

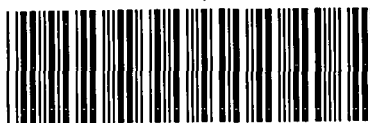
City Legacy Limited

Annual report and financial statements

Registered number SC364621

31 March 2014

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Directors and advisors

Directors	DW Archer J Gallacher A J Hartley M Kiely E J Monaghan M J Murray K D Reid B Rooney
Secretary	AS Company Services Limited
Registered Office	3 rd Floor, George House 50 George Square Glasgow G2 1EH
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Strategic report

The directors have pleasure in presenting their Strategic Report for the year ended 31 March 2014.

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. The Commonwealth Games took place in July 2014, with the Athletes' Village being handed over to the Organising Committee of the Commonwealth Games in January 2014 for temporary use until it was handed back for completion of the housing in October 2014. The transfer of 400 social housing units and the sale of 300 houses for sale are expected to commence in late 2014, and continue throughout 2015.

Operating Review & Key Performance Indicators

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. The turnover for the year was £44,139,691 (2013- £72,385,029) and the profit for the year was £15,301 (2013- £86,064).

Principal Risks and Uncertainties

The principal risk and uncertainty affecting the company arise from its partial participation in the private housing market and comprises:

- general economic conditions;

The board regularly considers this risk and has developed a plan to ensure costs of construction of houses for sale are met by prudent estimates of values which could be achieved by the sale of these units at the end of the project, when the Commonwealth Games Village becomes a Housing Development. The performance of the project is regularly discussed at Board level.

By order of the board



AS Company Services Limited
Secretary

3rd Floor, George House
50 George Square
Glasgow
G2 1EH

26th November 2014

Directors' report

The directors have pleasure in presenting their directors' report together with the financial statements for the year ended 31 March 2014.

Directors

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

DW Archer
J Gallacher
A J Hartley
M Kiely
E J Monaghan
M J Murray
K D Reid
B Rooney

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the board


AS Company Services Limited
Secretary

3rd Floor, George House
50 George Square
Glasgow
G2 1EH

26th November 2014

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

The directors are responsible for preparing the Strategic Report, 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

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
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 2014 set out on pages 6 to 13. 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 4, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit 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 Strategic Report, 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

12 December 2014

Profit and loss account
for the year ended 31 March 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	44,139,691	72,385,029
Cost of sales		(44,089,789)	(72,253,116)
Gross profit		49,902	131,913
Administrative expenses		(48,210)	(43,100)
Operating profit		1,692	88,813
Other interest receivable		17,434	6,281
Profit on ordinary activities before taxation	3	19,126	95,094
Tax on profit on ordinary activities	4	(3,825)	(9,030)
Profit for the financial year	11	15,301	86,064

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

There were no recognised gains or losses in the current or prior year other than those included in the profit and loss account above. Accordingly, no Statement of Total Recognised Gains and Losses is presented.

Balance sheet
as at 31 March 2014

	<i>Note</i>	2014 £	2013 £
Current assets			
Stock	5	35,136,642	6,697,726
Debtors (including £3,073,150 (2013: £2,740,853) due after more than one year)	6	7,237,795	5,704,634
Cash at bank and in hand		951,797	2,112,915
		43,326,234	14,515,275
Creditors: amounts falling due within one year	7	(31,562,406)	(9,434,604)
Net current assets		11,763,828	5,080,671
Creditors: amounts falling due after one year	8	(11,612,709)	(4,944,853)
Net assets		151,119	135,818
Capital and reserves			
Called up share capital	10	100,000	100,000
Profit and loss account	11	51,119	35,818
Shareholders' funds	12	151,119	135,818

These financial statements were approved by the board of directors on 26th November 2014 and signed on its behalf by:



John Gallacher
Director

Cash Flow Statement
for the year ended 31 March 2014

	<i>Note</i>	2014 £	2013 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		1,692	88,813
Increase in stocks		(26,387,720)	(5,847,752)
(Increase)/decrease in debtors		(1,200,864)	232,806
(Decrease)/increase in creditors		(5,940,143)	5,523,335
Net cash outflow from operating activities		(33,527,035)	(2,798)
Cash flow statement			
Cash flow from operating activities		(33,527,035)	(2,798)
Returns on investments and servicing of finance	13	17,434	6,281
Taxation		(9,030)	-
Cash (outflow)/inflow before financing		(33,518,631)	3,483
Financing	13	32,357,513	-
(Decrease)/increase in cash in the period		(1,161,118)	3,483
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(1,161,118)	3,483
Cash inflows from increase in financing		(32,357,513)	-
Change in net debt resulting from cash flows		(33,518,631)	3,483
Movement in net debt in the period		(33,518,631)	3,483
Net debt at the start of the period		(91,085)	(94,568)
Net debt at the end of the period	14	(33,609,716)	(91,085)

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.

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. Within the year, the company received £24,661,513 from the Strathclyde Pension Fund and interest is payable on the borrowings of £2,051,196. The loan requires a repayment of £25m on 31 March 2015, £2.5m on 30 June 2015, and £2.5m on 31 September 2015, and the directors believe funds received from the transfer of social housing will ensure sufficient cash resources are available to make the repayments. 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/loss 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/loss before tax are attributable to the principal activities of the company. All activity originates in the United Kingdom.

Notes (continued)

3 Profit on ordinary activities before taxation

	2014 £	2013 £
<i>Profit on ordinary activities is stated after charging:</i>		
Auditor's remuneration		
- audit of these financial statements	16,600	14,000
- other services relating to taxation	18,200	44,110
	<u> </u>	<u> </u>

The company had no employees in the current or prior year and the directors received no remuneration during the current or prior year.

4 Taxation

	2014 £	2013 £
Analysis of tax charge:		
<i>UK corporation tax</i>		
Corporation tax for the year	3,825	9,030
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	3,825	9,030
	<u> </u>	<u> </u>

Factors affecting the tax charge for the current period

The current tax charge for the period is equal to (2013: lower than) the standard rate of corporation tax for a small company in the UK of 20% (2013: 20%). The differences are explained below.

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	19,126	95,094
	<u> </u>	<u> </u>
Current tax at 20% (2013: 20%)	3,825	19,019
	<u> </u>	<u> </u>
<i>Effects of:</i>		
Losses utilised	-	(9,989)
	<u> </u>	<u> </u>
Total current tax charge (see above)	3,825	9,030
	<u> </u>	<u> </u>

5 Stock

	2014 £	2013 £
Work in progress	35,136,642	6,697,726
	<u> </u>	<u> </u>

Notes (continued)

6 Debtors

	2014 £	2013 £
Trade debtors	3,972,200	2,606,426
Other debtors	3,073,150	2,740,853
Other taxes and social security	192,445	357,355
	7,237,795	5,704,634

Other debtors includes retentions of £3,073,150 (2013: £2,740,853) due after more than one year.

7 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	3,307,364	9,396,092
Other creditors	3,411,637	-
Accruals	178,067	29,482
Corporation tax creditor	3,825	9,030
Other loan	24,661,513	-
	31,562,406	9,434,604

8 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Other creditors	1,712,709	2,740,853
Amounts due to related parties:		
Cruden Estates Limited	2,475,000	551,000
CCG (Scotland) Limited	2,475,000	551,000
Mactaggart & Mickel Homes Limited	2,475,000	551,000
WH Malcolm Limited	2,475,000	551,000
	11,612,709	4,944,853

The amounts above consists of loans from the company's shareholders which bear no interest and have no repayment date as well as interest accrued on the Strathclyde Pension Fund loan. The shareholders have indicated to the company that they will not seek repayment of amounts made available if this is detrimental to the company.

In January 2013 the company agreed a facility of £35,000,000. At the year end, the facility had been utilised to the sum of £24,661,513 with interest accrued at 11.10% across the period giving rise to an interest liability of £2,050,896. The repayment profile comprises £25m on 31 March 2015, £2.5m on 30 June 2015 and £2.5m on 31 September 2015. As part of this facility, a bond and floating charge over the assets of the company was granted in favour of the facility provider.

Notes (continued)

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.

10 Share capital

	2014 £	2013 £
<i>Authorised, issued and fully paid</i> 100,000 (2013: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11 Profit and loss account

	£
At beginning of year	35,818
Profit for the financial year	15,301
At end of year	<u>51,119</u>

12 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	<u>15,301</u>	86,064
Net addition to shareholders' funds	15,301	86,064
Opening shareholders' funds	<u>135,818</u>	49,754
Closing shareholders' funds	<u>151,119</u>	<u>135,818</u>

13 Analysis of cash flows

	2014 £	2014 £	2013 £	2013 £
Returns on investment and servicing of finance				
Interest received	<u>17,434</u>		<u>6,281</u>	
		<u>17,434</u>		<u>6,281</u>
Financing				
Related party loans	7,696,000		-	
Other loan	<u>24,661,513</u>		-	
		<u>32,357,513</u>		<u>-</u>

Notes (continued)

14 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	2,112,915	(1,161,118)	951,797
Debt due within one year	-	(24,661,513)	(24,661,513)
Debt due after one year	(2,204,000)	(7,696,000)	(9,900,000)
Total	(91,085)	(33,518,631)	(33,609,716)

15 Related parties

The joint venture parties detailed below all have undertaken 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.

During the year the company purchased services in the ordinary course of business from related parties in relation to the ongoing works at the athletes' sites.

	Services purchased 2014 £	Outstanding 2014 £	Services purchased 2013 £	Outstanding 2013 £
CCG (Scotland) Limited	5,039,537	-	19,235,071	3,544,600
Cruden Estates Limited	51,788	-	24,000	-
Cruden Building & Renewals Limited	5,072,559	-	20,218,036	1,777,155
Mactaggart & Mickel Homes Limited	8,450,351	-	15,281,774	2,492,931
WH Malcolm Limited	11,990,547	473,329	13,088,749	1,758,876
	30,604,782	473,329	67,847,630	9,573,562

16 Parent company

The company is a joint venture between the companies listed in note 15. No company is considered to be the parent company.