

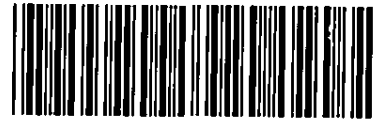
Company No. SC152921

LOCHAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2011

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LOCHAY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

Year ended 30 September 2011

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LOCHAY INVESTMENTS LIMITED

OFFICERS and PROFESSIONAL ADVISORS

Director	W G R Thomson
Company secretary	H C Cunningham
Registered office	12 Hope Street Edinburgh EH2 4DB
Auditor	Chiene + Tait Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Principal bankers	Clydesdale Bank plc Queensferry Street Edinburgh EH2 4RD

LOCHAY INVESTMENTS LIMITED

DIRECTOR'S REPORT

The director has pleasure in presenting his report and the financial statements of the group for the year ended 30 September 2011.

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 £1,105 (2010:£6,705)

Director

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

W G R Thomson

Business review

It is pleasing to report a continuing improvement in both turnover and operating profit.

Lochay Homes Limited has continued to perform above forecast with Shettleston project now fully complete allowing the Company to concentrate efforts on a second site at Cleland, North Lanarkshire.

We decided it appropriate to write down the investment in associated companies, in particular Keiller Edinburgh by £1,000,000. Although these companies continue to perform satisfactorily in terms of rental return there is no doubt the capital values have been impacted and it is only prudent to take this action at this time. New bank facilities for the associated undertakings are due to be put in place during 2012 and dialogue has already commenced with the entities Bankers.

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 Director's Report and 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). Under company law the director must not approve the financial statements unless he is satisfied that they 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. 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 auditor is 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 auditor is aware of that information.

LOCHAY INVESTMENTS LIMITED

DIRECTOR'S REPORT (Contd.)

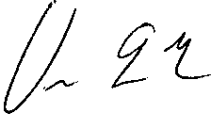
Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

W G R Thomson

Director

Approved by the director on


21st March 2012

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF LOCHAY INVESTMENTS LIMITED

We have audited the financial statements of Lochay Investments Limited for the year ended 30 September 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the group and company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the group and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is 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.

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 group's and of the parent company's affairs as at 30 September 2011 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to Smaller Entities); 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Malcolm Beveridge

Malcolm Beveridge BA CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

27 March 2012

LOCHAY INVESTMENTS LIMITED

CONSOLIDATED PROFIT and LOSS ACCOUNT

For the year ended 30 September 2011

	Notes	2011 £	2010 £ (Restated)
Turnover (including share of associates)	2	4,723,997	3,377,027
Less: Share of associates		730,262	1,577,066
Group turnover		3,993,735	1,799,961
Cost of sales		3,179,662	1,353,152
Group gross profit		814,073	446,809
Administrative expenses		297,989	176,889
Group operating profit	3	516,084	269,920
Share of operating profit of associates		327,401	330,822
Total operating profit		843,485	600,742
Interest receivable		123,300	6,514
Interest payable	5	(462,550)	(494,160)
Provision against amounts owed by related companies		(75,000)	-
Provision against investments	9	(62,500)	-
Provision against investment in associates	9	(1,000,000)	-
Gain on partial disposal of subsidiary		11,527	-
(Loss)/profit on ordinary activities before taxation		(621,738)	113,096
Tax on profit on ordinary activities	6	152,402	26,282
(Loss)/profit for the financial year		(774,140)	86,814
		=====	=====

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

All of the activities of the group are classed as continuing.

The notes on pages 9 to 19 form part of these accounts.

LOCHAY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT of TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 September 2011

	2011 £	2010 £ (Restated)
(Loss)/profit for the financial year	(774,140)	86,814
Surplus/(deficit) on revaluation of investment properties	250,000	(7,390)
	-----	-----
Total gains and losses relating to the year	(524,140)	79,424
		=====
Prior year adjustment (as explained in note 1)	(54,243)	

Total gains and losses recognised since last annual report	(578,383)	
	=====	

The notes on pages 9 to 19 form part of these financial statements.

LOCHAY INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET

As at 30 September 2011

	Notes	£	2011 £	£	2010 £ (Restated)
Fixed assets					
Tangible assets	8		2,465,631		1,765,624
Investments	9		1,784,417		3,294,951
Other investments	9		362,500		425,000
			<u>4,612,548</u>		<u>5,485,575</u>
Current assets					
Stocks	10	3,322,012		1,993,411	
Debtors	11	1,991,018		1,357,114	
Cash at bank		627,832		373,021	
		<u>5,940,862</u>		<u>3,723,546</u>	
Creditors: Amounts falling due within one year	12	(2,548,524)		(4,354,733)	
Net current assets/(liabilities)			<u>3,392,338</u>		<u>(631,187)</u>
Total assets less current liabilities			<u>8,004,886</u>		<u>4,854,388</u>
Creditors: Amounts falling due after one year	13		(3,619,300)		-
Provisions for liabilities and charges	14		(12,057)		(7,314)
Minority interests – Equity interest			(50,595)		-
Net assets			<u>4,322,934</u>		<u>4,847,074</u>
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account	17		3,692,963		4,467,103
Revaluation reserve	17		619,971		369,971
Shareholders' funds-equity interests	18		<u>4,322,934</u>		<u>4,847,074</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved and signed by the director on *21st March* 2012.

W G R Thomson
Company No. SC152921



The notes on pages 9 to 19 form part of these financial statements.

LOCHAY INVESTMENTS LIMITED

COMPANY BALANCE SHEET

As at 30 September 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	8		3,973		5,794
Investments	9		362,865		425,251
			<u>366,838</u>		<u>431,045</u>
Current assets					
Stocks	10	476,970		-	
Debtors	11	3,072,736		2,771,060	
Cash at bank		78		92	
		<u>3,549,784</u>		<u>2,771,152</u>	
Creditors: Amounts falling due within one year	12	(1,103,232)		(2,031,986)	
Net current assets			<u>2,446,552</u>		<u>739,166</u>
Total assets less current liabilities			<u>2,813,390</u>		<u>1,170,211</u>
Creditors: Amounts falling due after one year	13		(1,740,000)		-
Net assets			<u>1,073,390</u>		<u>1,170,211</u>
			<u>=====</u>		<u>=====</u>
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account	17		1,063,390		1,160,211
Shareholders' funds-equity interests			<u>1,073,390</u>		<u>1,170,211</u>
			<u>=====</u>		<u>=====</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved and signed by the director on 21st March 2012.

W G R Thomson

Company No. SC152921

The notes on pages 9 to 19 form part of these financial statements.

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 September 2011

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 the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 408 of the Companies Act 2006.

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 FRSSE (effective April 2008) 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:

Furniture and equipment	25% straight line
Paintings	15% straight line
Plant and machinery	25% straight line

Investment properties

Investment properties are shown at their open value market. The surplus or deficit arising from an 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 the FRSSE which, unlike The Small Companies and Groups (Accounts and Directors' Report) Regulations 2009 made under the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for 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.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads including financing costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Deferred taxation

Deferred taxation is provided in respect of the tax effect of all timing differences in accordance with FRSSE.

LOCHAY INVESTMENTS LIMITED**NOTES to the FINANCIAL STATEMENTS (CONTD.)****For the year ended 30 September 2011****1. Accounting policies (Contd.)****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.

Prior year adjustment

During the year ended 30 September 2010 Lochay Properties Limited, a 100% subsidiary, acquired an interest in a property that was held jointly with W G R Thomson. It was understood at the time that this property was a joint venture between both parties and it was accounted for as such within the financial statements for the year ended 30 September 2010. However, on further investigation it was agreed that both parties held a pro indiviso interest in the property and that the company's share of the income, expenditure, assets and liabilities should be accounted for within its financial statements. This represents a change in accounting policy and, as a consequence, a prior year adjustment has been made to reflect this change in the accounting treatment.

2. Turnover

All turnover arose in the United Kingdom.

3. Operating profit	2011	2010
	£	£
Operating profit is stated after charging:		
Auditor's remuneration	5,800	6,200
Depreciation	19,533	4,985
Operating lease rentals – land and buildings	41,000	41,000
	=====	=====

4. Director's emoluments	2011	2010
	£	£
The director's aggregate emoluments in respect of qualifying services were:		
Aggregate emoluments	20,000	2,500
	=====	=====

	2010	2009
The number of directors who are accruing benefits under company pension schemes was as follows:	No.	No.
Money purchase schemes	1	1
	=====	=====

5. Interest payable	2011	2010
	£	£
Share of associates' interest	415,478	442,996
Bank loans and overdrafts	67,090	51,164
Less attributable to work in progress	(20,018)	-
	=====	=====
	462,550	494,160

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

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

	£	2011 £	£	2010 £
(a) Analysis of charge in year				
Current tax:				
UK corporation tax on (losses)/profit of the year-group		147,659		19,785
UK corporation tax on profits of the year - associates		-		(687)
Adjustment in respect of previous periods				
- associates		-		(2,216)
- consortium relief		-		2,086
		<u>147,659</u>		<u>18,968</u>
Total current tax		147,659		18,968
Deferred Tax:				
Origination and reversal of timing differences				
- group	4,743		7,314	
	<u>4,743</u>		<u>7,314</u>	
Total deferred tax		4,743		7,314
Tax on (loss)/profit on ordinary activities		<u>152,402</u>		<u>26,282</u>
		=====		=====
The tax charge is allocated in the financial statements as follows:				
Profit and loss account		152,402		26,282
Statement of total recognised gains and losses		-		-
		<u>152,402</u>		<u>26,282</u>
		=====		=====

LOCHAY INVESTMENTS LIMITED**NOTES to the FINANCIAL STATEMENTS (CONTD.)****For the year ended 30 September 2011****(b) Factors affecting tax charge for year**

The tax assessed for the year is higher (2010: lower) than the expected tax charge as explained below:

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(621,738) =====	113,096 =====
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax 27% (2010: 28%)	(167,869)	31,666
Expenses not deductible for tax purposes	7,197	7,801
Impact of prior year accounting adjustments	10,535	-
Capital allowances in advance of depreciation	(2,980)	(10,291)
Marginal/small companies rate relief	(2,583)	(6,594)
Tax rate differences on losses carried back	-	854
Adjustments in respect of previous periods	-	(130)
Impairment provision	270,000	-
Loss carried forward	9,132	10,233
Movement in other timing differences	37,125	(15,878)
Share of LLP profits	(12,898)	1,307
Current tax charge for year	147,659 =====	18,968 =====

(c) Factors affecting future tax charges

No provision has been made for £53,000 (2010: £20,000) of tax in respect of gains arising from the revaluation of fixed assets.

A deferred tax asset of £291,223 (2010: £271,016) exists which has not been recognised in the financial statements. £111,959 (2010: £120,572) of this asset is recoverable against future capital gains only. The remainder of the asset is recoverable against future taxable trading profits of the group

7. Loss attributable to members of the company

The loss dealt with in the financial statements of the company was £96,821 (2010: profit £9,114).

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

8. Tangible fixed assets

Group	Investment Properties £	Furniture & Equipment £	Plant & Machinery £	Plant & Total £
Cost or valuation				
At 1 October 2010 (restated)	1,725,000	41,740	38,155	1,804,895
Additions	440,286	-	32,691	472,977
Revaluation	250,000	-	-	250,000
Disposals	-	-	(5,000)	(5,000)
At 30 September 2011	2,415,286	41,740	65,846	2,522,872
Depreciation				
At 1 October 2010	-	35,946	3,325	39,271
Charge for year	-	1,821	17,712	19,533
Disposals	-	-	(1,563)	(1,563)
At 30 September 2011	-	37,767	19,474	57,241
Net book value				
At 30 September 2011	2,415,286	3,973	46,372	2,465,631
At 30 September 2010 (restated)	1,725,000	5,794	34,830	1,765,624

Revaluation of fixed assets

An investment property held at Tannochside Park was valued during the year by DTZ on 8 July 2011 in accordance with the RICS Appraisal and Valuation Manual. The remainder of 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 £1,787,925. The director has reviewed the value of the investment properties at the year-end and is satisfied that the carrying value is a fair estimate of the value in use.

Company	Furniture & Equipment £	Total £
Cost		
At 1 October 2010	41,740	41,740
Additions	-	-
Disposals	-	-
At 30 September 2011	41,740	41,470
Depreciation		
At 1 October 2010	35,946	35,946
Charge for year	1,821	1,821
Disposals	-	-
At 30 September 2011	37,767	37,767
Net book value		
At 30 September 2011	3,973	3,973
At 30 September 2010	5,794	5,794

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

9. Investments

Group	Other Investments £
Cost	
At 1 October 2010	425,000
Additions	-
Provision against investments	(62,500)
At 30 September 2011	362,500 =====

Company	Shares in Subsidiary Undertakings £	Other Investments £	Interests in Associates £	Total £
Cost				
At 1 October 2010	201	425,000	50	425,251
Additions	89	-	25	114
Provision against investments	-	(62,500)	-	(62,500)
At 30 September 2011	290 =====	362,500 =====	75 =====	362,865 =====

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
Lochay Homes Ltd	Ordinary Shares	90%	90%	Property development

These companies are registered in Scotland.

Interests in associated companies

Name of company	Holding	Proportion held		Business
		Group	Company	
Keiller Edinburgh Ltd	Ordinary Shares	50%	50%	Property trading and management
Keiller Property Trading Ltd	Ordinary Shares	42.5%	-	Property management
Keiller (Newbridge) Ltd	Ordinary Shares	42.5%	-	Property trading
Keiller (Broxburn) 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
Westmarch Investments Limited	Ordinary Shares	25.5%	-	Property trading
Lochay West (Bigger) Limited	Ordinary Shares	25%	25%	Property development

The associated companies are registered in Scotland. The results of Lochay West (Bigger) Limited are not disclosed as they are deemed immaterial at the year-end.

The company also has a 50% member's interest in Silverfields LLP, and a member's interest in Livingston Parkway LLP. These business entities hold investment properties.

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

9. Investments in associates:

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

	Keiller (Broxburn) Limited	Keiller (Govan) Limited	Keiller Edinburgh Limited	Keiller (Clyde) Limited	Keiller Property Trading Limited	West- march Investm'ts Limited	Keiller (New- bridge) Limited
	2011	2011	2011	2011	2011	2011	2011
	£	£	£	£	£	£	£
Turnover	-	2,846	-	39,912	-	320,176	93,845
(Loss)/profit before tax	(9,541)	(21,457)	(80,810)	(70,961)	57,327	3,956	70,348
Taxation	-	-	-	-	-	-	-
(Loss)/profit after tax	(9,541)	(21,457)	(80,810)	(70,961)	57,327	3,956	70,348
Fixed assets	-	-	4,250	-	28	-	-
Current assets	505,514	683,105	3,780,454	2,967,024	5,399,448	4,442,267	784,087
Liabilities due within one year	(18,173)	(668,436)	(5,504)	(3,535,729)	(3,481,980)	(980,999)	(459,979)
Liabilities due after one year	-	-	(4,063,000)	-	-	(3,308,785)	-
Net assets/(liabilities)	487,341	14,669	(283,801)	(568,705)	1,917,496	152,483	324,108
	=====	=====	=====	=====	=====	=====	=====

	Group 2011	2010 (Restated)	Company 2011	2010
	£	£	£	£
Investment in Keiller Edinburgh Limited and its associated companies	1,910,447	1,658,452	-	-
Impairment of investments	(1,000,000)	-	-	-
	910,447	1,658,452	-	-
<i>Loans to associates:</i>				
Silverfields LLP	606,472	576,472	-	-
Livingston Parkway LLP	265,529	750,000	-	-
Keiller Property Trading Limited	5,266	310,017	-	-
Keiller Edinburgh Limited	(3,297)	10	-	-
	1,784,417	3,294,951	-	-
	=====	=====	=====	=====

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

	Group		Company	
10. Stocks	2011	2010	2011	2010
	£	£	£	£
Properties held for resale	3,322,012	1,993,411	476,970	-
	=====	=====	=====	=====

£nil (2010:£53,368) of bank interest has been capitalised within the value of work in progress at the balance sheet date.

	Group		Company	
11. Debtors	2011	2010	2011	2010
	£	(Restated)	£	£
Other debtors	389,376	414,277	290,701	312,771
Trade debtors	552,075	150,311	24,643	1,032
Prepayments	65,783	11,375	47,083	11,375
Amounts owed by related companies	983,784	781,151	1,861,052	2,107,623
Amounts owed by subsidiary company	-	-	849,257	338,259
	=====	=====	=====	=====
	1,991,018	1,357,114	3,072,736	2,771,060

	Group		Company	
12. Creditors: Amounts falling due within one year	2011	2010	2011	2010
	£	(Restated)	£	£
Bank loans and overdrafts	44,106	1,218,237	3,036	115,424
Other taxes and social security costs	42,109	14,867	25,826	2,248
Other creditors	209,882	157,955	30,194	9,594
Accruals and deferred income	1,005,147	72,854	30,272	23,556
Loan from subsidiary company	-	-	1,744	8,309
Loan from associated parties	697,088	778,858	562,507	478,858
Director's loan	402,533	2,092,177	449,653	1,393,997
Corporation tax	147,659	19,785	-	-
	=====	=====	=====	=====
	2,548,524	4,354,733	1,103,232	2,031,986

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

	Group		Company	
	£	£	£	£
Bank loans and overdrafts	44,106	1,218,237	3,306	115,424
Loan from associated parties	100,353	-	100,353	-
	=====	=====	=====	=====

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. The loan from Lochay Investments Limited Directors Pension Plan has a first ranking security over certain property assets of the group.

LOCHAY INVESTMENTS LIMITED

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	Group		Company	
13. Creditors: Amounts falling due after more than one year	2011	2010	2011	2010
	£	£	£	£
Bank loans	2,229,300	-	1,500,000	-
Other loans	1,390,000	-	240,000	-
	<u>3,619,300</u>	<u>-</u>	<u>1,740,000</u>	<u>-</u>
	=====	=====	=====	=====

Bank loans are secured by a standard security over the group's investment properties and a floating charge over the group's assets. Other loans consist of an amount due to J V Thomson of £1,150,000 and are secured by a standard security and a first ranking security over certain of the group's properties. Also included in other loans is an amount of £240,000 due to Lochay Investments Limited Directors Pension Plan. This loan has a first ranking security over certain property assets of the group.

14. Provisions for liabilities and charges	2011	2010
	£	£
Group		
Provision at 1 October 2010	7,314	-
Deferred tax charge for the year	4,743	7,314
	<u>12,057</u>	<u>7,314</u>
	=====	=====
Provision at 30 September 2011		

15. Related party transactions

In the opinion of the director, there is no ultimate controlling party of the company.

At the balance sheet date, an amount of £2,364 (2010: £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 £5,266 (2010: £524,978) was due from Keiller Property Trading Limited. In addition to the loan balance there is also accrued interest of £206,666 (2010: £186,835) is due on the loan. W G R Thomson is a director of that company.

At the balance sheet date, an amount of £215,881 (2010: £208,255) was due from Lochay West Properties LLP. In addition to the loan balance there is also accrued interest of £37,609 (2010: £16,353) is due on the loan. W G R Thomson is a member of that limited liability partnership.

At the balance sheet date, an amount of £97,715 (2010: £11,449) was due from Lochay Muriel LLP. W G R Thomson is a member of that limited liability partnership.

Included in other debtors is a balance of £nil (2010: £34,105) due from the director's pension scheme. At the balance sheet date, an amount of £340,353 (2010: £nil) was payable to the director's pension scheme. Interest on the loan is fixed at 2.5% per annum and the loan is to be fully repaid by January 2016.

At the balance sheet date, an amount of £458,858 (2010: due to £478,858) was due to Lochay Harmony LLP. W G R Thomson is a member of that limited liability partnership.

At the balance sheet date, an amount of £100,000 (2010: £100,000) was payable by the group to J D R Thomson. J D R Thomson is a shareholder of Lochay Investments Limited.

At the balance sheet date, an amount of £1,150,000 (2010: £nil) was payable by the group to J V Thomson. J V Thomson is a shareholder of Lochay Investments Limited. Interest on the loan is charged at 5% per annum and the loan is to be fully repaid on the 30 September 2013.

At the balance sheet date, an amount of £nil (2010: £100,000) was payable by the group to A E W Thomson. A E W Thomson is a shareholder of Lochay Investments Limited.

At the balance sheet date, an amount of £37,878 (2010: £100,000) was payable by the group to A R Reid. A R Reid is a director of Lochay Homes Limited.

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

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15. Related party transactions (cont'd)

At the balance sheet date, an amount of £300,000 (2010: £300,000) was invested in ARCA Business Centres Limited. Accrued interest of £30,625 (2010: £38,432) is due on the loan. W G R Thomson is a director of that company.

During the year the company was charged an office rent of £41,000 per annum (2010: £41,000) by W G R Thomson's self-invested pension scheme.

16. Share capital	2011	2010
	£	£
Authorised share capital:		
10,000 Ordinary shares of £1 each	10,000	10,000
	=====	=====
	2011	2010
	£	£
Allotted, called up and fully paid:		
10,000 Ordinary shares of £1 each	10,000	10,000
	=====	=====

17. Reserves	Profit and Loss account	Revaluation reserve (Restated)
	£	£
Group		
Opening balance as previously stated	4,467,103	424,214
Prior year adjustment	-	(54,243)
	-----	-----
Restated balance as at 1 October 2010	4,467,103	369,971
Loss for the year	(774,140)	-
Surplus on revaluation during year-associates	-	250,000
	-----	-----
Balance carried forward	3,692,963	619,971
	=====	=====
		Profit and Loss account
		£
Company		
Opening balance		1,160,211
Loss for the year		(96,821)
Dividends paid		-

Balance carried forward		1,063,390
		=====

18. Reconciliation of movements in shareholders' funds	2011	2010
	£	£
(Loss)/profit for the financial year	(774,140)	86,814
Surplus/(deficit) on revaluation	250,000	(7,390)
	-----	-----
Net (reduction)/increase to funds	(524,140)	79,424
Opening shareholders' equity funds (restated)	4,847,074	4,767,650
	-----	-----
Closing shareholders' equity funds	4,322,934	4,847,074
	=====	=====

LOCHAY INVESTMENTS LIMITED

NOTES to the FINANCIAL STATEMENTS (CONTD.)

For the year ended 30 September 2011

19. Post balance sheet event

Subsequent to the year end the associated companies of Lochay Investments Limited, as listed in Note 9 on page 14, underwent a reorganisation resulting in the hive up of operations to Keiller Edinburgh Limited. This also resulted in an extension to the year-end dates of each of the associated companies from 30 September 2011 to 31 December 2011.