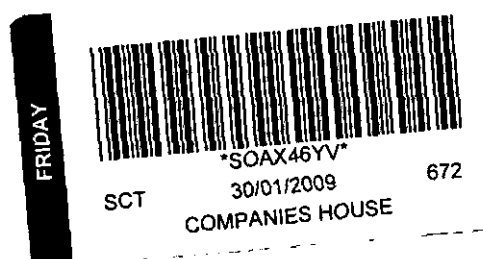


Registered No: SC315541

# **Lilybank Terrace Limited**

## **Report and Financial Statements**

31 March 2008



# Lilybank Terrace Limited

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Registered No: SC315541

## **Directors**

D Porter  
J M Law  
M A Clapham

## **Secretary**

D A Cumine

## **Auditors**

Ernst & Young LLP  
George House  
50 George Square  
Glasgow  
G2 1RR

## **Bankers**

Bank of Scotland  
Gordon Street  
Glasgow  
G1 3RS

## **Registered Office**

Venlaw Building  
349 Bath Street  
Glasgow  
G2 4AA

## Directors' report

The directors present their report and financial statements for the period ended 31 March 2008.

### Date of Incorporation

The company was incorporated on 29 January 2007.

### Results and dividends

The company did not generate any income nor incur any expenditure other than that relating to development work in progress. Consequently, no profit and loss account for the period has been prepared.

### Principal activity and review of the business and future developments

The company's principal activity during the period was that of residential property development.

The directors intend to continue with the company's existing activities.

### Events since the balance sheet date

In November 2008 the development property was severely damaged by fire. Negotiations with the company's insurers are continuing and the directors consider that a satisfactory outcome will be attained. The insurers have accepted liability.

### Directors

The directors at 31 March 2008 were as follows:

D Porter  
J M Law  
M A Clapham

### Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.


### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

  
D A Cumine  
Secretary

29 January 2009

## **Statement of directors' responsibilities in respect of the financial statements**

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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

**to the members of Lilybank Terrace Limited**

We have audited the financial statements of Lilybank Terrace Limited for the period ended 31 March 2008 which comprise the Balance Sheet and the related notes 1 to 11. 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 the preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK 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 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 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.

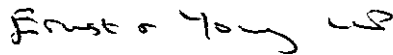
**Independent auditors' report**

to the members of Lilybank Terrace Limited

**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 March 2008 and of its result for the period 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.



Ernst & Young LLP

Registered Auditor

Glasgow

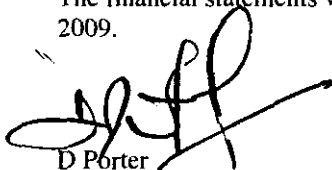
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## Balance sheet

at 31 March 2008

	Notes	2008 £
<b>Current assets</b>		
Stocks	3	4,659,687
Debtors	4	19,093
Cash at bank and in hand		337
		<hr/>
		4,679,117
<b>Creditors:</b> amounts falling due within one year	5	4,679,017
		<hr/>
<b>Net current assets</b>		100
		<hr/> <hr/>
<b>Capital and reserves</b>		
Called up share capital	6	100
		<hr/>
<b>Shareholders' funds</b>	7	100
		<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 29 January 2009.

  
D Porter  
Director

29 January 2009

## Notes to the financial statements

at 31 March 2008

### 1. Accounting policies

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

#### *Turnover*

Turnover represents the value of property development sales, for properties where legal contracts have been completed during the period.

No turnover is included in the financial statements in connection with property sales unless a legally binding contract for sale of the development has been entered into and completion has taken place before or shortly after the period end.

#### *Capitalisation of interest*

Interest incurred on borrowings to finance property development is capitalised. Interest is capitalised before any allowances for tax relief.

#### *Stocks*

Development work-in-progress is stated at cost less provision for any known or anticipated losses. Cost includes direct costs, and, where appropriate, attributable overheads.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### 2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.



## Notes to the financial statements

at 31 March 2008

### 3. Stocks

	2008 £
Development work-in-progress	4,659,687

Development work-in-progress includes gross interest amounting to £232,731.

### 4. Debtors

	2008 £
Other debtors	19,093

All amounts shown under debtors fall due for payment within one year.

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

	2008 £
Bank loans	3,187,605
Trade creditors	47,689
Amounts owed to related undertakings	1,427,494
Accruals and deferred income	16,229
	<u>4,679,017</u>

The bank loan is secured by a first ranking standard security over the property and development site and by a bond and floating charge over the company's assets.

Amounts owed to Credential Holdings Limited of £1,352,676 included in amounts due to related undertakings, are secured by a second ranking standard security and floating charge over the property and development site.

## Notes to the financial statements

at 31 March 2008

### 6. Share capital

	<i>Authorised 2008 £</i>	<i>Allotted, called up and fully paid 2008 £</i>
Equity share capital		
'A' Ordinary shares of £1 each	500	51
'B' Ordinary shares of £1 each	500	49
	<u>1,000</u>	<u>100</u>

Upon incorporation, 100 ordinary shares of £1 each were issued at par value.

### 7. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
Profit for the period	-	-	-
Issue of shares	100	-	100
At 31 March 2008	<u>100</u>	<u>-</u>	<u>100</u>

### 8. Related party disclosures

At 31 March 2008, the company had the undernoted balances outstanding with related parties:

	<i>2008 £</i>
Amounts due to Credential Holdings Limited	1,352,676
Amounts due to Credential Residential Finance Limited	70,216
Amounts due to Lilybank Church Limited	4,602

Credential Residential Finance Limited is a subsidiary undertaking of Credential Holdings Limited.

During the period, Credential Holdings Limited provided a loan to the company to assist in financing the property development and this loan is secured by a second ranking standard security over the property and development site.

## Notes to the financial statements

at 31 March 2008

### 9. Ultimate parent company

On 26<sup>th</sup> July 2007, following a group restructuring, Credential Holdings Limited became a wholly owned subsidiary of Squeeze Newco 3 Limited.

The directors regard Squeeze Newco 3 Limited, a company registered in Scotland as the company's ultimate parent company.

Squeeze Newco 3 Limited which is controlled by R B Clapham by virtue of his controlling interest in the share capital of that company, is the parent undertaking of the largest group of which the company is a member, and for which group accounts are drawn up.

Credential Residential Finance Limited is the parent undertaking of the smallest group of which the company is a member and for which group accounts are drawn up.

Copies of the accounts of Squeeze Newco 3 Limited and of Credential Residential Finance Limited may be obtained from the Register of Companies.

### 10. Period of accounts

The financial statements have been prepared for the period from date of incorporation (29<sup>th</sup> January 2007) to 31 March 2008.

### 11. Post balance sheet event

In November 2008 the development property was severely damaged by fire. Negotiations with the company's insurers are continuing and the directors consider that a satisfactory outcome will be attained. The insurers have accepted liability.