

Lochay Investments Limited

Financial Statements

For the year ended 30th September 2008

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Lochay Investments Limited

Financial Statements

Year ended 30 September 2008

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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 2008.

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 £23,945 (2007:£20,372).

Director

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

W G R Thomson

Business review

This has been a year of some change for the Group. The Group's results have been adversely impacted by the sale in September 2007 of a group of companies which the group provided services to. The Group, as part of their ongoing trading activities, provided management services, loans and guarantees to these companies. This has significantly "de-risked" the Group going forward but with a resultant drop in income. Turnover has in fact increased through the activity of other associated businesses but profits have decreased primarily due to the loss on disposal of a stock property. Considering the general economic climate in which we all now operate the business is on a very solid footing with a strong balance sheet.

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:

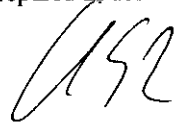
- there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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  24th February 2009



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 2008 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the 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 2008 and of the group's loss 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

2009

27 February

Lochay Investments Limited**Consolidated Profit and Loss Account****For the year ended 30 September 2008**

	Notes	2008 £	2007 £
Turnover (including share of associates)	2	7,929,291	5,552,145
Less: Share of associates		4,432,824	4,895,023
Group turnover		3,496,467	657,122
Cost of sales		3,371,843	-
Group gross profit		124,624	657,122
Administrative expenses		549,768	656,513
Group operating (loss)/profit	3	(425,144)	609
Share of operating profit of associates		816,477	1,803,754
Total operating profit		391,333	1,804,363
Gain on sale of investment property-group		21,673	-
Loss on sale of investment property-associate		-	(810)
Interest receivable		428,359	54,323
Interest payable	5	(1,089,826)	(682,945)
(Loss)/profit on ordinary activities before taxation		(248,461)	1,174,931
Tax on (loss)/profit on ordinary activities	6	83,478	295,022
(Loss)/profit for the financial year		(331,939)	879,909
Realisation of property revaluation gains of previous periods		336,995	-
Taxation on realised gain on sale of investment property		-	-
		5,056	879,909

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 2008

	2008	2007
	£	£
(Loss)/profit for the financial year	(331,939)	879,909
Deficit on revaluation of investment properties	(234,000)	-
Total gains and losses recognised since the last annual report	<u>(565,939)</u>	<u>879,909</u>

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

Lochay Investments Limited**Consolidated Balance Sheet****As at 30 September 2008**

	Notes	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	9		1,277,359		2,197,504
Investments	10		2,363,170		2,076,107
Other investments	10		730,938		636,718
			<u>4,371,467</u>		<u>4,910,329</u>
Current assets					
Stocks	11	1,196,904		2,147,126	
Debtors	12	1,626,334		849,768	
Investments	13	375,000		210,000	
Cash at bank		1,424		800,055	
			<u>3,199,662</u>	<u>4,006,949</u>	
Creditors: Amounts falling due within one year	14	(1,492,455)		(2,111,091)	
Net current assets			<u>1,707,207</u>		<u>1,895,858</u>
Total assets less current liabilities			<u>6,078,674</u>		<u>6,806,187</u>
Creditors: Amounts falling due after more than one year	15		(422,822)		(484,396)
Provision for liabilities and charges	16		-		-
Net assets			<u>5,655,852</u>		<u>6,321,791</u>
Capital and reserves					
Called up share capital	18		10,000		10,000
Profit and loss account	19		5,268,491		5,363,435
Revaluation reserve	19		377,361		948,356
Shareholders' funds-equity interests	20		<u>5,655,852</u>		<u>6,321,791</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 *24th February* 2009

WGR

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 2008**

	Notes	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	9		27,359		77,504
Investments	10		731,188		636,968
			<u>758,547</u>		<u>714,472</u>
Current assets					
Debtors	12	1,114,583		1,348,710	
Investments	13	375,000		210,000	
Cash at bank		-		800,055	
			<u>1,489,583</u>	<u>2,358,765</u>	
Creditors: Amounts falling due within one year	14	(418,528)		(725,539)	
			<u>1,071,055</u>	<u>1,633,226</u>	
Net current assets					
			<u>1,829,602</u>	<u>2,347,698</u>	
Total assets less current liabilities					
Provision for liabilities and charges	16		-	-	
Net assets			<u>1,829,602</u>	<u>2,347,698</u>	
Capital and reserves					
Called up share capital	18		10,000		10,000
Profit and loss account	19		1,819,602		2,337,698
			<u>1,829,602</u>	<u>2,347,698</u>	
Shareholders' funds-equity interests			<u>1,829,602</u>	<u>2,347,698</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 *26th February* 2009



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 2008

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.

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 2008

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 (loss)/profit

Operating (loss)/profit is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	4,400	4,500
Depreciation	42,577	51,520
	<u>47,000</u>	<u>56,020</u>

Lochay Investments Limited**Notes to the Financial Statements (Contd.)****For the year ended 30 September 2008****4. Director's emoluments**

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

	2008	2007
	£	£
Aggregate emoluments	160,000	400,000
	=====	=====

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

	2008	2007
	No.	No.
Money purchase schemes	1	1
	=====	=====

5. Interest payable

	2008	2007
	£	£
Share of associates' interest	943,810	564,392
Bank loans and overdrafts	79,671	118,553
Less attributable to work in progress	(33,954)	-
Amounts transferred from work in progress relating to property sales	100,299	-
	-----	-----
	1,089,826	682,945
	=====	=====

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2008

6. Tax on (loss)/profit on ordinary activities

	2008	2007
	£	£
(a) Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the year-group	-	(30,816)
UK corporation tax on profits of the year-associates	82,841	397,216
Adjustment in respect of previous periods-group	752	(66,912)
-associates	(115)	(83)
Total current tax	83,478	299,405
Deferred Tax:		
Origination and reversal of timing differences-group	-	(3,122)
-associates	-	(1,261)
Adjustment in respect of previous periods -group	-	-
-associates	-	-
Total deferred tax	-	(4,383)
Tax on (loss)/profit on ordinary activities	83,478	295,022
The tax charge is allocated in the financial statements as follows:		
Profit and loss account	83,478	18,350
Statement of total recognised gains and losses	-	-
	83,478	18,350

Lochay Investments Limited**Notes to the Financial Statements (Contd.)****For the year ended 30 September 2008****(b) Factors affecting tax charge for year**

The tax assessed for the year is higher (2007: lower) than the expected tax charge as explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(248,461)	1,174,931
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax 28% (2007: 30%)	(69,569)	352,480
Expenses not deductible for tax purposes	24,841	18,753
Income not taxable	(309)	(3,536)
Capital allowances in advance of depreciation	5,865	5,051
Marginal/small companies rate relief	(1,428)	(16,656)
Tax rate change	5,729	-
Difference in chargeable gain and accounting gain	57,658	10,308
Adjustments in respect of previous periods	638	(66,995)
Group relief claimed	2,142	-
Loss carried forward	16,435	-
Movement in other timing differences	41,476	-
Current tax charge for year	<u>83,478</u>	<u>299,405</u>

(c) Factors affecting future tax charges

No provision has been made for £16,000 (2007: £178,000) of tax in respect of gains arising from the revaluation of fixed assets.

A deferred tax asset of £63,206 (2007: £2,989) exists which has not been recognised in the financial statements. This asset is recoverable against future taxable trading profits of the group.

7. Dividends

	2008 £	2007 £
Declared dividend of £10 (2007: £10) per ordinary share of £1 each	<u>100,000</u>	<u>100,000</u>

The Director will not be declaring a dividend for the year to 30th September 2009.

8. Profit attributable to members of the company

The loss dealt with in the accounts of the company was £418,096 (2007 profit - £316,191).

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2008

9. Tangible fixed assets

Group	Investment Properties	Motor Vehicle	Tenant's Improvements	Furniture & Equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 2007	2,120,000	50,731	121,752	32,915	2,325,398
Additions	-	-	-	6,184	6,184
Revaluation	(234,000)	-	-	-	(234,000)
Disposals	(636,000)	-	(121,752)	-	(757,752)
At 30 September 2008	1,250,000	50,731	-	39,099	1,339,830
Depreciation					
At 1 October 2007	-	19,016	84,000	24,878	127,894
Charge for year	-	12,683	24,000	5,894	42,577
Disposals	-	-	(108,000)	-	(108,000)
At 30 September 2008	-	31,699	-	30,772	62,471
Net book value					
At 30 September 2008	1,250,000	19,032	-	8,327	1,277,359
At 30 September 2007	2,120,000	31,715	37,752	8,037	2,197,504

Revaluation of fixed assets

The investment properties were valued by King Sturge, property consultants, at 12 September 2008 in accordance with the RICS Appraisal and Valuation Manual. The historical cost of these properties is £872,639.

Company	Motor Vehicle	Tenant's Improvements	Furniture & Equipment	Total
	£	£	£	£
Cost				
At 1 October 2007	50,731	121,752	32,915	205,398
Additions	-	-	6,184	6,184
Disposals	-	(121,752)	-	(121,752)
At 30 September 2008	50,731	-	39,099	89,830
Depreciation				
At 1 October 2007	19,016	84,000	24,878	127,894
Charge for year	12,683	24,000	5,894	42,577
Disposals	-	(108,000)	-	(108,000)
At 30 September 2008	31,699	-	30,772	62,471
Net book value				
At 30 September 2008	19,032	-	8,327	27,359
At 30 September 2007	31,715	37,752	8,037	77,504

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2008

10. Investments Group

	Other Investments £
Cost	
At 1 October 2007	636,718
Additions	144,220
Disposals	(50,000)

At 30 September 2008	730,938
	=====

Company

	Shares in Subsidiary Undertakings	Other Investments	Interests in Associates	Total
	£	£	£	£
Cost				
At 1 October 2007	200	636,718	50	636,968
Additions	-	144,220	-	144,220
Disposals	-	(50,000)	-	(50,000)
	----	-----	---	-----
At 30 September 2008	200	730,938	50	731,188
	=====	=====	==	=====

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 Mellroy (LP) Ltd	Ordinary Shares	100%	100%	Property development

Lochay Properties Ltd and Lochay (Northern) Limited are registered in Scotland. Lukmore Mellroy (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 2008****10. Investments in associates:**

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

	Keiller (Newbridge) Limited		Keiller (Clyde) Limited	
	2008	2007	2008	2007
	£	£	£	£
Turnover	98,207	92,348	2,556,314	33,538
Profit/(loss) before tax	52,487	46,024	(47,685)	(157,006)
Taxation	15,586	13,807	(13,540)	(47,102)
Profit/(loss) after tax	36,901	32,217	(34,145)	(109,904)
Fixed assets	0	0	0	0
Current assets	669,619	705,938	5,832,004	1,464,244
Liabilities due within one year	(552,317)	(595,537)	(6,169,205)	(1,767,300)
Liabilities due after one year	0	0	0	0
Net assets	147,302	110,401	(337,201)	(303,056)
	Keiller (Govan) Limited		Westmarch Investments Limited	
	2008	2007	2008	2007
	£	£	£	£
Turnover	64,110	109,146	366,607	542,959
Profit/(loss) before tax	4,168	(4,930)	(78,674)	(42,787)
Taxation	570	(1,479)	(19,815)	(12,836)
Profit/(loss) after tax	3,598	(3,451)	(58,859)	(29,951)
Fixed assets	0	0	0	0
Current assets	825,188	794,346	4,786,644	5,371,968
Liabilities due within one year	(724,957)	(697,714)	(4,627,534)	(5,153,916)
Liabilities due after one year	0	0	0	0
Net assets	100,231	96,632	159,109	218,052

Lochay Investments Limited

Notes to the Financial Statements (Contd.)

For the year ended 30 September 2008

10. Investments in associates (cont.):

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Fixed assets	4,390	4,251	-	-
Current assets	23,305,675	18,888,955	-	-
Liabilities due within one year	(20,951,122)	(16,719,254)	-	-
Liabilities due after more than one year or more	-	-	-	-
Loans from associates	4,227	(97,845)	-	-
	<u>2,363,170</u>	<u>2,076,107</u>	<u>-</u>	<u>-</u>

11. Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Properties held for resale	<u>1,196,904</u>	<u>2,147,126</u>	<u>-</u>	<u>-</u>

12. Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Other debtors	905,403	134,349	136,570	115,996
Prepayments	375	6,183	375	3,708
Amounts owed by related companies	720,556	643,432	720,556	643,432
Amounts owed by subsidiary company	-	-	257,082	519,770
Corporation tax	-	49,166	-	49,166
Director's loan	-	16,638	-	16,638
	<u>1,626,334</u>	<u>849,768</u>	<u>1,114,583</u>	<u>1,348,710</u>

13. Investments

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Other investments	<u>375,000</u>	<u>210,000</u>	<u>375,000</u>	<u>210,000</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 2008

14. Creditors: Amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	1,407,193	1,711,632	386,540	7,106
Corporation tax	-	18,350	-	-
Other taxes and social security costs	13,305	15,010	9,056	8,518
Other creditors	30,521	66,752	4,951	7,762
Accruals and deferred income	30,263	299,347	6,808	270,720
Loan from subsidiary company	-	-	-	333,589
Loan from associated company	-	-	-	97,844
Director's loan	11,173	-	11,173	-
	<u>1,492,455</u>	<u>2,111,091</u>	<u>418,528</u>	<u>725,539</u>

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans and overdrafts	<u>1,407,193</u>	<u>1,711,632</u>	<u>386,540</u>	<u>7,106</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	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	<u>422,822</u>	<u>484,396</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	<u>422,822</u>	<u>484,396</u>	<u>-</u>	<u>-</u>

Included within the group creditors falling due after more than one year is an amount of £190,016 (2007 - £269,580) 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 2008

16. Provisions for liabilities and charges

	2008	Group	2008	Company
	£	2007	£	2007
	£	£	£	£
Deferred tax -				
Accelerated Capital Allowances	=====	=====	=====	=====
	-	3,122	-	3,122
Provision at start of year	-	(3,122)	-	(3,122)
Deferred tax credit for the year	-----	-----	-----	-----
	-	-	-	-
Provision at end of year	=====	=====	=====	=====

17. 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.

At the balance sheet date, an amount of £Nil (2007: £63,253) 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 (2007: £2,364) 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 (2007: £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 £115,755 (2007: £4,999) 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 £38,775 (2007:£Nil) due from the director's pension scheme.

At the balance sheet date, an amount of £300,000 (2007: £200,000) 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 (2007:£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 2008****18. Share capital****Authorised share capital:**

	2008	2007
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>=====</u>	<u>=====</u>

Allotted, called up and fully paid:

	2008	2007
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>=====</u>	<u>=====</u>

19. Reserves**Group**

	Profit and Revaluation Loss account	reserve
	£	£
Opening balance	5,363,435	948,356
Loss for the year	(331,939)	-
Transfer of realised gain	336,995	(336,995)
Deficit on revaluation during year	-	(234,000)
Taxation on realised gain	-	-
Dividends paid	(100,000)	-
	<u>-----</u>	<u>-----</u>
Balance carried forward	5,268,491	377,361
	<u>=====</u>	<u>=====</u>

Company

	Profit and Loss account
	£
Opening balance	2,337,698
Loss for the year	(418,096)
Dividends paid	(100,000)
	<u>-----</u>
Balance carried forward	1,819,602
	<u>=====</u>

Lochay Investments Limited**Notes to the Financial Statements(Contd.)****For the year ended 30 September 2008****20. Reconciliation of movements in shareholders' funds**

	2008	2007
	£	£
(Loss)/profit for the financial year	(331,939)	879,909
Other net recognised gains and losses	(234,000)	-
	-----	-----
Dividend paid	(565,939)	879,909
	(100,000)	(100,000)
	-----	-----
Net (reduction)/addition to funds	(665,939)	779,909
Opening shareholders' equity funds	6,321,791	5,541,882
	-----	-----
Closing shareholders' equity funds	<u>5,655,852</u>	<u>6,321,791</u>

21. Contingent liability

The group has a contingent liability in respect of a bank guarantee provided to Southplace America LLP, a business in which the group has an interest. If called the minimum extent of this obligation would be \$US630,000 (approximately £435,000).