

MCET LIMITED
Registered Number: SC 215839
Annual Report and Accounts
For the year ended 31 July 2007



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For the year ended 31 July 2007

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MCET LIMITED

Company Information

as at 31 July 2007

Directors

Alan J Hartley
Brian Adair

Secretary

Alistair Beattie

Registered number

SC 215839

Registered address

The Merchants' Hall
22 Hanover Street
Edinburgh
EH2 2EP

Auditors

Henderson Loggie
34 Melville Street
Edinburgh
EH3 7HA

Solicitors

Morton Fraser
30-31 Queen Street
Edinburgh
EH2 1JX

Principal bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

MCET LIMITED

Directors' Report

For the year ended 31 July 2007

The Directors present the annual report with the financial statement of the company for the year ended 31 July 2007

Principal activities

The principal activity of the company in the period under review was to own and provide property for rent

Directors and their interests

The directors in office during the period were as follows

Alan J Hartley
Brian Adair
Vernon Williamson (Until March 2007)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then 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 directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

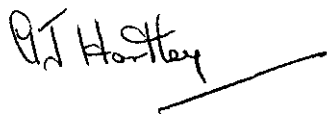
Henderson Loggie were appointed auditors to the company during the period and in accordance with Section 385 of the Companies Act 1985 are willing to be re appointed.

Approval of the directors' report

So far as each director is aware, there is no relevant audit information of which the auditors are unaware. Each director has taken the appropriate steps as a trustee to make themselves aware of such information and to establish that the auditors are aware of it.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies (S246(8)(6)).

On behalf of the Board



Alan Hartley
Director

12 December 2007

MCET LIMITED

Independent Auditors' Report to the Shareholders

For the year ended 31 July 2007

We have audited the financial statements of MCET Limited for the year ended 31 July 2007 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members 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 members those matters we are required to state 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statement, if the company has not kept proper accounting records, if we have not received all the information and explanations that we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We have 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 judgements made by the directors in the preparation of the financial statement, and of whether the accounting policies are appropriate to the company'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 of the state of affairs of the company as at 31 July 2007 and of its results for the period then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- have a directors' report which is consistent with the financial statements.

Henderson Loggie

Henderson Loggie
Registered Auditor
34 Melville Street
Edinburgh
EH3 7HA

12 December 2007

MCET LIMITED**Profit and Loss Account****For the year ended 31 July 2007**

		2007	2006
	Notes	£	£
Turnover Property rent	1	355,000	353,104
Gross profit		355,000	353,104
Administrative expenses		(358,034)	(356,549)
Operating loss	2	(3,034)	(3,445)
Interest received		3,034	3,458
Profit on ordinary activities before taxation			13
Taxation	4		
Retained profit for the period			13

Statement of Total Recognised Gains and Losses**For the year ended 31 July 2007**

	2007	2006
	£	£
Profit for the period		13
Unrealised gain on revaluation of investment properties		
Total recognised gains and losses for the period		13

The notes on pages 6 to 8 form part of these financial statements

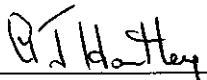
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Balance Sheet

As at 31 July 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Investment property	5		4,818,237		4,800,000
Current assets					
Debtors	6	302		32,703	
Cash at bank and in hand		149,596		153,315	
		<u>149,898</u>		<u>186,018</u>	
Creditors: amounts falling due within one year	7	<u>(205,159)</u>		<u>(223,042)</u>	
Net current liabilities			(55,261)		(37,024)
Net assets			<u>4,762,976</u>		<u>4,762,976</u>
Capital and reserves					
Called up share capital	8		4,129,207		4,129,207
Investment property revaluation reserve	9		654,595		654,595
Profit and loss account	9		<u>(20,826)</u>		<u>(20,826)</u>
Total shareholders' funds			<u>4,762,976</u>		<u>4,762,976</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board of directors on 12 December 2007 and signed on its behalf by


 Alan Hartley, Director

The notes on pages 6 to 8 form part of these financial statements

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2007

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of the revaluation of investment properties as allowed under the Financial Reporting Standard for Smaller Entities (effective January 2005) and in accordance with applicable accounting standards

Turnover

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year

Investment properties

In accordance with Financial Reporting Standard for Smaller Entities

- Investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises, and
- No depreciation is provided in respect of freehold investment properties or leasehold interests with an unexpired term of more than 20 years

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Independent professional valuations for investment properties are obtained by directors periodically

Taxation

Provision is made for corporation tax payable at current rates on profits adjusted for tax purposes. Full provision for deferred tax on timing differences is made (without discounting) in accordance with the Financial Reporting Standard for Smaller Entities, at rates in force at the balance sheet date except in the cases specified in the FRSSE, most notably timing differences relating to revaluation of investment properties for which there is no binding sale agreement.

2 Operating loss

	2007 £	2006 £
Operating loss is stated after charging:		
Charitable donations	343,053	341,859
Auditors' remuneration	1,275	1,250
	<u> </u>	<u> </u>

3 Remuneration of directors

No director received any remuneration during either period nor any retirement benefits accruing

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2007

4 Taxation

	2007 £	2006 £
Current tax on income for the period		

5 Investment property

	Heritable Property 2007 £	Heritable Property 2006 £
Valuation		
At beginning	4,800,000	4,800,000
Additions during the year	18,237	
	<u>4,818,237</u>	<u>4,800,000</u>

The property was valued on 28 September 2006 by Ryden LLP, Property Consultants. The directors believe the current value of £4,818,237 is representative of the market value.

6 Debtors

	2007 £	2006 £
Sundry debtors		32,313
Prepayments	302	390
	<u>302</u>	<u>32,703</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts due to Merchant Company Endowments Trust	73,053	71,859
Social security and other taxation	14,849	33,950
Other creditors	88,750	88,750
Accruals and deferred income	28,507	28,483
	<u>205,159</u>	<u>223,042</u>

8 Share capital

	2007 £	2006 £
Authorised equity interests:		
Ordinary shares of £1 each	<u>4,250,000</u>	<u>4,250,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>4,129,207</u>	<u>4,129,207</u>

MCET LIMITED

Notes to the Financial Statements

For the year ended 31 July 2007

9 Reserves

	Investment property revaluation reserve £	Profit and loss account £
At start of period	654,595	(20,826)
Profit for financial period		
At end of period	<u>654,595</u>	<u>(20,826)</u>

10 Ultimate parent undertaking and controlling party

The ultimate parent undertaking is The Merchant Company Endowments Trust, a charitable trust registered in Scotland. Copies of the group financial statements are available from the Merchants' Hall, 22 Hanover Street, Edinburgh, EH2 2EP