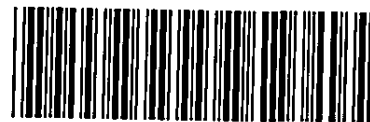


Bancon Developments Limited
Annual report
for the year ended 30 November 2011

Registered Number: SC58713

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Bancon Developments Limited
Annual report
for the year ended 30 November 2011

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Bancon Developments Limited

Directors' report for the year ended 30 November 2011

The directors present their report and the audited financial statements for the year ended 30 November 2011.

Business review and principal activities

The principal activities of the company during the financial year were building, contracting, dealing, developing and managing of property.

The results for the company show a profit on ordinary activities before taxation of £40,146 (2010: £20,559) for the year and sales of £1,695,614 (2010: £1,359,423). The directors do not recommend the payment of a dividend (2010: £nil). The company's profit for the financial year is £38,897 (2010: £16,521). The profit will be transferred to reserves.

Future outlook

The directors believe that the current low level of confidence in the economy will continue to adversely affect the Scottish construction and property sectors in 2012. Although the directors are convinced that the local economy in Aberdeen will perform better than the rest of Scotland next year, it will still be a challenging year for the company. New developments will see activity levels increase in the company in 2012.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

Key business risks and uncertainties affecting the company are considered to relate to the planning process, housing market confidence and the availability of funds to house purchasers. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on page 1 of the groups annual report which does not form part of this report. The details of the group are included in note 21 of these financial statements.

Financial risk management

The company's main activities expose it mainly to liquidity risk and credit risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future operations, the Company has access to short term loan facilities which are agreed on a group wide basis. These loan facilities would typically be linked to the bank base rate which will present no significant interest rate risk to the business

Credit risk

The Company operates procedures that ensure appropriate credit checks on potential customers are carried out before contracts are concluded. During the course of the projects, credit control procedures are in place to minimise any credit risk to the business.

Key performance indicators

The directors of Bancon Developments Limited and Bancon Developments Holdings Limited manage operations on a group basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Bancon Developments Limited. The development, performance and position of the group is discussed on page 2 of the group's annual report which does not form part of this report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J C A Burnett of Leys (Chairman)

R A Beattie

W Beattie

H McNab

Bancon Developments Limited

Directors' report for the year ended 30 November 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' 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 prepared 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;
- 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 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.

Statement of disclosure of information to the auditors

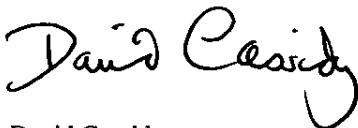
The directors in office at the date of approval of this report confirm that:

- a) So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".
- b) Each director has taken all the steps they ought to have taken in their duty as a director in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board,



David Cassidy
Company Secretary

Bancon Developments Limited

Independent auditors' report to the members of Bancon Developments Limited

We have audited the financial statements of Bancon Developments Limited for the year ended 30 November 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' 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 30 November 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.

Bancon Developments Limited

Independent auditors' report to the members of Bancon Developments Limited (continued)

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.

Julie Watson

Julie Watson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

30 May 2012

Bancon Developments Limited

Profit and loss account for the year ended 30 November 2011

	Note	2011 £	2010 £
Turnover	2	1,695,614	1,359,423
Net operating expenses	3	(1,613,377)	(1,337,850)
Operating profit	4	82,237	21,573
Interest receivable and similar income	7	87,198	37,389
Interest payable and similar charges	8	(129,289)	(38,403)
Profit on ordinary activities before taxation		40,146	20,559
Tax on profit on ordinary activities	9	(1,249)	(4,038)
Profit for the financial year	18	38,897	16,521

All items dealt with in arriving at the operating profit for 2011 and 2010 relate to the continuing operations.

The company has no recognised gains and losses other than the profit stated above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the years stated above, and their historical cost equivalents.

Bancon Developments Limited

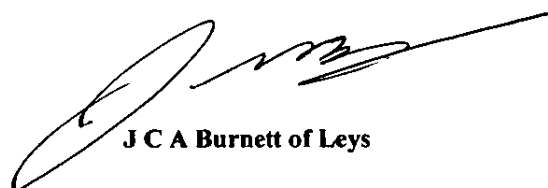
Balance sheet as at 30 November 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	10	14,993	19,619
Investments	11	446	446
		15,439	20,065
Current assets			
Stock	12	5,593,392	5,650,419
Debtors : due within one year	13	10,584,446	9,285,340
Debtors : falling due after more than one year	13	2,174,000	1,999,000
Cash at bank and in hand		197	194
		18,352,035	16,934,953
Creditors: amounts falling due within one year	14	(9,942,640)	(8,569,081)
Net current assets		8,409,395	8,365,872
Net assets		8,424,834	8,385,937
Capital and reserves			
Called up share capital	17	665	665
Profit and loss account	18	8,424,169	8,385,272
Total shareholders' funds	19	8,424,834	8,385,937

The financial statements on pages 5 to 17 were approved by the Board of directors on 30 May 2012 and were signed on their behalf by:



W Beattie



J C A Burnett of Leys

Bancon Developments Ltd

Registered Number SC58713

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011

1 Principal accounting policies

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Tangible fixed assets

Plant and machinery are stated in the balance sheet at historic purchase cost less accumulated depreciation.

Depreciation

Depreciation is charged annually on a straight line basis over the following periods:-

Plant & Machinery	7 years
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Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost or net realisable value.

Long-term contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

Fixed asset investments

Investments in subsidiary undertakings are included in the balance sheet of the company at cost. Provisions are made where necessary to reflect any permanent diminution in value.

Group financial statements

The financial statements contain information about Bancon Developments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Bancon Developments Holdings Limited, a company registered in Scotland.

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

1 Principal accounting policies (continued)

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 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 sheet 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.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis.

Cash flow statement

The company is a wholly owned subsidiary of Bancon Developments Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of Bancon Developments Holdings Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) "Cash flow statements" from publishing a cash flow statement.

Pension costs

The company contributes to a defined contribution money purchase pension scheme on behalf of its employees. Pension costs in respect of this scheme are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services.

The company also contributes to various money purchase schemes on behalf of the directors. Pension costs in respect of these schemes are accounted for when payable.

2 Turnover

The directors believe that the company has one class of business, which is developing commercial and private residential property. Turnover consists of revenue originated and delivered in the United Kingdom

3 Net operating expenses

Net operating expenses are comprised as follows:	2011 £	2010 £
Decrease/(Increase) in stocks and work in progress	57,027	(2,613,367)
Raw materials and consumables	541,046	2,711,299
Staff costs (note 5)	722,287	1,004,910
Other operating charges	293,017	235,008
Net operating expenses	1,613,377	1,337,850

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

4 Operating profit

Operating profit is stated after charging/(crediting):	2011 £	2010 £
Depreciation of owned tangible fixed assets	8,416	9,373
Auditors' remuneration		
Audit services	17,160	16,500
Non-audit services – tax compliance		-
Operating lease payment of vehicles	30,818	30,118

5 Directors' emoluments

Directors	2011 £	2010 £
Aggregate emoluments	327,441	525,519
Company pension contributions to money purchase schemes	41,067	40,930
	368,508	566,449

Retirement benefits are accruing to four directors (2010: four) under money purchase schemes.

Highest paid director	2011 £	2010 £
Aggregate emoluments and benefits	106,626	196,475
Company pension contributions to money purchase schemes	29,754	26,324
	136,380	222,799

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

6 Employee information

The average monthly number of persons employed by the company including executive directors during the financial year was:

	2011 Number	2010 Number
Total	11	11

Employment costs – all employees including executive directors:

	2011 £	2010 £
Wages and salaries	588,401	840,983
Social security costs	75,315	107,646
Other pension costs	58,571	56,281
	722,287	1,004,910

7 Interest receivable and similar income

	2011 £	2010 £
Interest receivable on:		
Intercompany loan	1,382	-
Other	85,816	37,389
	87,198	37,389

8 Interest payable and similar charges

	2011 £	2010 £
Interest paid on:		
Intercompany loan Account	35,382	28,617
Bank Account	93,907	9,786
	129,289	38,403

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

9 Taxation on profit on ordinary activities

	2011 £	2010 £
Current tax:		
UK corporation tax on profits of the year	4,066	3,616
Adjustment in respect of previous years	(1,602)	(3,898)
Total current tax	2,464	(282)
Deferred tax:		
Origination or reversal of timing differences	(268)	4,320
Adjustment in respect of previous year	(1,260)	-
Change in tax rate	313	-
Total deferred tax (note 14)	(1,215)	4,320
Total tax on profit on ordinary activities	1,249	4,038

The tax assessed for the financial year is lower (2010 : lower) than the rate of corporation tax in the UK. The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	40,146	20,559
Profit on ordinary activities multiplied by the standard rate in UK:20.33% (2010 : 21%)	8,162	4,317
Effects of:		
Capital allowances less than depreciation and other timing differences	392	(4,320)
Movement in short term timing differences	(124)	-
Expenses not deductible for tax purposes	1,474	3,619
Group relief received for nil consideration	(5,838)	-
Adjustments to tax charge in respect of previous period	(1,602)	(3,898)
Total current tax charge for the financial year	2,464	(282)

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

9 Tax on profit on ordinary activities (continued)

The small Corporation Tax rate in the UK changed from 21% to 20% with effect from 1 April 2011. Accordingly, the company's profits for 2011 are taxed at 20.33%.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. The changes propose to reduce the main rate of corporation tax rate from 26% to 24% from 1 April 2012 which is in addition to the decrease to 25% enacted in Finance Act 2011. The reduction of the main corporation tax rate to 24% was substantively enacted on 26 March 2012. The budget also proposes to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

10 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 December 2010	155,582
Additions	3,790
At 30 November 2011	159,372
Accumulated depreciation	
At 1 December 2010	135,963
Charge for the financial year	8,416
At 30 November 2011	144,379
Net book amount	
At 30 November 2011	14,993
At 30 November 2010	19,619

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

11 Fixed asset investments

	Interests in subsidiary and joint venture undertakings	
	£	£
Cost and net book value at 1 December 2010 and 30 November 2011	446	446

Interests in subsidiary undertakings

Shares in subsidiary undertakings comprise the cost of investments in subsidiary undertakings. Details of subsidiary undertakings are as follows:

Name of company and country of registration and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Bancon Construction Limited Scotland	190 Ordinary 50p shares	95%	Building and contracting
Bancon Homes Limited Scotland	100 Ordinary £1 shares	100%	House builders
Bancon Homes (Deeside) Limited Scotland	100 Ordinary £1 shares	100%	House builders
Bancon Homes (Donside) Limited Scotland	100 Ordinary £1 shares	100%	House builders
Screedflo (Aberdeen) Limited	1 Ordinary £1 Share	100%	Installers of concrete screed flooring

Interests in joint ventures

Shares in joint venture undertakings comprise the cost of investments in joint ventures undertakings. Details of joint venture undertakings are as follows:

Name of company and country of registration and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity	Accounting period of joint venture
Tornadee Limited	50 Ordinary £1 shares	50%	Land and property development	31st March

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12 Stock

	2011	2010
	£	£
Work in progress	5,593,392	5,650,419

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

13 Debtors

	2011	2010
	£	£
Amounts falling due within one year:		
Trade debtors	59,531	37,302
Amounts due from group undertakings	10,314,328	9,077,504
Other debtors	21,606	130,804
Prepayments and accrued income	183,960	35,924
Deferred tax asset (note 14)	5,021	3,806
	10,584,446	9,285,340
Amounts falling due after more than one year		
Amounts due from joint venture undertakings	2,174,000	1,999,000
	12,758,446	11,284,340

Amounts owed by group companies have no fixed repayment terms and do not bear interest with the exception of Screedflo (Aberdeen) Ltd which bears interest at bank base rate.

Amounts owed by joint ventures have no fixed repayment terms and do not bear interest.

14 Creditors: amounts falling due within one year

	2011	2010
	£	£
Bank overdraft	1,556,607	1,486,587
Trade creditors	41,271	46,490
Amounts owed to group undertakings	7,908,073	6,511,481
Corporation tax	2,464	3,616
Accruals and deferred income	269,318	512,216
Other creditors	164,907	8,691
	9,942,640	8,569,081

Amounts owed to group undertakings includes a loan of £7,660,000(2010: £6,500,000) from Bancon Construction Limited and bears interest at base rate. All other balances have no specific repayment terms and do not bear interest.

The overdraft is secured by floating charges over the assets of the company and cross guaranteed against the assets of all group companies.

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

15 Deferred tax

Deferred taxation recognised/unprovided in the financial statements are as follows:

	Amount recognised		Amount unprovided	
	2011 £	2010 £	2011 £	2010 £
Tax effect of timing differences because of:				
Accelerated capital allowances	(2,738)	(1,761)	-	-
STTD's	(2,283)	(2,045)	-	-
	(5,021)	(3,806)	-	-
Analysis of movements in deferred tax asset:				
			2011 £	2010 £
Deferred tax:				
Opening balance			(3,806)	(8,126)
Profit and loss account			(1,215)	4,320
Closing balance			(5,021)	(3,806)

16 Pension and similar obligations

The group operates a defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge against profits is the amount of contributions payable to the scheme and amounted to £58,571(2010: £56,281).

The group also contributes to various money pension schemes on behalf of the directors of the various group companies. The assets of these schemes are held separately from those of the group in independently administered funds.

Contributions amounting to £9,103 (2010: £9,739) were payable at the financial year end.

17 Called up share capital

	2011 £	2010 £
Authorised		
1,000 "A" ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
665 "A" ordinary shares of £1 each	665	665

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

18 Profit and loss account

	Profit and loss account	
	2011 £	2010 £
At 1 December 2010	8,385,272	8,368,751
Profit for the financial year	38,897	16,521
At 30 November 2011	8,424,169	8,385,272

19 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	8,385,937	8,369,416
Retained profit for the financial year	38,897	16,521
Closing shareholders' funds	8,424,834	8,385,937

20 Commitments

The company has minimum annual commitments under non-cancellable operating leases which expire as follows:

	2011 £	2010 £
Plant and equipment		
In under one year	-	5,975
Within two and five years inclusive	24,768	4,918
	24,768	10,893

Bancon Developments Limited

Notes to the financial statements for the year ended 30 November 2011 (continued)

21 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 "Related party disclosures" not to disclose related party transactions between the subsidiaries of the Bancon Developments Holdings Limited group.

22 Immediate and ultimate controlling parties

The company's immediate and ultimate holding company is Bancon Developments Holdings Limited, which is registered in Scotland.

The directors regard JCA Burnett of Leys and his family as the ultimate controlling party by virtue of their individual shareholdings.

Bancon Developments Holdings Limited is the smallest and largest undertaking for which consolidated financial statements, which include the financial statements of Bancon Developments Limited, are prepared. Copies of the Bancon Developments Holdings Limited financial statements can be obtained from the company secretary, Banchory Business Centre, Burn O'Bennie Road, Banchory, Aberdeenshire, AB31 5ZU, Scotland.

23 Post balance sheet events

With the exception of the tax rate changes discussed in Note 9, there were no other material post balance sheet events which have a bearing on the understanding of the financial statements.