

REGISTERED NUMBER: SC315541 (Scotland)

**Report of the Directors and
Financial Statements for the Year Ended 31 March 2011
for
Lilybank Terrace Limited**

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Lilybank Terrace Limited
Contents of the Financial Statements
for the Year Ended 31 March 2011

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

Lilybank Terrace Limited
Company Information
for the Year Ended 31 March 2011

DIRECTORS:

D Porter
J Law

SECRETARY:

DA Cumine

REGISTERED OFFICE:

Venlaw Building
349 Bath Street
Glasgow
G2 4AA

REGISTERED NUMBER:

SC315541 (Scotland)

AUDITORS:

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Lilybank Terrace Limited
Report of the Directors
for the Year Ended 31 March 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

On 8 February 2011, the immediate parent company acquired the 49 "B" ordinary shares in issue and the company became a wholly owned subsidiary undertaking.

During the year the company sold 2 apartments in its town house development. The remaining part of the property which had previously been damaged by fire is now under development following the granting of planning permission. It is anticipated that the entire residential development will be completed during the year 2013.

DIVIDENDS

The company made a profit of £nil for the year. The directors recommend no dividend for the year.

EVENTS SINCE THE END OF THE YEAR

On 27 May 2011, the company's and group's bank facilities were restructured with loan terms extended to September 2014. As part of the group's bank facilities restructure the company became a guarantor to the group's bank borrowings. As security for these obligations the bank continues to hold a first ranking standard security over the property and development site and a floating charge over the assets.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

D Porter
J Law

Other changes in directors holding office are as follows:

MA Clapham - resigned 8 February 2011

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Lilybank Terrace Limited

**Report of the Directors
for the Year Ended 31 March 2011**

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.

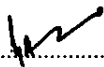
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue to act as auditors to the company.

BY ORDER OF THE BOARD:


.....
DA Cumine - Secretary

Date: 26 July 2011

**Independent Auditor's Report to the Members of
Lilybank Terrace Limited**

We have audited the financial statements of Lilybank Terrace Limited on pages five to ten. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 March 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.

Baker Tilly UK Audit LLP

Patrick Norris (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: *28th July* 2011

Lilybank Terrace Limited
Profit and Loss Account
for the Year Ended 31 March 2011

	Notes	2011 £	2010 £
TURNOVER	2	723,500	-
Cost of sales		<u>723,500</u>	<u>-</u>
GROSS PROFIT		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	-
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>

CONTINUING OPERATIONS

All amounts relate to continuing activities.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses for the current year or previous year.

The notes form part of these financial statements

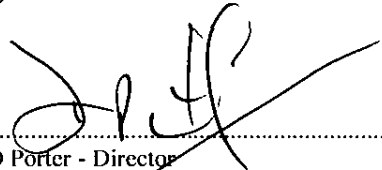
Lilybank Terrace Limited

Balance Sheet
31 March 2011

Registered no: 50315541

	Notes	2011 £	2010 £
CURRENT ASSETS			
Stocks	6	4,792,096	5,392,863
Debtors	7	22,454	2,579,540
Cash at bank		<u>3,094,299</u>	<u>2,605</u>
		7,908,849	7,975,008
CREDITORS			
Amounts falling due within one year	8	<u>(7,908,749)</u>	<u>(7,974,908)</u>
NET CURRENT ASSETS			
		<u>100</u>	<u>100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	10	<u>100</u>	<u>100</u>
SHAREHOLDERS' FUNDS			
	15	<u>100</u>	<u>100</u>

The financial statements were approved by the Board of Directors on 26 July 2011 and were signed on its behalf by:


.....
D Porter - Director
26 July 2011

The notes form part of these financial statements

Lilybank Terrace Limited

**Notes to the Financial Statements
for the Year Ended 31 March 2011**

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 2006.

Turnover

Turnover represents the value of property development sales receivable during the year.

Turnover from the sale of trading properties arises where legal contracts have been completed during the period. No turnover is included in the financial statements in connection with trading property sales unless a legally binding contract for sale has been entered into and completion has taken place before or shortly after the period end.

Stock of properties

Trading and development properties are stated at the lower of cost and net realisable value. Cost includes all fees related to the purchase of the property, development expenditure and, where appropriate, capitalised interest. Net realisable value is based on estimated sales price less costs estimated to be incurred up to the date of disposal.

For trading properties in the course of development, interest is capitalised in stocks up until the date of practical completion. From that date, interest is charged to the profit and loss account.

Capitalisation of interest

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

Deferred tax

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.

3. STAFF COSTS

There were no staff costs for the year ended 31 March 2011 nor for the year ended 31 March 2010.

Lilybank Terrace Limited
Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

4. OPERATING PROFIT

The operating profit is stated after charging:

	2011 £	2010 £
Directors' remuneration	<u>-</u>	<u>-</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2011 nor for the year ended 31 March 2010.

6. STOCKS

	2011 £	2010 £
Property under development	<u>4,792,096</u>	<u>5,392,863</u>

Property under development includes gross interest amounting to £555,945 (2010 - £506,486).

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Other debtors	<u>22,454</u>	<u>2,579,540</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank loans and overdrafts (see note 9)	3,400,000	3,400,000
Trade creditors	70,425	45,218
Amounts owed to group undertakings	2,526,520	1,978,560
Taxation and social security	-	180
Other creditors	1,000	-
Accruals and deferred income	<u>1,910,804</u>	<u>2,550,950</u>
	<u>7,908,749</u>	<u>7,974,908</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 Investment Holdings Limited of £1,945,007 (2010 - £1,400,688) included in amounts owed to group undertakings, are secured by a second ranking standard security and floating charge over the company's assets.

Lilybank Terrace Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

9. LOANS

An analysis of the maturity of loans is given below:

	2011 £	2010 £
Amounts falling due within one year or on demand:		
Bank loans	<u>3,400,000</u>	<u>3,400,000</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2011 £	2010 £
51	"A" Ordinary Shares	£1	51	51
49	"B" Ordinary Shares	£1	<u>49</u>	<u>49</u>
			<u>100</u>	<u>100</u>

11. RESERVES

	Profit and loss account £
Profit for the year	-
At 31 March 2011	<u>-</u>

12. ULTIMATE PARENT COMPANY

The directors regard Credential Investment Holdings Limited, a company registered in Scotland as the company's ultimate parent company. Credential Investment Holdings 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 Credential Investment Holdings Limited and of Credential Residential Finance Limited may be obtained from the Register of Companies.

Lilybank Terrace Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

13. RELATED PARTY DISCLOSURES

At 31 March 2011, the company had the undernoted balances outstanding with related parties:

	2011 £	2010 £
Amounts due to Credential Investment Holdings Limited	<u>1,945,007</u>	<u>1,400,688</u>

Lilybank Terrace Limited is a 100% owned subsidiary of Credential Residential Finance Limited. Credential Residential Finance Limited is a subsidiary undertaking of Credential Investment Holdings Limited.

Pursuant to the exemptions granted by Financial Reporting Standard 8 'Related Party Disclosures' transactions with other undertakings within, and related parties of, Credential Residential Finance Limited have not been disclosed in these financial statements.

14. POST BALANCE SHEET EVENTS

On 27 May 2011, the company's and group's bank facilities were restructured with loan terms extended to September 2014. As part of the group's bank facilities restructure the company became a guarantor to the group's bank borrowings. As security for these obligations the bank continues to hold a first ranking standard security over the property and development site and a floating charge over the assets.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	-	-
Opening shareholders' funds	<u>100</u>	<u>100</u>
Closing shareholders' funds	<u>100</u>	<u>100</u>