

FORTH PROPERTY DEVELOPMENTS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2012
Registered Number: SC223863

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FORTH PROPERTY DEVELOPMENTS LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2012

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FORTH PROPERTY DEVELOPMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

C.G. Hammond
S.R. Paterson

COMPANY SECRETARY

Pamela Smyth

REGISTERED OFFICE

1 Prince of Wales Dock
Leith
EDINBURGH EH6 7DX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH

FORTH PROPERTY DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts of the Company for the year ended 31st December 2012.

Principal Activities and Business Review

The Company is owned by Forth Property Holdings Limited (which is a 90% subsidiary of Forth Ports Limited) and is a limited company incorporated and domiciled in Scotland. The Company's principal activity is property development. During the year, the Company progressed its property development work. The Company is expected to continue with its property development work for the foreseeable future.

Company Registration

The Company is registered in Scotland as number SC223863.

Principal Risks and Uncertainties

The Directors of Forth Ports Limited manage the Group's risks at group level, rather than at an individual Company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Forth Property Developments Limited's business. The principal risks and uncertainties of the Forth Ports Limited Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Results and Dividends

The loss for the year after taxation amounted to £2,477,000 (2011 – loss of £2,873,000). This includes an exceptional item of £4,000 (2011 - £295,000) in relation to redundancy costs following re-organisation. The Directors paid a dividend of £nil (2011 - £nil) during the year and propose that the loss for the year be transferred from reserves.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the accounts were:-

C.G. Hammond
S.R. Paterson

FORTH PROPERTY DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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:

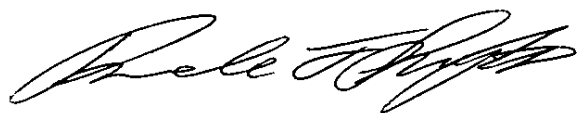
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial 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 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.

Disclosure of Information to Auditors

Each Director, as at the date of this report, has confirmed that, insofar as they are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE BOARD



Pamela Smyth
Company Secretary

25th April 2013

FORTH PROPERTY DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTH PROPERTY DEVELOPMENTS LIMITED

We have audited the financial statements of Forth Property Developments Limited for the year ended 31st December 2012 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Forth Property Developments Limited Directors' Report for the year ended 31st December 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31st December 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

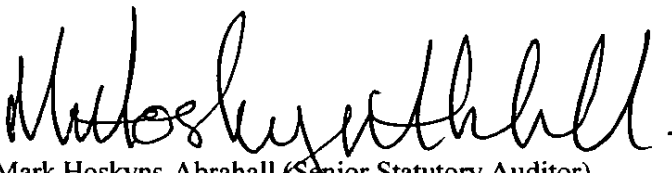
FORTH PROPERTY DEVELOPMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FORTH PROPERTY DEVELOPMENTS 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.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

25th April 2013

FORTH PROPERTY DEVELOPMENTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

	Notes	2012 £000	2011 £000
Revenue	1	1,177	1,276
Cost of sales		(59)	(199)
Gross profit		1,118	1,077
Administrative expenses		(531)	(1,428)
Operating profit/(loss)	2	587	(351)
Analysed as:			
Operating profit/(loss) before exceptional items		591	(56)
Exceptional items		(4)	(295)
Operating profit/(loss)		587	(351)
Finance costs	4	(3,385)	(3,068)
Loss before taxation		(2,798)	(3,419)
Taxation	6	321	546
Loss for the year attributable to equity shareholders		(2,477)	(2,873)

Results for the year are attributable solely to continuing operations.

The Company has no comprehensive income or expense other than those included in the Income Statement above and therefore no separate Statement of Comprehensive Income has been presented.

FORTH PROPERTY DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2012

	Notes	2012 £000	2011 £000
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,845	2,906
Intangible assets	8	3	5
Deferred tax assets	11	3,978	4,323
		6,826	7,234
Current assets			
Inventories	9	21,105	20,797
Trade and other receivables	10	76	240
Cash and cash equivalents	12	101	5
		21,282	21,042
Total assets		28,108	28,276
LIABILITIES			
Current liabilities			
Trade and other payables	13	(55,653)	(53,344)
Provision for other liabilities	14	-	-
Total liabilities		(55,653)	(53,344)
Total assets less total liabilities		(27,545)	(25,068)
SHAREHOLDER'S DEFICIT			
Ordinary shares	15	1	1
Retained loss		(27,546)	(25,069)
Total shareholder's deficit		(27,545)	(25,068)

The accounts on pages 7 to 24 were authorised and approved for issue by the Board of Directors on 25th April 2013 and signed on its behalf by:



S.R. Paterson
Director

FORTH PROPERTY DEVELOPMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2012

	Ordinary Shares £000	Retained Loss £000	Total Deficit £000
Balance at 1 st January 2011	1	(22,196)	(22,195)
Loss for the year and total comprehensive expense	-	<u>(2,873)</u>	<u>(2,873)</u>
Balance at 31st December 2011	1	(25,069)	(25,068)
Loss for the year and total comprehensive expense	-	<u>(2,477)</u>	<u>(2,477)</u>
Balance at 31st December 2012	<u>1</u>	<u>(27,546)</u>	<u>(27,545)</u>

FORTH PROPERTY DEVELOPMENTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2012

	Notes	2012 £000	2011 £000
Cash flows from operating activities			
Net cash generated from operating activities	16	280	468
Interest paid		(3,389)	(2,795)
Net cash used in operating activities		(3,109)	(2,327)
Cash flows used in investing activities			
Purchase of intangibles		-	(3)
Purchase of property, plant and equipment		-	(10)
Net cash used in investing activities		-	(13)
Cash flows from financing activities			
Loan from intermediate parent company		4,032	3,238
Loan repaid to intermediate parent company		(2,113)	(1,962)
Loan from holding company		928	807
Loan repaid to holding company		-	(33)
Loan from fellow subsidiary		481	558
Loan repaid to fellow subsidiary		(123)	(264)
Net cash generated from financing activities		3,205	2,344
Net increase in cash and cash equivalents		96	4
Cash and cash equivalents at start of year		5	1
Cash and cash equivalents at end of year	12	101	5

FORTH PROPERTY DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2012

The principal accounting policies adopted in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These accounts have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The accounts have been prepared on the going concern basis under the historical cost convention. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if applicable.

The preparation of accounts in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going Concern

The Directors believe that preparing the accounts on a going concern basis is appropriate. In reaching this conclusion the Directors have taken into account the net liabilities of the Company of £27,545,000 and the amounts due to Forth Ports Limited and other group undertakings of £54,935,000. The Directors of the Company do not expect the amounts due to group undertakings to be fully called within twelve months of approval of these accounts, and Forth Ports Limited intend to provide funds to enable the Company to meet its liabilities as they fall due. The Directors have received confirmation that it is Forth Ports Limited's present intention to support the Company for at least one year after these financial statements are signed.

New Accounting Standards

Any amendments to published standards effective in the year, standards early adopted, standards, amendments and interpretations effective in the year but not relevant, interpretations to existing standards not yet effective and not early adopted, and interpretations to existing standards not yet effective and not relevant to the Company are disclosed in the accounts of Forth Ports Limited.

Revenue Recognition

Revenue represents the income earned from rental income, sale of property developments and provision of property related services. Service related revenue is recorded once the service has been provided. Revenue excludes value added tax. The excess of amounts invoiced, over income recognised, is included in deferred income.

Profits and losses arising on the sale of sites or completed developments are recognised when contracts for sale have been exchanged and all material conditions have been satisfied. The Board will have due regard to all the circumstances of any individual transaction in determining whether or not any conditions are material or have been satisfied.

Where sites or completed developments are sold to joint ventures or associates, profits are only recognised in proportion to third parties interests in those entities. The remaining profits are recognised when the sites or completed developments are sold by the joint ventures or associates to unrelated parties.

Consideration is given to the collectability of any debt outstanding arising from the sale of sites or property developments and provisions are made where necessary. The need for such provisions is reviewed on a regular basis.

FORTH PROPERTY DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2012 (continued)

Exceptional Items

Exceptional items are those material items of expenditure which the Company has disclosed separately because of their quantity or incidence so as to give a clearer understanding of the Company's financial performance. These items are quantified and described in detail in Note 3.

Borrowing Costs

Borrowing costs are generally expensed as incurred. The Company's policy is to capitalise interest and other borrowing costs directly incurred with respect to the acquisition or development of qualifying assets. Such costs are capitalised and included in the carrying value of the assets. Capitalisation of borrowing costs commences when:

- expenditures for the asset and borrowing costs are incurred; and
- activities necessary to prepare the asset for its intended use or sale are in progress

If active development is interrupted for an extended period, capitalisation is suspended. Capitalisation ceases when the asset is substantially ready for its intended use or sale.

Property, Plant and Equipment

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to write off the cost or revalued amount less any residual value of the asset over the estimated useful lives as follows;

Plant and equipment	3-5 years
Operational land and buildings	50 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of assets are included in operating profit.

Repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining life of the related asset.

Operating Leases

Assets leased out by the Company under operating leases are included within inventories in the Balance Sheet. Rental income (net of any incentives given to lessees) is recognised once the service has been provided.

Intangible Assets

Intangible assets refer to externally purchased software which is amortised on a straight-line basis over 3 years.

FORTH PROPERTY DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2012 (continued)

Inventories

Property work in progress relates to expenditure on property development projects, land held for development and project work in progress and is included at cost less amounts which are deemed to be irrecoverable. Cost includes all direct expenditure and associated indirect costs and related costs of finance where appropriate. In determining whether the carrying value is at the lower of cost or net realisable value, a review is carried out on each individual development site (Granton Harbour, Western Harbour and The Harbour, Leith Docks) at 31st December each year. The estimated sales receipts are assessed for each development as are the existing costs and the expected costs to complete (including sales costs) which are then compared with the carrying value. On completion, such assets are transferred to investment properties or sold to third parties.

Trade Receivables and Accrued Property Income

Trade receivables and accrued property income are carried at original invoice amount less an allowance made for impairment of these receivables. An allowance for impairment of trade receivables and accrued property income is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The carrying amount of the asset is reduced through the use of this impairment allowance and the amount of the loss is recognised in the Income Statement. In future years the unwinding of the discount is recognised within finance income.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are not interest bearing and are stated at their nominal value.

Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Share Capital

Ordinary shares are classified as equity.

FORTH PROPERTY DEVELOPMENTS LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2012 (continued)

Current and Deferred Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial Risk Management

Liquidity Risk

All financing arrangements are subjected to continuous management review to ensure that assets will be sufficient to satisfy financial obligations as and when they fall due.

Credit Risk

All contractual arrangements are subject to an initial assessment of credit risk. Subsequent to contract, continuous management review identifies where credit obligations have not been met, or are at risk of not being met. This management review also identifies and monitors the appropriate actions to be taken with a view to enforcing the company's rights under contract.

Market Risk

The overall objective of the Company is to secure shareholder value through the effective management and development of property assets, including acquisitions and disposals, over the long-term. Key market variables which affect this outcome include; property sales value and forecast growth, construction costs and forecast inflation, along with general macro-economic factors such as interest rates and property yields.

The impact of potential interest rate movements on costs of specific developments are monitored continuously, and consideration given to hedging interest rate risk. Assumptions on other key market variables are tested regularly, and the carrying values of the assets are re-assessed to reflect any changes which are thought likely to affect the market value at the expected point of disposal.

Capital Risk Management

The Directors of Forth Ports Limited manage the group's capital risk at a group level. Their policies are discussed within the group's annual report which does not form part of this report.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2012

1. Revenue

Revenue is derived from three main categories as detailed below:

	2012 £000	2011 £000
Rental income	1,158	1,175
Property sales	-	83
Property related services	<u>19</u>	<u>18</u>
	<u>1,177</u>	<u>1,276</u>

2. Operating profit/(loss)

The following items have been included in arriving at operating profit/(loss):

	2012 £000	2011 £000
Depreciation:		
Plant and equipment – owned assets	-	3
Operational land and buildings – owned assets	61	61
Land and Buildings – recharge	25	-
Amortisation:		
Intangibles	<u>2</u>	<u>3</u>

Services provided by the Company's auditor

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	2012 £000	2011 £000
Audit services – statutory audit	<u>-</u>	<u>20</u>

The statutory audit fees have been paid by Forth Ports Limited.

3. Exceptional items

The exceptional items contained within administrative costs relate to redundancy costs following reorganisation of £4,000 (2011- £295,000).

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Finance costs

	2012 £000	2011 £000
Interest on loan from Forth Ports Limited	2,185	2,008
Interest payable to:		
Forth Property Investments Limited	164	134
Forth Property Holdings Limited	<u>1,036</u>	<u>926</u>
	<u>3,385</u>	<u>3,068</u>

Interest is charged on Company borrowings at a blended rate from Group reflecting fixed group borrowing costs plus a fixed margin of 1.5%, therefore the residual risk is such that a movement of 0.5% in LIBOR would affect the Finance Costs in the income statement by £nil (2011 - £nil), with a corresponding effect on Retained Earnings.

5. Directors and employees

The Directors received no emoluments from the Company in respect of the year ended 31st December 2012 (2011 - nil).

There are no other employees of the Company.

Key management remuneration is recharged by the Company's ultimate parent undertaking - Forth Ports Limited.

	2012 £000	2011 £000
Salaries and short-term employee benefits	<u>—</u>	<u>931</u>

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Taxation

	2012 £000	2011 £000
Analysis of tax credit for the year		
Current tax – credit for the year	(668)	(889)
Adjustments to tax prior years	<u>1</u>	<u>(3)</u>
	(667)	(892)
Deferred tax:		
Credit for the year (Note 11)	<u>346</u>	<u>346</u>
	<u>(321)</u>	<u>(546)</u>

The tax for the year is higher (2011 – higher) than the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below:

	2012 £000	2011 £000
Loss before tax	<u>(2,798)</u>	<u>(3,419)</u>
Loss multiplied by rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(686)	(906)
Effects of:		
Adjustments to tax in respect of prior periods		
- current tax	1	(3)
Expenses not deductible for tax purposes	15	17
Group relief surrendered for nil payment	3	-
Effect of tax rate change on deferred tax balance	<u>346</u>	<u>346</u>
Current tax credit for the year	<u>(321)</u>	<u>(546)</u>

In the 2012 budget on 21st March 2012, the UK government announced its intention to further reduce the UK corporate income tax rate by an additional 1% on top of the annual rate reductions previously announced in respect of financial years 2012, 2013 and 2014. The further reduction to 23% for the financial year 2013 was enacted at the balance sheet date and has, therefore, been included in these accounts. The effect of the reduction to 23% has been to reduce the deferred tax asset recognised at 31st December 2012 by £346k, which has reduced profit by this amount.

In the 2013 budget on 20th March 2013, the UK government announced its intention to further reduce the UK corporate income tax rate to 21% for financial year 2014 and to 20% for financial year 2015. This further reduction in the main rate of corporation tax by 1% per year has not yet been substantively enacted but is expected to be enacted later in the year. The overall effect of a further reduction to 20%, if applied to the deferred tax balances at 31st December, would be to reduce the deferred tax asset by approximately £519k (being £346k recognised in 2013 and £173k recognised in 2014).

Current tax credits have been group relieved by the availability of profits in fellow subsidiaries for the year ended 31st December 2012.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

7. Property, plant and equipment

	Operational Land and Buildings £000	Plant and Equipment £000	Total £000
Cost			
At 1 st January 2012	3,075	82	3,157
Additions	—	—	—
At 31st December 2012	<u>3,075</u>	<u>82</u>	<u>3,157</u>
Depreciation			
At 1 st January 2012	169	82	251
Charge for year	<u>61</u>	—	<u>61</u>
At 31st December 2012	<u>230</u>	<u>82</u>	<u>312</u>
Net book value at 31st December 2012	<u>2,845</u>	<u>—</u>	<u>2,845</u>

	Operational Land and Buildings £000	Plant and Equipment £000	Total £000
Cost			
At 1 st January 2011	3,075	82	3,157
Additions	—	—	—
At 31st December 2011	<u>3,075</u>	<u>82</u>	<u>3,157</u>
Depreciation			
At 1 st January 2011	108	79	187
Charge for year	<u>61</u>	<u>3</u>	<u>64</u>
At 31st December 2011	<u>169</u>	<u>82</u>	<u>251</u>
Net book value at 31st December 2011	<u>2,906</u>	<u>—</u>	<u>2,906</u>

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Intangible assets

	Software £000	Total £000
Cost		
At 1 st January 2012	8	8
Additions	—	—
At 31st December 2012	<u>8</u>	<u>8</u>
Amortisation		
At 1 st January 2012	3	3
Charge for year	2	2
At 31st December 2012	<u>5</u>	<u>5</u>
Net book value at 31st December 2012	<u>3</u>	<u>3</u>

The net book value of software includes £3,000 (2011- £5,000) of externally purchased assets.

	Software £000	Total £000
Cost		
At 1 st January 2011	5	5
Additions	3	3
At 31st December 2011	<u>8</u>	<u>8</u>
Amortisation		
At 1 st January 2011	—	—
Charge for year	3	3
At 31st December 2011	<u>3</u>	<u>3</u>
Net book value at 31st December 2011	<u>5</u>	<u>5</u>

9. Inventories

	2012 £000	2011 £000
Stock of land and work in progress	<u>21,105</u>	<u>20,797</u>

It is estimated that, of the stock of land and work in progress, £21,105,000 (2011- £20,797,000) is not likely to be fully recoverable within the next twelve months.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Trade and other receivables

	2012 £000	2011 £000
Trade receivables	1,983	2,086
Bad debt provision	<u>(1,940)</u>	<u>(1,906)</u>
	43	180
Other receivables	8	13
Prepayments and accrued income	<u>25</u>	<u>47</u>
	<u>76</u>	<u>240</u>

The fair value of trade receivables is equal to the carrying value noted above.

The ageing of trade receivables is as follows:

	2012 £000	2011 £000
Not past due date	27	74
Less than 30 days past due date	17	28
31 – 60 days past due date	11	35
61 – 90 days past due date	5	11
Over 90 days past due date	<u>1,923</u>	<u>1,938</u>
	<u>1,983</u>	<u>2,086</u>

At 31st December 2012 trade receivables of £27,000 (2011 - £74,000) were not past due or impaired. Trade receivables of £1,940,000 (2011 - £1,906,000) were identified as being impaired, all of which are provided for and analysed below. The factors considered in providing for impaired trade receivables are mainly that of the financial position of the customer.

The relative credit strength of existing contractual arrangements has been assessed. In the view of management, over 43% (2011 – 43%) of regular annual turnover is secured with companies with a good credit position. 24% (2011 - 24%) of turnover is with companies considered to have a below average rating.

The other classes within Trade and other receivables do not contain impaired assets.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Trade and other receivables (continued)

The ageing of the allowance for credit losses of trade receivables is as follows:

	2012 £000	2011 £000
Not past due date	(8)	(1)
Less than 30 days past due date	(10)	(1)
31 – 60 days past due date	(7)	(1)
61 – 90 days past due date	(2)	(1)
Over 90 days past due date	<u>(1,913)</u>	<u>(1,902)</u>
	<u>(1,940)</u>	<u>(1,906)</u>

The movement on the allowance for credit losses is as follows:

	2012 £000	2011 £000
At 1 st January	(1,906)	(1,905)
Increase in allowance	(34)	(1)
Allowance utilised/debt received	<u>-</u>	<u>-</u>
At 31 st December	<u>(1,940)</u>	<u>(1,906)</u>

The Company does not hold any collateral as security over its trade receivables relating to rental. However, all trade receivables which relate to land sales have the title of the land as standard security collateral.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

11. Deferred tax

	2012 £000	2011 £000
Deferred taxation		
Capital allowances	(16)	(20)
Temporary differences in relation to trading stock	<u>(3,963)</u>	<u>(4,303)</u>
	<u>(3,979)</u>	<u>(4,323)</u>
Deferred tax liabilities – reconciliation		
At 1 st January	(4,323)	(4,669)
Amount credited to income statement (Note 6)	(1)	=
Effect of tax rate change on deferred tax balance (Note 6)	<u>346</u>	<u>346</u>
At 31 st December	<u>(3,978)</u>	<u>(4,323)</u>

12. Cash and cash equivalents

	2012 £000	2011 £000
Cash at bank and in hand	<u>101</u>	<u>5</u>

13. Trade and other payables

	2012 £000	2011 £000
Trade payables	1	5
Other payables	411	406
Accruals	98	249
Accrued and deferred income	208	202
Other tax and social security	-	56
Interest on inter-company loans	-	1,096
Amount due to Forth Ports Limited	36,295	33,411
Amount due to Forth Property Holdings Limited	15,952	15,527
Amount due to Forth Property Investments Limited	2,676	2,392
Amount due to Port of Dundee Limited	<u>12</u>	<u>-</u>
	<u>55,653</u>	<u>53,344</u>

Trade payables are mainly contractually due to be paid within one month.

Amounts due to group undertakings are payable on demand but are not expected to be fully paid during the next twelve months.

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

14. Provisions for liabilities

	Maintenance provision 2012 £000	Maintenance provision 2011 £000
At 1st January	-	(20)
Credited to income statement: - provision released	<u>-</u>	<u>20</u>
At 31 st December	<u>-</u>	<u>-</u>

15. Ordinary shares

	2012 £000	2011 £000
Authorised 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

There is only one class of ordinary share which carries no right to fixed income.

16. Cash flow from operating activities

	2012 £000	2011 £000
Loss before tax	(2,798)	(3,419)
Adjustments for:		
- finance costs	3,385	3,068
- depreciation of plant and equipment	89	67
Movements in working capital:		
(Increase)/decrease in inventories	(309)	244
Decrease in receivables	164	127
(Decrease)/increase in payables	<u>(251)</u>	<u>381</u>
Cash generated from operations	<u>280</u>	<u>468</u>

FORTH PROPERTY DEVELOPMENTS LIMITED

NOTES TO THE ACCOUNTS (continued)

17. Ultimate parent company

The Company is owned by Forth Property Holdings Limited, which is a 90% subsidiary of Forth Ports Limited, a Company incorporated in the United Kingdom.

Forth Ports Limited is ultimately controlled by Arcus European Infrastructure Fund 1 L.P., a limited partnership incorporated in the United Kingdom and registered in England. As Arcus European Infrastructure Fund 1 L.P. does not prepare consolidated accounts for public use the next most senior parent is AEIF Luxembourg Holdings S.a.r.l. and copies of the consolidated accounts may be obtained from its principal place of business at 6 Rue Jean Monnet, Luxembourg L-2180.

18. Related party transaction

Key management compensation is disclosed in Note 5. Total payroll recharges from Forth Ports Limited amounted to £205,000 (2011 - £725,000) of which £205,000 (2011 - £725,000) was expensed in the Income Statement.

The Company paid interest on inter-company borrowings to Forth Ports Limited ("FP") of £2,185,000 (2011 - £2,008,000), to Forth Property Investments Limited ("FPI"), a fellow subsidiary, of £164,000 (2011 - £134,000) and to Forth Property Holdings Limited ("FPH") of £1,036,000 (2011 - £926,000). The Company paid £37,000 (2011 - £37,000) to FP for insurance during the year.

The Company paid infrastructure charges to Port of Dundee Limited, a fellow subsidiary, of £25,000 (2011 - £25,000). The balance due at the year end was £12,000 (2011 - £nil).

The balance due at the year end was £2,676,000 for FPI (2011 - £2,392,000), £15,952,000 for FPH (2011 - £15,527,000) and £36,295,000 for FP (2011 - £34,507,000).

19. Minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable operating leases are as follows:-

	2012 £000	2011 £000
Within one year	855	909
Between two and five years	2,058	2,331
Beyond five years	<u>19,454</u>	<u>20,192</u>
	<u>22,367</u>	<u>23,432</u>

The Company leases out some of its property within inventories under non-cancellable operating lease agreements. The leases are for various lengths of time and have varying terms, escalation clauses and renewal rights.