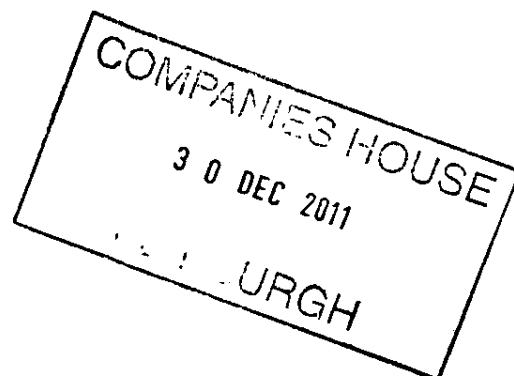


Kilpatrick Securities Limited

Registered number: SC150915

Directors' report and financial statements

For the year ended 31 March 2011



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KILPATRICK SECURITIES LIMITED

COMPANY INFORMATION

Directors	M K Glen G I Clark
Company secretary	G I Clark
Company number	SC150915
Registered office	Strathearn House 211 Hope Street Glasgow G2 2UW
Auditors	Mazars LLP 90 St Vincent Street Glasgow G2 5UB
Bankers	Clydesdale Bank Plc Business Banking Centre East Kilbride Glasgow G74 1LW
Solicitors	Holmes MacKillop 109 Douglas Street Blythswood Square Glasgow G2 4HB

KILPATRICK SECURITIES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7 - 8
Notes to the financial statements	9 - 13

KILPATRICK SECURITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements for the year ended .

Statement of directors' responsibilities

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 the directors have 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 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;
- 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 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.

Principal activities

The principal activity of the company is that of property investment.

Directors

The directors who served during the year were:

M K Glen
G I Clark

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that directors has taken all the steps that ought to have been taken as a directors in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

KILPATRICK SECURITIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

Auditors

Under section 487 of the Companies Act 2006, Mazars LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf. 30 DEC 11

A handwritten signature in black ink, appearing to be 'M K Glen', written in a cursive style.

M K Glen
Director

KILPATRICK SECURITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KILPATRICK SECURITIES LIMITED

We have audited the financial statements of Kilpatrick Securities Limited for the year ended 31 March 2011, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 1, 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. 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 auditors' 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.

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 website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 profit 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 provisions of the Companies Act 2006..

Opinion on the 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.

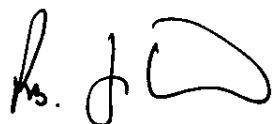
KILPATRICK SECURITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KILPATRICK SECURITIES LIMITED

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



P B Jibson (Senior Statutory Auditor)

Mazars LLP, (Statutory Auditor)

90 St Vincent Street
Glasgow
G2 5UB

Date: 30 December 2011

KILPATRICK SECURITIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
Turnover	1	344,218	388,903
Administrative expenses		(107,543)	(110,202)
Operating profit	3	236,675	278,701
Exceptional items			
Net loss on sale of tangible fixed assets	4	(7,291)	(10,735)
Profit on ordinary activities before interest		229,384	267,966
Interest payable and similar charges		(207,801)	(215,920)
Profit on ordinary activities before taxation		21,583	52,046
Tax on profit on ordinary activities	5	(12,787)	(16,214)
Profit for the financial year	12	8,796	35,832

The notes on pages 9 to 13 form part of these financial statements.

KILPATRICK SECURITIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
Profit for the financial year	8,796	35,832
Unrealised deficit on revaluation of investment properties	<u>(28,021)</u>	<u>(187,297)</u>
Total recognised gains and losses relating to the year	<u><u>(19,225)</u></u>	<u><u>(151,465)</u></u>

The notes on pages 9 to 13 form part of these financial statements.

KILPATRICK SECURITIES LIMITED

Registered number: SC150915

BALANCE SHEET**AS AT 31 MARCH 2011**

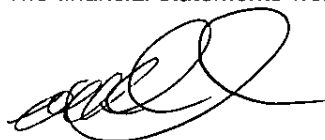
	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	7		7,150,050		7,325,000
Current assets					
Debtors	8	81,108		41,865	
Cash at bank		7,546		20,575	
		<u>88,654</u>		<u>62,440</u>	
Creditors: amounts falling due within one year	9	<u>(166,215)</u>		<u>(149,909)</u>	
Net current liabilities			<u>(77,561)</u>		<u>(87,469)</u>
Total assets less current liabilities			<u>7,072,489</u>		<u>7,237,531</u>
Creditors: amounts falling due after more than one year	10		<u>(4,315,150)</u>		<u>(4,460,967)</u>
Net assets			<u>2,757,339</u>		<u>2,776,564</u>
Capital and reserves					
Called up share capital	11		2		2
Revaluation reserve	12		2,141,976		2,221,495
Profit and loss account	12		<u>615,361</u>		<u>555,067</u>
Shareholders' funds			<u>2,757,339</u>		<u>2,776,564</u>

KILPATRICK SECURITIES LIMITED

BALANCE SHEET (continued) AS AT 31 MARCH 2011

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



30 Dec 11

M K Glen
Director

The notes on pages 9 to 13 form part of these financial statements.

KILPATRICK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Freehold Property and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Turnover

Turnover represents all income received and receivable, excluding value added tax, in respect of rents and investment income.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	- 25% straight line
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1.5 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1.6 Deferred taxation

Deferred tax is provided in full respect of taxation by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

1.7 Dividends

In accordance with FRS 21, equity dividends proposed by the Board are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

2. Turnover

All turnover arose within the United Kingdom.

KILPATRICK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

3. Operating profit

The operating profit is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the company	-	2,638
Auditors' remuneration	1,900	2,350

During the year, no director received any emoluments (2010 - £NIL).

4. Exceptional items

	2011 £	2010 £
Loss on sale of property	7,291	10,735

5. Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	12,787	16,226
Adjustments in respect of prior periods	-	(12)
Tax on profit on ordinary activities	12,787	16,214

No provision has been made for deferred tax on gains recognised on revaluing investment properties to their market value; such tax would only be payable if the properties were sold at their market value. The total amount unprovided for is £367,639 (2010: £489,541). At present it is envisaged no tax will become payable in the foreseeable future.

KILPATRICK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

6. Dividends

	2011 £	2010 £
Interim dividends paid on equity capital	-	64,500

7. Tangible fixed assets

	Investment properties £
Cost or valuation	
At 1 April 2010	7,325,000
Additions	3,071
Disposals	(150,000)
Revaluation surplus/(deficit)	(28,021)
At 31 March 2011	7,150,050
Depreciation	
At 1 April 2010 and 31 March 2011	-
Net book value	
At 31 March 2011	7,150,050
At 31 March 2010	7,325,000

The Directors, one of whom is a qualified Chartered Surveyor, valued the investment properties on an open market basis at 31 March 2011. The historical cost of the investment properties included at valuation at 31 March 2011 was £5,008,073 (2010: £5,103,504).

8. Debtors

	2011 £	2010 £
Due after more than one year		
Amounts owed by group undertakings	56,652	32,992
Due within one year		
Trade debtors	15,909	2,544
Other debtors	8,547	6,329
	81,108	41,865

KILPATRICK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9. Creditors: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	20,416	19,363
Trade creditors	1,800	2,174
Amounts owed to group undertakings	-	3,968
Corporation tax	7,000	5,250
Other creditors	136,999	119,154
	<u>166,215</u>	<u>149,909</u>

The bank loans and overdrafts are secured by a floating charge over the assets and undertakings of the company, and are repayable on demand. Standard securities are held over all properties.

10. Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Bank loans	<u>4,315,150</u>	<u>4,460,967</u>

Included within bank loans are three term loans and a revolving credit facility. The term loans are repayable within 2-5 years.

Bank loans are secured over the assets of the company.

11. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2010	2,221,495	555,067
Profit for the year		8,796
Surplus on revaluation of investment properties	(28,021)	
Transfer between revaluation reserve and profit & loss account	(51,498)	51,498
At 31 March 2011	<u>2,141,976</u>	<u>615,361</u>

KILPATRICK SECURITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

13. Other financial commitments

In prior year, one of the directors of the company entered into a forward currency contract on behalf of the company. This contract expired on 9th June 2011 realising a gain of £51,750 recorded in fiscal year 31 March 2012.

14. Transactions with directors

Included within other debtors as at the year end is an overdrawn director's loan account with M K Glen amounting to £7,561 (2010: £4,000). The maximum amount of the loan during the year was £20,831 (2010: £4,000). No interest is payable on the director's loan account.

15. Ultimate parent undertaking and controlling party

The ultimate parent company is MG Capital (UK) Limited, which is controlled by M K Glen.

16. Related party transactions

The company conducted trade on normal commercial terms during the year with the following subsidiaries:

MG Capital (UK) Ltd
Kilpatrick Property Group Ltd

Parent Company
Fellow Subsidiary

During the year, the Company purchased / (sold) goods and services from / (to) related parties as follows:

	2011 £	2010 £
MG Capital (UK) Ltd	50,000	30,000
Kilpatrick Property Group Ltd	25,000	25,263

At the balance sheet date, the following amounts were due (to) / from related parties:

	2011 £	2010 £
MG Capital (UK) Limited	53,647	-
Kilpatrick Property Group Limited	2,500	-
Kirkglenn Limited	-	(3,968)
Nevisview Limited	505	-
Kilpatrick Assets Limited	-	32,992