477, were approved by the Board of Directors on 20 May 2011.

Signed on behalf of the Board of Directors



D F Sutherland, CBE CA  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2010**

**1. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of preparation**

The company meets its day to day working capital requirements through cash flow from operating activity and funding from related undertakings.

The company is party to a cross-guarantee with certain other companies within the Tulloch Homes Group Limited group in respect of bank borrowings.

Based on the group's projected trading and cash flows, and in the light of the group's available debt facilities which are not due for repayment until December 2012, the directors of Tulloch Homes Group Limited are satisfied that the group will have adequate resources to continue in operational existence and to continue to support its subsidiaries and joint ventures, including the company, for a period of at least one year from this date.

Consequently, the directors of the company continue to adopt the going concern basis in preparing these financial statements.

**Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**Stock and work in progress**

Work in progress is valued at the lower of cost and net realisable value. Cost is taken as construction cost which includes an appropriate proportion of overheads. Cost also includes the financing costs during the period of development, which is defined as ending when the specific sites become complete and ready for sale.

**Consolidation**

The company is exempt from preparing group accounts under s400 of the Companies Act 2006 as it is a subsidiary of an EEA parent company which is preparing group accounts.

**Housebuilding developments**

Sales of newly constructed private houses are included in turnover upon the procurement of legally binding contracts and habitation certificates. Where sales are made under a shared equity scheme, the full sales price of the property is recognised on the procurement of a legally binding contract and habitation certificate. A proportion of the sales value is offered to customers by way of an interest free loan. These loans are secured over the properties to which they relate and are due for repayment at the earlier of the tenth anniversary of the shared equity sale and the re-sale of the property.

**Taxation**

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# SLACKBUIE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Turnover

Turnover relates to the company's sole activity within the United Kingdom and is stated net of value added tax.

#### 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.

### 2. OPERATING PROFIT

The auditor's remuneration for the current and prior year has been borne by another group company. The directors estimate the amount as £4,000 (2009: £5,000).

### 3. NET INTEREST PAYABLE

	2010 £	2009 £
Bank interest payable	-	141,566
Group interest payable	528,382	362,941
Amounts capitalised in work in progress	(528,329)	(407,450)
Interest receivable	(53)	(6)
	<u>-</u>	<u>97,051</u>

### 4. DIRECTORS' REMUNERATION AND EMPLOYEES

There were no employees during the year apart from the directors. The directors' received and accrued no remuneration in respect of their services to the company in the current and prior year.

# SLACKBUIE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

### 5. TAXATION

	2010 £	2009 £
<b>Current year tax</b>		
UK corporation tax	-	-
Adjustments in respect of prior year	(10,930)	-
<b>Current tax credit</b>	<u>(10,930)</u>	<u>-</u>

#### Reconciliation of tax credit

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 28% (2009: 28%). The actual tax credit for the current period varies from 28% (2009: 28%) for the reasons set out in the following reconciliation:

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>6,926</u>	<u>140,642</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 – 28%)	1,939	39,380
<i>Factors affecting charge:</i>		
Group relief claimed for nil consideration	(1,939)	(39,380)
Adjustments in respect of prior years	<u>(10,930)</u>	<u>-</u>
<b>Current tax credit</b>	<u>(10,930)</u>	<u>-</u>

### 6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2010 and at 31 December 2010	<u>3</u>
<b>Provisions for diminution in value</b>	
At 1 January 2010 and at 31 December 2010	<u>(1)</u>
<b>Net book value</b>	
At 31 December 2010 and at 31 December 2009	<u>2</u>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following dormant company:

Company	Country of registration or incorporation	Shares held Class	%
Inverness Caledonian Thistle Properties (2004) Ltd	Scotland	Ordinary	100

# SLACKBUIE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

### 7. WORK IN PROGRESS

	2010 £	2009 £
Work in progress	15,912,050	17,173,258

Included within the work in progress is £1,977,000 (2009: £1,560,165) of capitalised interest.

### 8. DEBTORS

	2010 £	2009 £
Amounts due from group companies	-	129,922
VAT	10,506	-
Other debtors	308,160	116,294
	<u>318,666</u>	<u>246,216</u>

Included above are amounts due greater than one year as follows:

Other debtors	<u>308,160</u>	<u>116,294</u>
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The other debtors balance relates to loans provided under the company's shared equity scheme, whereby up to 25% of the sales value of the property is offered to the customer by way of an interest free loan. These loans are secured over the properties to which they relate and repayable at the earlier of the resale of the property and ten years from the date of sale by the company.

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank multi-option facility (note 10)	8,747,445	-
Trade creditors	474,783	143,812
Accruals and deferred income	-	1,595
Amounts due to group companies	6,807,281	5,569,081
Other creditors	-	750
	<u>16,029,509</u>	<u>5,715,238</u>

# SLACKBUIE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 December 2010

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Bank multi-option facility	-	11,520,885

The bank multi-option facility is secured by standard securities over the Tulloch Homes Group Limited group's heritable properties and by a bond and floating charge over its assets. In addition, unlimited intercompany guarantees exist between the lead lender under the facility, Tulloch Homes Group Limited, the company, its immediate parent and certain fellow subsidiaries. The multi option facility is due to expire on 31 December 2012 and all amounts drawn down under the facility are repayable at that date.

### 11. SHARE CAPITAL

	2010 £	2009 £
<b>Allotted, called-up and fully paid:</b>		
2 Ordinary shares of £1 each	2	2

### 12. STATEMENT OF MOVEMENTS IN RESERVES

	Profit and loss account £
Balance at 1 January 2010	183,351
Profit for the year	17,856
Balance at 31 December 2010	201,207

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010 £	20089 £
Profit for the year	17,856	140,642
Opening shareholder's funds	183,353	42,711
Closing shareholder's funds	201,209	183,353

### 14. 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.

### 15. CONTINGENT LIABILITIES

As at 31 December 2010 the company was party to a cross-guarantee arrangement with certain other group companies in respect of bank borrowings. Total borrowings of the group at the year end amounted to £132,546,000 (2009: £134,790,000).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2010**

**16. ULTIMATE PARENT UNDERTAKING**

At 31 December 2010, the immediate and ultimate parent company 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, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.