

City Legacy Limited

Directors' report and financial statements

Registered number SC364621

31 March 2011



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Directors and advisors

Directors

J Gallacher
A J Hartley
M Kiely
E J Monaghan
M J Murray
A C Palmer (resigned 29 October 2011)
K D Reid
B Rooney
DW Archer (appointed 29 October 2011)

Secretary

Anderson Strathern LLP

Registered Office

24 Blythswood Square
Glasgow
G2 4BG

Auditors

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Directors' report

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011.

Principal activities

The company was formed to bid for and if successful build the athletes' village for the 2014 Commonwealth Games to be held in Glasgow in July of that year. On 1 April 2010 the company was notified that its bid had been successful. On completion of the Games the company will retrofit the units and sell them on to third parties.

Trading results

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

Directors

The directors who served the company during the year were as follows:

J Gallacher
A J Hartley
M Kiely
E J Monaghan
M J Murray
A C Palmer
K D Reid
B Rooney

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J Gallacher
Director

24 Blythswood Square
Glasgow
G2 4BG

16 December 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of City Legacy Limited

We have audited the financial statements of City Legacy Limited for the year ended 31 March 2011 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

16 December 2011

Profit and loss account
for the year ended 31 March 2011

	<i>Note</i>	2011 £	2010 £
Turnover	2	5,988,003	-
Cost of sales		(5,988,003)	-
Gross profit		-	-
Administrative expenses		(18,101)	-
Loss on ordinary activities before taxation	3	(18,101)	-
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	11	(18,101)	-

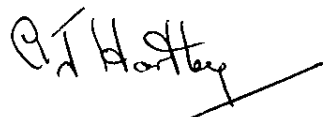
The company has no recognised gains or losses other than the loss for the current year.

The result for the year has been derived from continuing activities.

Balance sheet
as at 31 March 2011

	<i>Note</i>	2011 £	2010 £
Current assets			
Stock	5	1,224,799	-
Debtors: due within one year	6	1,075,265	1
Cash at bank and in hand		1,037,727	-
		3,337,791	1
Creditors: amounts falling due within one year	7	(1,051,892)	-
Net current assets		2,285,899	1
Creditors: amounts falling due after one year	8	(2,204,000)	-
Net assets		81,899	1
Capital and reserves			
Called up share capital	10	100,000	1
Profit and loss account	11	(18,101)	-
Shareholders' funds	12	81,899	1

These financial statements were approved by the board of directors on 16 December 2011 and signed on its behalf by:



AJ Hartley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose related party transactions on the grounds of its size.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. CCG Scotland Limited, Cruden Estates Limited, Mactaggart & Mickel Homes Limited and WH Malcolm Limited, the company's shareholders, have indicated that for at least 12 months from the date of approval of these financial statements, they will not seek repayment of the amounts currently made available if this is to the detriment of the company. Combined with this, the directors have considered the company's cash requirements for the next 12 months and are of the opinion that the company has sufficient resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on the factors described above, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Work in progress

Work in progress is stated at the lower of cost and net realisable value.

Long term contracts

The amount of profit attributable to the stage of completion of the long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Payments in advance are included in creditors and represent payment on account in excess of turnover recognised.

Turnover

Turnover comprises turnover on long term contracts as noted above.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Turnover

The turnover and profit before tax are attributable to the principal activities of the company. All activity originates in the United Kingdom.

Notes (continued)

3 Loss on ordinary activities before tax

	2011 £	2010 £
<i>Loss on ordinary activities is stated after charging:</i>		
Auditor's remuneration		
- audit of these financial statements	12,000	-
- other services relating to taxation	4,000	-
	<u>16,000</u>	<u>-</u>

The company has no employees and the directors received no remuneration during the current or prior period.

4 Taxation

	2011 £	2010 £
Analysis of tax charge:		
<i>UK corporation tax</i>		
Corporation tax for the year	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2010: higher) than the standard rate of corporation tax in the UK of 28% (2010: 28%). The differences are explained below.

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(18,101)	-
	<u>(18,101)</u>	<u>-</u>
Current tax at 28% (2010: 28%)	(5,068)	-
	<u>(5,068)</u>	<u>-</u>
<i>Effects of:</i>		
Losses carried forward	5,068	-
	<u>5,068</u>	<u>-</u>
Total current tax charge (see above)	-	-
	<u>-</u>	<u>-</u>

A deferred tax asset consisting of tax losses carried forward of £4,706 (2010: £Nil) has not been recognised by the company due to uncertainty over the extent and timing of its recoverability.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate would reduce from 28% to 24% over a period of four years from 2011. The first reduction from 28% to 27% was effective 1 April 2011 and the second reduction to 26% was substantively enacted on 29 March 2011. This will reduce the company's current tax charge accordingly. As this rate change was substantively enacted before the balance sheet date, the company's unrecognised deferred tax asset was measured at 26%. It is not yet possible to quantify the full anticipated effect of the announced further 2% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax balance accordingly.

5 Stock

	2011 £	2010 £
Work in progress	1,224,799	-
	<u>1,224,799</u>	<u>-</u>

Notes (continued)

6 Debtors: due within one year

	2011 £	2010 £
Trade debtors	247,466	-
Amounts recoverable on contracts	744,338	-
Other taxes and social security	83,461	-
Called up share capital not yet paid	-	1
	<u>1,075,265</u>	<u>1</u>

7 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	268,615	-
Accruals	783,277	-
	<u>1,051,892</u>	<u>-</u>

8 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Cruden Estates Limited	551,000	-
CCG (Scotland) Limited	551,000	-
Mactaggart & Mickel Homes Limited	551,000	-
WH Malcolm Limited	551,000	-
	<u>2,204,000</u>	<u>-</u>

The amounts above consist of loans from the company's shareholders which bear no interest and have no repayment date. The shareholders have indicated to the company that they will not seek repayment of amounts made available if this is detrimental to the company.

9 Contingent liabilities

There are contingent liabilities in respect of guarantees under contracting arrangements entered into by the company in the normal course of business.

Notes (continued)

10 Share capital

	2011 £	2010 £
<i>Authorised, issued and fully paid</i>		
100,000 (2010: 1) ordinary shares of £1 each	100,000	1

During the year, 99,999 additional ordinary shares were issued to the joint venture partners.

11 Profit and loss account

	£
At beginning of year	-
Loss for the financial year	(18,101)
At end of year	(18,101)

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(18,101)	-
Share capital introduced	99,999	-
Net addition to shareholders' funds	81,898	1
Opening shareholders' funds	1	-
Closing shareholders' funds	81,899	1

13 Related parties

The joint venture parties detailed below will all undertake aspects of the building of the Commonwealth Games Village:

CCG (Scotland) Limited
 Cruden Estates Limited
 Mactaggart & Mickel Homes Limited
 W H Malcolm Limited

These parties are all 25% shareholders.

14 Parent company

The company is a joint venture between the companies listed in note 13. No company is considered to be the parent company.