

Lochay Investments Limited
Financial Statements
For the year ended 30th September 2007

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Lochay Investments Limited

Financial Statements

Year ended 30 September 2007

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Lochay Investments Limited

Officers and Professional Advisors

Director	W G R Thomson
Company secretary	A E Taylor
Registered office	12 Hope Street Edinburgh EH2 4DB
Auditors	Chiene + Tait Chartered Accountants and Registered Auditors 61 Dublin Street Edinburgh EH3 6NL
Principal bankers	Clydesdale Bank plc Queensferry Street Edinburgh EH2 4RD

Lochay Investments Limited

The Director's Report

The director has pleasure in presenting his report and the financial statements of the group for the year ended 30 September 2007

Principal activities

The principal activities of the group during the year were property development, property trading and related consultancy services

Donations

During the year the company made charitable donations of £20,372 (2006 £23,053)

Director

The director who served the company during the year was as follows

W G R Thomson

Business review

2007 has been another good year for the Group. Although turnover was down significantly due to reduced activity in an associated group, the level of profitability remained high for a company of this size with a pre tax profit of £1.17m representing a return on shareholders funds of over 21%. Just after the year end a disposal of a development in Aberdeen has been successfully concluded as well as a disposal of one of the two investment properties held by Lochay Properties Limited, this to free up working capital to allow expansion of the Group's trading and development activities.

Key financial performance indicators include monitoring of the management of profitability and working capital. Key non financial performance indicators include monitoring all health and safety issues in addition to the Group's environmental impact where it is particularly pleasing to note that all the Group's development activities have been carried out on brownfield sites.

Statement of the director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 the group and the profit or loss of the group for that period. In preparing these financial statements the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and 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.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director is aware

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

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

W G R Thomson
Director

Approved by the director on 27 FEBRUARY 2008

Independent Auditors' Report to the Shareholders of Lochay Investments Limited

We have audited the financial statements of Lochay Investments Limited for the year ended 30 September 2007 set out on pages 4 to 20. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies 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 judgments made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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.

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 and the group's affairs as at 30 September 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.



CHIENE + TAIT
Chartered Accountants and Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

→ March

2008

Lochay Investments Limited**Consolidated Profit and Loss Account****For the year ended 30 September 2007**

	Notes	2007 £	2006 £
Turnover (including share of associates)	2	5,552,145	9,745,590
Less Share of associates		4,895,023	8,486,049
Group turnover		657,122	1,259,541
Administrative expenses		656,513	706,433
Group operating profit	3	609	553,108
Share of operating profit of associates		1,803,754	1,742,155
Total operating profit		1,804,363	2,295,263
Loss on sale of investment property associates		(810)	
Interest receivable		54,323	85,551
Interest payable	5	(682,945)	(715,847)
Profit on ordinary activities before taxation		1,174,931	1,664,967
Tax on profit on ordinary activities	6	295,022	510,352
Profit for the financial year		<u>879,909</u>	<u>1,154,615</u>

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

All of the activities of the group are classed as continuing

The notes on pages 8 to 20 form part of these accounts

Lochay Investments Limited

Consolidated Statement of Total Recognised Gains and Losses

Year ended 30 September 2007

	2007	2006
	£	£
Profit for the financial year	879,909	1,154,615
Revaluation of investment properties		270,000
Taxation on realised gain on sale of investment property associates		
Total gains and losses recognised since the last annual report	<u>879,909</u>	<u>1,424,615</u>

The notes on pages 8 to 20 form part of these financial statements

Lochay Investments Limited

Consolidated Balance Sheet

As at 30 September 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	9		2,197,504		2,289,822
Investments	10		2,076,107		1,591,636
Other investments	10		636,718		475,212
			4,910,329		4,356,670
Current assets					
Stocks	11	2,147,126		1,234,776	
Debtors	12	849,768		3,282,225	
Investments	13	210,000		65,000	
Cash at bank		800,055			
		4,006,949		4,582,001	
Creditors. Amounts falling due within one year	14	(2,111,091)		(2,716,665)	
Net current assets			1,895,858		1,865,336
Total assets less current liabilities			6,806,187		6,222,006
Creditors. Amounts falling due after more than one year	15		(484,396)		(677,002)
Provision for liabilities and charges	17				(3,122)
Net assets			6,321,791		5,541,882
Capital and reserves					
Called up share capital	19		10,000		10,000
Profit and loss account	20		5,363,435		4,518,259
Revaluation reserve	20		948,356		1,013,623
Shareholders' funds equity interests	21		6,321,791		5,541,882

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved and signed by the director on 22 FEBRUARY 2008



W G R Thomson

The notes on pages 8 to 20 form part of these financial statements

Lochay Investments Limited**Company Balance Sheet****As at 30 September 2007**

	Notes	£	2007 £	2006 £
Fixed assets				
Tangible assets	9		77,504	169,822
Investments	10		636,968	475,462
			714,472	645,284
Current assets				
Debtors	12	1,348,710	3,630,066	
Investments	13	210,000	65,000	
Cash at bank		800,055		
		2,358,765	3,695,066	
Creditors: Amounts falling due within one year	14	(725,539)	(2,205,721)	
Net current assets			1,633,226	1,489,345
Total assets less current liabilities			2,347,698	2,134,629
Provision for liabilities and charges	17			(3,122)
Net assets			<u>2,347,698</u>	<u>2,131,507</u>
Capital and reserves				
Called up share capital	19	10,000	10,000	10,000
Profit and loss account	20	2,337,698	2,337,698	2,121,507
Shareholders' funds equity interests			<u>2,347,698</u>	<u>2,131,507</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved and signed by the director on 22 FEBRUARY 2008



W G R Thomson

The notes on pages 8 to 20 form part of these financial statements

Lochay Investments Limited

Notes to the Financial Statements

For the year ended 30 September 2007

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings, together with its share of the results and post acquisition reserves of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

In the consolidated financial statements, shares in associated undertakings are accounted for using the equity method. This means that the consolidated profit and loss account includes the group's share of pre-tax profits and attributable taxation of the associated undertakings. In the consolidated balance sheet the investment in associated undertakings is shown as the group's share of net assets of the associated undertakings.

Lochay Investments Limited owns the entire share capital of Lukmore McIlroy (LP) Limited. The principal activity of this company is residential property development. The director intends to recognise future profits made by this company within Lukmore Properties Limited. In the year to 30 September 2007 no profit or loss was made and the net assets of Lukmore McIlroy (LP) Limited were £2. In order to show a true and fair view the accounts of Lukmore McIlroy (LP) Limited have been consolidated within Lukmore Properties Limited rather than Lochay Investments Limited.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the group is small.

Turnover

The turnover shown in the Consolidated Profit and Loss Account represents amounts receivable during the year, exclusive of Value Added Tax, where there is a right to consideration from property trading activities.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Tenant's improvements	over five years
Furniture and equipment	25% straight line
Paintings	15% straight line
Motor car	25% straight line

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for their use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

Lochay Investments Limited

Notes to the Financial Statements

For the year ended 30 September 2007

1. Accounting policies (continued)

Stocks

Properties held for resale are valued at the lower of cost and net realisable value

Deferred taxation

Deferred taxation is provided in respect of the tax effect of all timing differences in accordance with FRS 19

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

Post retirement benefits

The group contributes to a money purchase scheme on behalf of the director. The assets of the scheme are held separately from those of the group. The director of the company is one of the trustees of the scheme and the scheme is self administered. The amount charged against profits represents the contributions paid to the scheme in respect of the accounting period.

2. Turnover

All turnover arose in the United Kingdom

3. Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Auditors' remuneration	4,500	3,500
Depreciation	51,520	45,148
Operating lease rentals -- land and buildings		44,800

Lochay Investments Limited**Notes to the Financial Statements (Contd.)****For the year ended 30 September 2007****4. Director's emoluments**

The director's aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	<u>400,000</u>	<u>400,000</u>

The number of directors who are accruing benefits under company pension schemes was as follows

	2007	2006
	No.	No.
Money purchase schemes	<u>1</u>	<u>1</u>

5 Interest payable

	2007	2006
	£	£
Share of associates' interest	564,392	590,275
Bank loans and overdrafts	118,553	125,572
	<u>682,945</u>	<u>715,847</u>

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2007

6. Tax on profit on ordinary activities

	2007	2006
	£	£
(a) Analysis of charge in year		
Current tax		
UK corporation tax on profits of the year group	(30,816)	156,963
UK corporation tax on profits of the year associates	397,216	371,021
Adjustment in respect of previous periods group	(66,912)	(16,068)
associates	(83)	(317)
Total current tax	299,405	511,599
Deferred Tax		
Origination and reversal of timing differences group	(3,122)	(23,490)
associates	(1,261)	1,254
Adjustment in respect of previous periods group		20,982
associates		7
Total deferred tax	(4,383)	(1,247)
Tax on profit on ordinary activities	<u>295,022</u>	<u>510,352</u>

Lochay Investments Limited**Notes to the Financial Statements (Contd.)****For the year ended 30 September 2007****(b) Factors affecting tax charge for year**

The tax assessed for the year is lower (2006 higher) than the expected tax charge as explained below

	2007 £	2006 £
Profit on ordinary activities before tax	1,174,931	1,664,967
Profit on ordinary activities multiplied by standard rate of corporation tax 30% (2006 30%)	352,480	499,490
Expenses not deductible for tax purposes	18,753	18,807
Income not taxable	(3,536)	
Capital allowances in advance of depreciation	5,051	1,536
Marginal/small companies rate relief	(16,656)	(12,549)
Other timing differences		20,700
Difference in chargeable gain and accounting gain	10,308	
Adjustments in respect of previous periods	(66,995)	(16,385)
Current tax charge for year	299,405	511,599

(c) Factors affecting future tax charges

No provision has been made for £178,000 (2006 £204,750) of tax in respect of gains arising from the revaluation of fixed assets

A deferred tax asset of £2,989 (2006 £1,139) exists which has not been recognised in the financial statements

This asset is recoverable against future taxable trading profits of the group

7. Dividends

	2007 £	2006 £
Declared dividend of £10 (2006 £Nil) per ordinary share of £1 each	100,000	

8 Profit attributable to members of the company

The profit dealt with in the accounts of the company was £316,191 (2006 £217,008)

Lochay Investments Limited

Notes to the Financial Statements (Contd)

For the year ended 30 September 2007

9. Tangible fixed assets

Group	Investment Properties	Motor Vehicle	Tenant's Improve ments	Furniture & Equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 2006	2,120,000	50,731	121,752	94,446	2,386,929
Additions				344	344
Revaluation					
Disposals				(61,875)	(61,875)
At 30 September 2007	2,120,000	50,731	121,752	32,915	2,325,398
Depreciation					
At 1 October 2006		6,333	60,000	30,774	97,107
Charge for year		12,683	24,000	14,837	51,520
Disposals				(20,733)	(20,733)
At 30 September 2007		19,016	84,000	24,878	127,894
Net book value					
At 30 September 2007	2,120,000	31,715	37,752	8,037	2,197,504
At 30 September 2006	2,120,000	44,398	61,752	63,672	2,289,822

Revaluation of fixed assets

The investment properties were valued by King Sturge, property consultants, at 18 April 2006 in accordance with the RICS Appraisal and Valuation Manual. The director considers that there should be no change in the valuations at 30 September 2007. The historical cost of these properties is £1,171,644.

Company	Motor Vehicle	Tenant's Improvements	Furniture & Equipment	Total
	£	£	£	£
Cost				
At 1 October 2006	50,731	121,752	94,446	266,929
Additions			344	344
Disposals			(61,875)	(61,875)
At 30 September 2007	50,731	121,752	32,915	205,398
Depreciation				
At 1 October 2006	6,333	60,000	30,774	97,107
Charge for year	12,683	24,000	14,837	51,520
Disposals			(20,733)	(20,733)
At 30 September 2007	19,016	84,000	24,878	127,894
Net book value				
At 30 September 2007	31,715	37,752	8,037	77,504
At 30 September 2006	44,398	61,752	63,672	169,822

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2007

10. Investments Group

	Other Investments £
Cost	
At 1 October 2006	475,212
Additions	230,058
Disposals	(68,552)
At 30 September 2007	<u>636,718</u>

Company

	Shares in Subsidiary Undertakings	Other Investments	Interests in Associates	Total
	£	£	£	£
Cost				
At 1 October 2006	200	475,212	50	475,462
Additions		230,058		230,058
Disposals		(68,552)		(68,552)
At 30 September 2007	<u>200</u>	<u>636,718</u>	<u>50</u>	<u>636,968</u>

Shares in subsidiary undertakings

Name of company	Holding	Proportion held		Business
		Group	Company	
Lochay Properties Ltd	Ordinary Shares	100%	100%	Property investment
Lochay (Northern) Ltd	Ordinary Shares	100%	100%	Property trading
Lukmore McIlroy (LP) Ltd	Ordinary Shares	100%	100%	Property development

Lochay Properties Ltd and Lochay (Northern) Limited are registered in Scotland Lukmore McIlroy (LP) Ltd is registered in England

Interests in associated companies

Name of company	Holding	Proportion held		Business
		Group	Company	
Keiller Edinburgh Ltd	Ordinary Shares	50%	50%	Property management
Keiller Property Trading Ltd	Ordinary Shares	42.5%		Property management
Keiller (Central) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Barrhead) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Newbridge) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Newhouse) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Broxburn) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Livingston) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Linlithgow) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Govan) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Clyde) Ltd	Ordinary Shares	42.5%		Property trading
Keiller (Bankside) Limited	Ordinary Shares	42.5%		Property trading
Keiller (BIB) Limited	Ordinary Shares	42.5%		Property trading
Westmarch Investments Limited	Ordinary Shares	25.5%		Property trading
Keiller (Bo'ness) Ltd	Ordinary Shares	50%		Property investment

The associated companies are registered in Scotland

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2007

10. Investments in associates:

Additional disclosures for associates which exceed the 25% threshold The group's share is as follows

	Keiller (BIB) Limited		Keiller (Bankside) Limited		Keiller (Clyde) Limited	
	2007	2006	2007	2006	2007	2006
	£	£	£	£	£	£
Turnover	3,340,658	1,811,648	326,916	31,948	33,538	21,893
Profit/(loss) before tax	1,362,605	254,710	62,350	13,576	(157,006)	(162,964)
Taxation	408,782	76,413	18,705	3,351	(47,102)	(48,889)
Profit/(loss) after tax	953,823	178,296	43,645	10,226	(109,904)	(114,075)
Fixed assets	0	0	0	0	0	0
Current assets	919,858	3,109,171	293,774	237,343	1,464,244	1,243,448
Liabilities due within one year	(318,988)	(2,930,874)	(236,190)	(223,404)	(1,767,300)	(1,436,601)
Liabilities due after one year	0	0	0	0	0	0
Net assets	600,870	178,297	57,583	13,939	(303,057)	(193,153)
	Keiller (Govan) Limited		Westmarch Investments Limited			
	2007	2006	2007	2006		
	£	£	£	£		
Turnover	109,146	63,028	542,959	1,827,552		
Profit/(loss) before tax	(4,930)	26,517	(42,787)	354,253		
Taxation	(1,479)	17,856	(12,836)	106,276		
Profit/(loss) after tax	(3,451)	18,928	(29,951)	247,977		
Fixed assets	0	0	0	0		
Current assets	794,346	969,992	5,371,968	3,651,916		
Liabilities due within one year	(697,714)	(869,908)	(5,153,916)	(3,403,914)		
Liabilities due after one year	0	0	0	0		
Net assets	96,633	100,084	218,052	248,003		

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2007

10. Investments in associates (cont.):

Group	2007	2006	Company	
	£	£	2007	2006
			£	£
Fixed assets	4,251	243,358		
Current assets	18,888,955	15,157,697		
Liabilities due within one year	(16,719,254)	(13,588,286)		
Liabilities due after more than one year or more		(126,790)		
Loans from associates	(97,845)	(94,343)		
	<u>2,076,107</u>	<u>1,591,636</u>	<u> </u>	<u> </u>

11. Stocks

	2007	Group	2007	Company
	£	2006	£	2006
		£		£
Properties held for resale	<u>2,147,126</u>	<u>1,234,776</u>	<u> </u>	<u> </u>

12. Debtors

	2007	Group	2007	Company
	£	2006	£	2006
		£		£
Other debtors	134,349	330,125	115,996	950,738
Prepayments	6,183	17,375	3,708	5,000
Amounts owed by related companies	643,432	2,934,725	643,432	2,079,083
Amounts owed by subsidiary company			519,770	595,245
Corporation tax	49,166		49,166	
Director's loan	16,638		16,638	
	<u>849,768</u>	<u>3,282,225</u>	<u>1,348,710</u>	<u>3,630,066</u>

The maximum amount on the director's loan during the year was a liability of £350,943

13. Investments

	2007	Group	2007	Company
	£	2006	£	2006
		£		£
Other investments	<u>210,000</u>	<u>65,000</u>	<u>210,000</u>	<u>65,000</u>

Current asset investments comprise investments in projects being undertaken by third parties. The return on these investments will consist of the amount of the investment plus a share of profits

Lochay Investments Limited

Notes to the Financial Statements(Contd)

For the year ended 30 September 2007

14. Creditors Amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	1,711,632	2,074,259	7,106	1,451,405
Corporation tax	18,350	147,896		130,463
Other taxes and social security costs	15,010	129,544	8,518	122,903
Other creditors	66,752	332,286	7,762	118,789
Accruals and deferred income	299,347	32,680	270,720	10,505
Loan from subsidiary company			333,589	277,313
Loan from associated company			97,844	94,343
	<u>2,111,091</u>	<u>2,716,665</u>	<u>725,539</u>	<u>2,205,721</u>

The following liabilities disclosed under creditors falling due within one year are secured by the group

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	<u>1,711,632</u>	<u>2,074,259</u>	<u>7,106</u>	<u>1,451,405</u>

Bank loans and overdrafts are secured by a standard security over the group's investment properties and a floating charge over the group's assets

15 Creditors Amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	<u>484,396</u>	<u>677,002</u>		

The following liabilities disclosed under creditors falling due after more than one year are secured by the group

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans	<u>484,396</u>	<u>677,002</u>		

Included within the group creditors falling due after more than one year is an amount of £269,580 (2006 £428,182) in respect of liabilities repayable in whole, otherwise than by instalments, payable after more than five years from the balance sheet date

Lochay Investments Limited

Notes to the Financial Statements(Contd.)

For the year ended 30 September 2007

16. Commitment under operating leases

At 30 September 2007 the group had annual commitments under non cancellable operating leases as set out below

Group	2007 £	Land and Buildings 2006 £
Operating leases which expire		
After more than 5 years		44,800

17 Provisions for liabilities and charges

	2007 £	Group 2006 £	2007 £	Company 2006 £
Deferred tax				
Accelerated Capital Allowances		3,122		3,122
Provision at start of year	3,122	5,630	3,122	5,630
Deferred tax credit for the year	(3,122)	(2,508)	(3,122)	(2,508)
Provision at end of year		3,122		3,122

18 Related party transactions

The controlling party is the director, W G R Thomson, who holds a majority beneficial interest in the share capital of the company

During the year, fees and interest totalling £370,397 (2006 £661,961) were receivable from Kenmore Residential Limited At the balance sheet date, an amount of £47,839 (2006 £2,352,736) was due from Kenmore Residential Limited

At the balance sheet date, an amount of £63,253 (2006 £56,998) was due from Thomson/Linton partnership W G R Thomson is a partner of that partnership

At the balance sheet date, an amount of £2,364 (2006 £14) was due from Thomson/ Geddes partnership W G R Thomson is a partner of that partnership

At the balance sheet date, an amount of £524,978 (2006 £524,978) was due from Keiller Property Trading Limited W G R Thomson is a director of that company

At the balance sheet date, an amount of £4,999 (2006 £Nil) was due from Lochay West Properties LLP W G R Thomson is a member of that limited liability partnership

Included in other debtors is a balance of £Nil (2006 £42,420) due from the director's pension scheme

Also included in other debtors is a balance of £Nil (2006 £34,835) owed by Bruce Linton He and the company are related by a joint interest in Keiller Edinburgh Limited

During the year the company sold two paintings to W G R Thomson for their estimated market value of £41,142

At the balance sheet date, an amount of £200,000 (2006 £Nil) was invested in ARCA Business Centres Limited W G R Thomson is a director of that company

At the balance sheet date, an amount of £145,000 (2006 £145,000) was invested in St Andrews Estates (Scotland) Limited W G R Thomson is a director of that company

Lochay Investments Limited

Notes to the Financial Statements(Contd)

For the year ended 30 September 2007

19. Share capital

Authorised share capital:

	2007	2006
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2007	2006
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

20 Reserves

Group

	Profit and Revaluation Loss account	reserve
	£	£
Opening balance	4,518,259	1,013,623
Profit for the year	879,909	
Transfer of realised gain	65,267	(65,267)
Dividends paid	(100,000)	
Balance carried forward	<u>5,363,435</u>	<u>948,356</u>

Company

	Profit and Loss account
	£
Opening balance	2,121,507
Profit for the year	316,191
Dividends paid	(100,000)
Balance carried forward	<u>2,337,698</u>

Lochay Investments Limited**Notes to the Financial Statements(Contd)****For the year ended 30 September 2007****21 Reconciliation of movements in shareholders' funds**

	2007	2006
	£	£
Profit for the financial year	879,909	1,154,615
Other net recognised gains and losses		270,000
Taxation on realised gain		
	879,909	1,424,615
Dividend paid	(100,000)	
	--	--
Net addition to funds	779,909	1,424,615
Opening shareholders' equity funds	5,541,882	4,117,267
Closing shareholders' equity funds	<u>6,321,791</u>	<u>5,541,882</u>