

# Abbreviated Accounts Glamis Investments Limited

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For the year ended 31 July 2011



Registered number: SC034509

Abbreviated Accounts



# Independent Auditor's Report to Glamis Investments Limited

## Under section 449 of the Companies Act 2006

We have examined the abbreviated accounts, which comprise the Balance sheet and the related notes, together with the financial statements of Glamis Investments Limited for the year ended 31 July 2011 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

### **Opinion on financial statements**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts which comprise the Balance sheet and the related notes have been properly prepared in accordance with the regulations made under that section.

### **Other information**

On 1 September 2014 we reported as auditor to the company on the financial statements prepared under section 396 of the Companies Act 2006 and included the following statement:

The company incurred a net loss of £150,574 during the year ended 31 July 2011 and, as explained in 'Accounting policies: Basis of accounting', the company has a debt facility with its lenders that is due to expire in September 2014. The company is in advanced discussions to refinance this facility, and the lenders have indicated their approval to extend it to 2017 on the receipt of signed financial statements for the company. However, this refinancing has not yet been formally approved.

These conditions, explained in 'Accounting policies: Basis of accounting', indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



# Independent Auditor's Report to Glamis Investments Limited

Under section 449 of the Companies Act 2006

*Grant Thornton UK LLP*

Lorraine Macphail (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Glasgow

1 September 2014

## Abbreviated Balance Sheet

As at 31 July 2011

|                                                                | Note | £                | 2011<br>£         | £                | 2010<br>£         |
|----------------------------------------------------------------|------|------------------|-------------------|------------------|-------------------|
| <b>Fixed assets</b>                                            |      |                  |                   |                  |                   |
| Tangible assets                                                | 2    |                  | 11,131,758        |                  | 11,747,474        |
| Investments                                                    | 3    |                  | 1,589,908         |                  | 1,697,575         |
|                                                                |      |                  | <u>12,721,666</u> |                  | <u>13,445,049</u> |
| <b>Current assets</b>                                          |      |                  |                   |                  |                   |
| Debtors                                                        | 4    | 936,372          |                   | 842,893          |                   |
| Cash at bank and in hand                                       |      | 678,628          |                   | 1,018,827        |                   |
|                                                                |      | <u>1,615,000</u> |                   | <u>1,861,720</u> |                   |
| <b>Creditors: amounts falling due within one year</b>          | 5    | (1,849,412)      |                   | (1,873,930)      |                   |
| <b>Net current liabilities</b>                                 |      |                  | <u>(234,412)</u>  |                  | <u>(12,210)</u>   |
| <b>Total assets less current liabilities</b>                   |      |                  | <u>12,487,254</u> |                  | <u>13,432,839</u> |
| <b>Creditors: amounts falling due after more than one year</b> |      |                  | (6,323,217)       |                  | (7,034,228)       |
| <b>Provisions for liabilities</b>                              |      |                  |                   |                  |                   |
| Provisions for financial guarantees and repairs                |      |                  | (344,763)         |                  | (366,763)         |
|                                                                |      |                  | <u>5,819,274</u>  |                  | <u>6,031,848</u>  |
| <b>Capital and reserves</b>                                    |      |                  |                   |                  |                   |
| Called up share capital                                        | 7    |                  | 30,426            |                  | 30,426            |
| Share premium account                                          |      |                  | 63,000            |                  | 63,000            |
| Revaluation reserve                                            |      |                  | 2,490,193         |                  | 2,626,392         |
| Capital redemption reserve                                     |      |                  | 37,824            |                  | 37,824            |
| Merger reserve                                                 |      |                  | 432,500           |                  | 432,500           |
| Profit and loss account                                        |      |                  | 2,765,331         |                  | 2,841,706         |
| <b>Shareholders' funds</b>                                     |      |                  | <u>5,819,274</u>  |                  | <u>6,031,848</u>  |

## Abbreviated Balance Sheet (continued)

As at 31 July 2011

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 1 September 2014.



**Mr I M Christie (CA)**

Director

The notes on pages 5 to 10 form part of these financial statements.

# Notes to the Abbreviated Accounts

For the year ended 31 July 2011

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on a going concern basis which presumed the realisation of assets and liabilities in the normal course of business. Although no detailed cash flow forecasts have been produced, the directors consider that the company has sufficient cash and other liquid resources to be able to meet its ongoing obligations.

At the time of approving the financial statements, the company had a number of bank facilities in place, one of which is due to expire in September 2014. The directors have agreed in principle with the lender, the refinancing of this loan facility until 2017 at the existing level subject to the receipt of signed financial statements. As a result, the directors are satisfied that the going concern assumption is appropriate. However, as this refinancing has not been formally approved at the time of approving these financial statements, this matter represents a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

### 1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

### 1.3 Turnover

The turnover shown in the profit and loss account represents rent and associated charges receivable by the company and interest premiums receivable from loans granted for development opportunities. Rent is recognised on a straight line over the lease term. Turnover also includes income relating to lease cancellation charges received from tenants exiting the lease. This relates wholly to scenarios whereby there is no ongoing relationship with the previous lessee.

Turnover also includes finance income earned on loan assets where loans are advanced to property developments. Interest recognised is that earned in the year using an effective annual interest rate applied to the outstanding balance of the loan.

### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                |                        |
|----------------|------------------------|
| Motor vehicles | - 25% reducing balance |
| Equipment      | - 25% reducing balance |

### 1.5 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

## **Notes to the Abbreviated Accounts**

**For the year ended 31 July 2011**

### **1. Accounting Policies (continued)**

#### **1.6 Pension costs**

The pension costs charged against profits represent the amount of the contributions payable to the group personal pension plans in respect of the accounting period.

#### **1.7 Provisions for liabilities and charges**

Provisions for the expected costs of obligations under guarantees are charged against profits when recognised. Provision is recognised in respect of guarantees entered into when a loss becomes probably based on conditions at the balance sheet date. The effect of the time value of money is not material and therefore the provisions are not discounted.

#### **1.8 Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# Notes to the Abbreviated Accounts

For the year ended 31 July 2011

## **1. Accounting Policies (continued)**

### **1.9 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the equity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

The company has various financial assets in respect of loan advances to property development entities. These loans are accounted for under the effective interest method where the effective interest includes the rate (at time of inception) which exactly discounts the expected future cash inflows from the loan. The future cash inflows include periodic interest as well as finance income premiums which are paid at later dates according to certain milestones. The effective interest rate therefore reflects all relevant finance income on an accruals basis. When there are re-estimations of the future expected cash flows, the loan balance is restated to reflect the future expected outflows discounted by the original effective rate. Where there is a reduction in the future expected outflows as a result of an impairment event, then this gives rise to an impairment charge.

### **1.10 Consolidation**

In the opinion of the directors, the company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemption provided by Section 402 of the Companies Act 2006 not to prepare group accounts.

### **1.11 Impairment of financial instruments**

The company recognises impairment on financial assets on the grounds amounts are deemed irrecoverable. The impairment is calculated by comparing the carrying amount (prior to impairment) with the discounted cash flows of expected future inflows (discounted by the original effective rate).

# Notes to the Abbreviated Accounts

For the year ended 31 July 2011

## 2. Tangible fixed assets

|                               | £                 |
|-------------------------------|-------------------|
| <b>Cost or valuation</b>      |                   |
| At 1 August 2010              | 11,778,608        |
| Additions                     | 7,384             |
| Disposals                     | (568,250)         |
| Revaluation surplus/(deficit) | (50,000)          |
| At 31 July 2011               | <u>11,167,742</u> |
| <b>Depreciation</b>           |                   |
| At 1 August 2010              | 31,134            |
| Charge for the year           | 4,850             |
| At 31 July 2011               | <u>35,984</u>     |
| <b>Net book value</b>         |                   |
| At 31 July 2011               | <u>11,131,758</u> |
| At 31 July 2010               | <u>11,747,474</u> |

## 3. Fixed asset investments

|                          | £                |
|--------------------------|------------------|
| <b>Cost or valuation</b> |                  |
| At 1 August 2010         | 1,697,575        |
| Additions                | 28,369           |
| At 31 July 2011          | <u>1,725,944</u> |
| <b>Impairment</b>        |                  |
| At 1 August 2010         | -                |
| Charge for the year      | 136,036          |
| At 31 July 2011          | <u>136,036</u>   |
| <b>Net book value</b>    |                  |
| At 31 July 2011          | <u>1,589,908</u> |
| At 31 July 2010          | <u>1,697,575</u> |

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name                       | Class of shares | Holding |
|----------------------------|-----------------|---------|
| Dumbarnie & Co Limited     | Ordinary        | 100%    |
| Fractional Finance Limited | Ordinary        | 100%    |

# Notes to the Abbreviated Accounts

For the year ended 31 July 2011

## 3. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 July 2011 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name                       | Aggregate of<br>share capital and<br>reserves<br>£ | Profit/(loss)<br>£ |
|----------------------------|----------------------------------------------------|--------------------|
| Dumbarnie & Co Limited     | 1,807,313                                          | 79,441             |
| Fractional Finance Limited | 2                                                  | -                  |
|                            | <u>          </u>                                  | <u>          </u>  |

## Participating interests

The JV investment relates to a 50% stake in Delta House Investments LLP.

The company's aggregate share of the joint ventures' net assets at 31 May 2011 and 31 May 2010 was as follows:

|                              | £                 | 2011<br>£      | £                 | 2010<br>£      |
|------------------------------|-------------------|----------------|-------------------|----------------|
| <b>Share of assets</b>       |                   |                |                   |                |
| Fixed assets                 | 800,000           |                | 800,000           |                |
| Current assets               | 55,003            |                | 31,219            |                |
|                              | <u>          </u> | 855,003        | <u>          </u> | 831,219        |
| <b>Share of liabilities</b>  |                   |                |                   |                |
| Due within one year or less  | (618,912)         |                | (15,590)          |                |
| Due after more than one year | -                 |                | (600,000)         |                |
|                              | <u>          </u> | (618,912)      | <u>          </u> | (615,590)      |
| <b>Share of net assets</b>   |                   | <u>236,091</u> |                   | <u>215,629</u> |

## 4. Debtors

While the formal terms of the loan debtors, totalling £668,748 (2010 - £650,595) are such that they are due within one year, it is likely that a significant amount will take more than one year to recover.

## 5. Creditors:

### Amounts falling due within one year

All bank loans carry interest at 2.25% above the bank base rate and are secured on specific properties belonging to the company. The total amount secured is £1,397,591 (2010 - £1,269,709) relating to amounts due in less than one year, and £4,728,786 (2010 - £5,262,342) relating to amounts due in more than one year.

# Notes to the Abbreviated Accounts

For the year ended 31 July 2011

## 6. Creditors: capital instruments

Creditors include finance capital which is due for repayment as follows:

|                                                     | 2011<br>£        | 2010<br>£        |
|-----------------------------------------------------|------------------|------------------|
| Amounts repayable:                                  |                  |                  |
| In one year or less or on demand                    | 1,282,197        | 1,269,709        |
| In more than one year but not more than two years   | 290,056          | 277,220          |
| In more than two years but not more than five years | 919,540          | 878,850          |
| In more than five years                             | 3,519,191        | 3,906,272        |
|                                                     | <u>6,010,984</u> | <u>6,332,051</u> |

## 7. Share capital

|                                                | 2011<br>£     | 2010<br>£     |
|------------------------------------------------|---------------|---------------|
| Authorised, allotted, called up and fully paid |               |               |
| 30,426 Ordinary Shares shares of £1 each       | <u>30,426</u> | <u>30,426</u> |