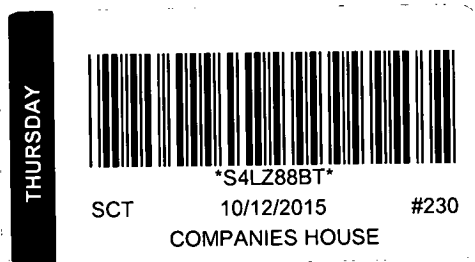


City Legacy Limited

Annual report and financial statements

Registered number SC364621

31 March 2015



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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 2015.

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 were completed by 31st March 2015 and the sale of 300 houses for sale commenced in March 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 £5,419,847 (2014- £44,139,691) and the profit for the year was £501,508 (2014- £15,301).

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 developed a plan to ensure costs of construction of houses for sale were 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 became 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

2nd December 2015

Directors' report

The directors have pleasure in presenting their directors' report together with the financial statements for the year ended 31 March 2015.

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

2nd December 2015

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 2015 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 2015 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

9 December 2015

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Turnover	2	5,419,847	44,139,691
Cost of sales		(4,772,467)	(44,089,789)
Gross profit		647,380	49,902
Administrative expenses		(34,700)	(48,210)
Operating profit		612,680	1,692
Other interest receivable		19,394	17,434
Profit on ordinary activities before taxation	3	632,074	19,126
Tax on profit on ordinary activities	4	(130,566)	(3,825)
Profit for the financial year	11	501,508	15,301

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 2015

	<i>Note</i>	2015 £	2014 £
Current assets			
Stock	5	29,345,024	35,136,642
Debtors (including £nil (2014: £3,073,150) due after more than one year)	6	1,297,141	7,237,795
Cash at bank and in hand		5,472,336	951,797
Creditors: amounts falling due within one year	7	36,114,501 (23,362,238)	43,326,234 (31,562,406)
Net current assets		12,752,263	11,763,828
Creditors: amounts falling due after one year	8	(12,099,636)	(11,612,709)
Net assets		652,627	151,119
Capital and reserves			
Called up share capital	10	100,000	100,000
Profit and loss account	11	552,627	51,119
Shareholders' funds	12	652,627	151,119

These financial statements were approved by the board of directors on 27th November 2015 and signed on its behalf by:



John Gallacher
Director

Cash Flow Statement

for the year ended 31 March 2015

	Note	2015 £	2014 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		612,680	1,692
Decrease/(increase) in stocks		11,201,149	(26,387,720)
Decrease/(increase) in debtors		3,649,578	(1,200,864)
Increase/(decrease) in creditors		6,042,402	(5,940,143)
Net cash inflow/(outflow) from operating activities		21,505,809	(33,527,035)
Cash flow statement			
Cash flow from operating activities		21,505,809	(33,527,035)
Returns on investments and servicing of finance	13	19,394	17,434
Taxation		(3,825)	(9,030)
Cash inflow/(outflow) before financing		21,521,378	(33,518,631)
Financing	13	(17,000,839)	32,357,513
Increase /(decrease) in cash in the period		4,520,539	(1,161,118)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		4,520,539	(1,161,118)
Cash outflows/(inflows) from increase in financing		17,000,839	(32,357,513)
Change in net debt resulting from cash flows		21,521,378	(33,518,631)
Movement in net debt in the period		21,521,378	(33,518,631)
Net debt at the start of the period		(33,609,716)	(91,085)
Net debt at the end of the period	14	(12,088,338)	(33,609,716)

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. A repayment of £25m was made against the Strathclyde Pension Fund loan on 31 March 2015 and the loan requires further repayments of £2.5m on 30 June 2015, £2.5m on 30 September 2015, £2.5m on 31 December 2015 and a final repayment on 31 March 2016 and the directors believe funds received from the transfer of social housing will ensure sufficient cash resources are available to make the repayments. Post year end, facilitated by above expected private house sales income, the Strathclyde Pension Fund loan and accrued interest thereon, was fully paid off on 30th June 2015. 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 settlement income from the sale of private residential properties and 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 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

	2015 £	2014 £
<i>Profit on ordinary activities is stated after charging:</i>		
Auditor's remuneration		
- audit of these financial statements	16,600	16,600
- other services relating to taxation	18,100	18,200
	<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

	2015 £	2014 £
Analysis of tax charge:		
<i>UK corporation tax</i>		
Corporation tax for the year	130,566	3,825
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	130,566	3,825
	<u> </u>	<u> </u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than (2014: *equal to*) the standard rate of corporation tax in the UK of 21% (2014: 20%). The differences are explained below.

	2015 £	2014 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	632,074	19,126
	<u> </u>	<u> </u>
Current tax at 21% (2014: 20%)	132,736	3,825
	<u> </u>	<u> </u>
<i>Effects of:</i>		
Marginal relief	(2,170)	-
	<u> </u>	<u> </u>
Total current tax charge (see above)	130,566	3,825
	<u> </u>	<u> </u>

5 Stock

	2015 £	2014 £
Work in progress	29,345,024	35,136,642
	<u> </u>	<u> </u>

Notes (continued)

6 Debtors

	2015 £	2014 £
Trade debtors	418,858	3,972,200
Other debtors	782,073	3,073,150
Other taxes and social security	96,210	192,445
	<u>1,297,141</u>	<u>7,237,795</u>

Other debtors includes retentions of £nil (2014: £3,073,150) due after more than one year.

7 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	6,395,855	3,307,364
Other creditors	6,191,604	3,411,637
Accruals	5,183,175	178,067
Corporation tax creditor	130,566	3,825
Other loan	5,461,038	24,661,513
	<u>23,362,238</u>	<u>31,562,406</u>

8 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Other creditors	-	1,712,709
Amounts due to related parties:		
Cruden Estates Limited	3,024,909	2,475,000
CCG (Scotland) Limited	3,024,909	2,475,000
Mactaggart & Mickel Homes Limited	3,024,909	2,475,000
WH Malcolm Limited	3,024,909	2,475,000
	<u>12,099,636</u>	<u>11,612,709</u>

The amounts above consist of loans and accrued interest from the company's shareholders which have no fixed 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 with Strathclyde Pension Fund. At the year end, the facility had been utilised to the sum of £30,461,038 with interest accrued at 11.10% across the period giving rise to an interest liability of £5,409,531. On 31 March 2015 a repayment of £25m was made against the loan balance with a future quarterly repayment profile of £2.5m on 30 June 2015, 30 September 2015 and 31 December 2015 and the outstanding balance on 31 March 2016. As part of this facility, a bond and floating charge over the assets of the company was granted in favour of the facility provider. Post year end, facilitated by above expected private house sales income, the Strathclyde Pension Fund loan and accrued interest thereon, was fully paid off on 30th June 2015.

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

	2015 £	2014 £
<i>Authorised, issued and fully paid</i>		
100,000 (2014: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11 Profit and loss account

	£
At beginning of year	51,119
Profit for the financial year	<u>501,508</u>
At end of year	<u>552,627</u>

12 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial year	<u>501,508</u>	15,301
Net addition to shareholders' funds	<u>501,508</u>	15,301
Opening shareholders' funds	<u>151,119</u>	<u>135,818</u>
Closing shareholders' funds	<u><u>652,627</u></u>	<u><u>151,119</u></u>

13 Analysis of cash flows

	2015 £	2015 £	2014 £	2014 £
Returns on investment and servicing of finance				
Interest received	<u>19,394</u>		<u>17,434</u>	
		<u>19,394</u>		<u>17,434</u>
Financing				
Related party loans	2,199,636		7,696,000	
Other loan	<u>(19,200,475)</u>		<u>24,661,513</u>	
		<u><u>(17,000,839)</u></u>		<u><u>32,357,513</u></u>

Notes (continued)

14 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	951,797	4,520,539	5,472,336
Debt due within one year	(24,661,513)	19,200,475	(5,461,038)
Debt due after one year	(9,900,000)	(2,199,636)	(12,099,636)
Total	(33,609,716)	21,521,378	(12,088,338)

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 cause of business from related parties in relation to the ongoing works at the athletes' sites.

	Services purchased 2015 £	Outstanding 2015 £	Services purchased 2014 £	Outstanding 2014 £
CCG (Scotland) Limited	4,360,966	1,833,665	5,039,537	-
Cruden Estates Limited	48,000	12,000	51,788	-
Cruden Building & Renewals Limited	3,861,092	1,823,000	5,072,559	-
Mactaggart & Mickel Homes Limited	5,409,561	2,295,753	8,450,351	-
WH Malcolm Limited	7,409,449	2,520,831	11,990,547	473,329
	21,089,068	8,485,249	30,604,782	473,329

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.