Crichton Development Company Limited

Report and Financial Statements

Year Ended

31 March 2008

BDO

BDO Stoy Hayward

Chartered Accountants

Crichton Development Company Limited

Annual report and financial statements for the year ended 31 March 2008

Contents

Page:

1	Report of the directors
4	Independent auditor's report
6	Profit and loss account
7	Statement of total recognised gains and losses
8	Balance sheet
9	Cash flow statement
10	Notes forming part of the financial statements

Directors

D. S. Snell
G.L. Mann, OBE
A. R. Campbell, CBE
A.E. Stannet
F.M.G. Gourlay
J. Charteris, MBE MC
J.R. Stalker
M. Keggans
W.R. Bradford

Secretary and registered office

G.L. Mann, OBE, Grierson House, The Crichton. Bankend Road, Dumfries, DG1 4ZE.

Company number

SC155341

Auditors

BDO Stoy Hayward LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Bankers

Clydesdale Bank PLC, 84/86 High Street, Dumfries.

Solicitors

Lindsays, Caledonian Exchange, 19A Canning Street, Edinburgh

The directors present their report together with the audited financial statements for the year ended 31 March 2008.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities, review of business and future developments

The Development Company is responsible for the development and management of the Crichton heritage site, the golf course and the Ladyfield development site. It holds the heritage site on a 125 year lease from the Crichton Trust and this lease requires the Company to manage and develop the site to a high standard commensurate with its historic, architectural and landscape quality. The other leases will expire in 2016.

The Development Company has been operating for the last 13 years and it has now completed full or partial refurbishment of 17 buildings let to 44 tenants, and is working on schemes for the remaining 3 major buildings on the site.

With the successful redevelopment of Easterbrook Hall and the development of the Aston Hotel the business is going from strength to strength with the number of events, delegates and turnover more than doubling. Easterbrook Hall has moved to a modest profit in 2007/08 with substantially increased turnover predicted for next year on the basis of current bookings. Major new conferences have been attracted to the venue and the greatest triumph has been securing the World Mountain Biking Conference 2009 in the face of strong international competition which is projected to generate around £1.3 million benefit for the Scottish economy. This is precisely the scale of benefit that the investment was designed to achieve.

The Company concluded a lease with the NHS Central Register to provide new office accommodation to enable a permanent home for the transfer of this unit from Edinburgh under the Scottish Executive dispersal policy. The high quality open plan offices at Cairnsmore House were completed in June 2007. The project received assistance from Scottish Enterprise Dumfries and Galloway however the bulk of the funding came from the sale of a long lease to a private investor.

A joint venture development has been agreed with Lochay Northern Properties to redevelop Hestan House for office/business space bringing further private sector investment to the project. Lochay Northern Properties have entered into a long lease agreement with the Development Company and construction works commenced in October 2007. The project was completed in July 2008.

A major programme of site works has been undertaken with upgrading to the street lights and road resurfacing. At Easterbrook Hall further improvement works have taken place and an energy study of the hall has been commissioned in order to reduce energy requirements.

The profit before corporation tax and deferred tax for the year to 31 March 2008 is £215,063 compared with £3,215 the previous year. This figure allows for a £90,000 gift aid donation to the Crichton Trust. This stronger financial position is a result of the solid performance of the Company's property and services businesses together with the increased trading at Easterbrook Hall as well as tight controls on costs.

Turnover has increased by £436,000 (18%) to £2,804,221 for the year to 31 March 2008 compared with £2,368,225 for the year to 31 March 2007. All areas of the business have seen an increase in turnover with the largest increase occurring at Easterbrook Hall.

The cash position of the Company has improved partly as a result of the sale of the lease of Cairnsmore House and this has allowed the Company to fund around £422,123 of capital investment on the site. A substantial programme of planned and reactive maintenance was also completed with £210,210 being spent, compared with £111,646 in 2006/07. No further borrowings were entered into during the period.

In accordance with the requirements of Financial Reporting Standard 17 "Retirement Benefits" the pension fund has been treated differently from the past. The accounts now recognize the Company's share of the defined benefits scheme's assets and liabilities. As a consequence the accounts at 31 March 2007 and 31 March 2006 have been restated on the same basis to allow a proper comparison.

A design scheme for the refurbishment of Criffel View is being developed for office/business use. Further site works are planned to upgrade street lighting and new bus shelters and bike racks to encourage the use of public transport and cycling. In order to further grow the business at Easterbrook Hall a new terrace was completed in May 2008 creating external space. The marketing and sales team for Easterbrook Hall will be augmented to continue the drive to increase revenues. Staff training and development remains a priority to ensure a quality service.

Directors

The directors of the company during the year were:

D. S. Snell	(appointed 31 October 2007)
G.L. Mann, OBE	
A. R. Campbell, CBE	(appointed 19 September 2007)
A.E. Stannet	
F.M.G. Gourlay	
K. C. Brown	(resigned 30 June 2007)
J. Charteris, MBE MC	(appointed 31 October 2007)
T. McAughtrie	(resigned 4 September 2007)
J.R. Stalker	
M. Keggans	
W.R. Bradford	

No director had any beneficial interest in the share capital of the company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

M. Keggans

Director

17 October 2008

To the shareholders of Crichton Development Company Limited

We have audited the financial statements of Crichton Development Company Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and comply with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the directors' report is consistent with the financial statements.

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Glasgow

Date:

Crichton Development Company Limited

Profit and loss account for the year ended 31 March 2008

	Note	2008 £	2007 As restated £
Turnover	2	**2,804,221**	2,368,225
Administrative expenses		**3,377,147**	3,273,414
		(572,926)	(905,189)
Other operating income		**1,019,482**	1,031,206
Operating profit	3	**446,556**	126,017
Gift aid to parent undertaking		**(90,000)**	-
Profit on ordinary activities before interest and other income		**356,556**	126,017
Other interest receivable and similar income		**7,803**	2,217
Interest payable and similar charges	6	**(177,296)**	(141,019)
Other finance income	7	**28,000**	16,000
Profit on ordinary activities before taxation		**215,063**	3,215
Taxation on profit on ordinary activities	8	**173,576**	4,601
Profit/(loss) on ordinary activities after taxation		**41,487**	(1,386)

All amounts relate to continuing activities.

The notes on pages 10 to 31 form part of these financial statements.

Crichton Development Company Limited

Statement of total recognised gains and losses for the year ended 31 March 2008

	Note	2008	2007 As restated
		£	£
Profit/(loss) for the financial year		**41,487**	(1,386)
Actuarial gain on pension scheme assets	20	**205,000**	173,000
Deferred tax on actuarial gain		**(39,200)**	(32,870)
Total recognised gains and losses for the financial year		**207,287**	138,744
Prior year adjustment for FRS17	1	**(146,000)**	
Total gains and losses recognised since last financial statements		**61,287**	

The notes on pages 10 to 31 form part of these financial statements.

Crichton Development Company Limited

Balance sheet at 31 March 2008

	Note	2008	2008	2007 As restated	2007 As restated
		£	£	£	£
Fixed assets					
Tangible assets	10		**8,332,554**		9,650,361
Current assets					
Stocks	11	**16,541**		12,305	
Debtors	12	**582,917**		492,624	
Cash at bank and in hand		**387,411**		85,039	
		986,869		589,968	
Creditors: amounts falling due within one year	13	**2,101,083**		2,228,308	
Net current liabilities			**(1,114,214)**		(1,638,340)
Total assets less current liabilities			**7,218,340**		8,012,021
Creditors: amounts falling due after more than one year	14	**1,794,908**		1,892,929	
Provision for liabilities and charges	16	**144,941**		-	
Accruals and deferred income	15	**5,908,143**		6,770,231	
			7,847,992		8,663,160
Net liabilities excluding pension asset/(liability)			**(629,652)**		(651,139)
Pension asset/(liability)	20		**40,000**		(145,800)
Net liabilities including pension asset/(liability)			**(589,652)**		(796,939)
Capital and reserves					
Called up share capital	17		**2**		2
Profit and loss account	18		**(589,654)**		(796,941)
Shareholder's funds	19		**(589,652)**		(796,939)

The financial statements were approved by the Board and authorised for issue on 17 September 2008.

M. Keggans
Director

The notes on pages 10 to 31 form part of these financial statements.

Crichton Development Company Limited

Cash flow statement for the year ended 31 March 2008

	Note	2008 £	2008 £	2007 £	2007 £
Net cash inflow from operating activities	23		**441,521**		388,028
Returns on investments and servicing of finance					
Interest received		**7,803**		2,217	
Interest paid: bank loans and overdraft		**(168,355)**		(134,214)	
Interest paid: hire purchase		**(8,941)**		(6,805)	
Net cash outflow from returns on investments and servicing of finance			**(169,493)**		(138,802)
Taxation					
Corporation tax repayment			**1,391**		18,589
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(441,762)**		(1,462,874)	
Receipts from sale of tangible fixed assets		**779,912**		-	
Grants received		**11,398**		719,485	
Net cash inflow/(outflow) from capital expenditure and financial investment			**349,548**		(743,389)
Cash inflow/(outflow) before financing			**622,967**		(475,574)
Financing					
New loans		**-**		685,000	
Loans repaid		**(107,377)**		(113,119)	
Capital element of hire purchase repaid		**(52,858)**		(38,647)	
Net cash (outflow)/inflow from financing			**(160,235)**		533,234
Increase in cash	24		**462,732**		57,660

The notes on pages 10 to 31 form part of these financial statements.

1 Accounting policies

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

The company has net liabilities as at 31 March 2008 however the directors are of the opinion that the company is currently performing in accordance with its strategic plan and therefore that it will be able to generate sufficient funds to continue in operation. Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

The following principal accounting policies have been applied:

Turnover

Turnover represents rental income receivable, as amended for the requirement of UITF 28, which requires that lease incentives be allocated from the commencement of the lease up to the first rent review date, on a straight line basis. Turnover also includes amounts in respect of services provided by the company during the year and other activities as detailed in note 2 and is stated net of value added tax. Income in respect of services is recognised in the period to which the service relates.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Tenant's improvements	-	Over the remainder of the lease
Ground maintenance equipment	-	15% straight line
Office furniture and equipment	-	20% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	25% straight line

Crichton Development Company Ltd extended its lease on the Crichton site in 2004. The lease with Dumfries and Galloway Council will now terminate in 125 years from the date of extension. Tenant's improvements capitalised under the original lease term will continue to be depreciated over the term of that lease. Tenant's improvements capitalised after the extension of the lease will be appraised on an individual project basis and will be depreciated according to the directors' assessment of its enduring benefit.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies *(continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (hire purchase agreements), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS17 'Retirement benefits'.

Prior year adjustment

The financial statements include prior year adjustments. Previously, the defined benefit pension scheme of which the company is a participating employer was accounted for as a defined contribution scheme because the company's share of the assets and liabilities could not be determined on a reasonable and consistent basis. The actuary considers this is no longer valid and therefore an actuarial valuation has now been obtained and the pension asset / (deficit) and disclosure required by FRS 17 have been incorporated

The effect of this adjustment on the prior year comparatives is that the retained loss has increased by £145,800 and the net liabilities of the company have increased by £145,800.

A prior year adjustment was also made in relation to the amortisation of deferred capital grants which was previously netted against the related depreciation charge. These amounts are now shown gross as the directors believe this accounting treatment is more appropriate under UK GAAP.

This adjustment has no effect on the prior year retained loss or net liabilities.

Intangible fixed assets

University development costs, Museum feasibility study and fees in respect of the Crichton Site Economic Impact Assessments were capitalised and are now fully amortised.

1 Accounting policies *(continued)*

Grants

Grants received in respect of capital expenditure are deferred and released to the profit and loss account by instalments over the expected useful lives of the related assets.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

2 Turnover

	2008 £	2007 £
Analysis by class of business:		
Rental income	**1,254,479**	1,157,741
Supply of services	**639,855**	549,009
Golf Club subscriptions	**88,110**	76,357
Bar sales	**314,744**	232,881
Catering income	**507,033**	348,324
Landscaping	**-**	3,913
	2,804,221	2,368,225

Turnover arises solely within the United Kingdom and is recognised on an accruals basis in the period to which the service relates.

3 Operating profit

	2008 £	2007 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	**1,054,606**	1,064,750
Profit on disposal of tangible fixed assets	**(59,716)**	-
Hire of equipment - operating leases	**2,158**	2,158
Audit services	**23,243**	17,394
Non-audit services	**7,000**	4,500
Amoristation of grants	**(859,762)**	(858,950)

Defined benefit pension costs charged in arriving at the operating profit comprise the following:	2008 £	2007 £
Current service cost	**91,000**	107,000
Past service cost	**-**	(41,000)
	91,000	66,000

Depreciation includes £46,101 (2007 - £56,044) charged on assets held under finance leases and hire purchase contracts.

4 Employees

Staff costs (including directors) consist of:

	2008	2007 As restated
	£	£
Wages and salaries	**746,835**	670,441
Social security costs	**46,468**	42,702
FRS 17 pension costs	**91,000**	66,000
	884,303	779,143

The average number of employees (including directors) during the year was as follows:

	2008 Number	2007 Number
Directors	**9**	9
Management and administration	**6**	5
Estates, gardens and surveyors	**23**	23
Golf club and golf course	**2**	2
Easterbrook Hall	**55**	48
	95	87

5 Directors' remuneration

	2008	2007
	£	£
Directors' emoluments	**84,328**	81,084
Company contributions to defined benefit pension scheme	**15,685**	14,109

There was 1 director in the company's defined benefit pension scheme during the year (2007 - 1).

6 Interest payable and similar charges

	2008 £	2007 £
Bank loans and overdrafts	**168,355**	134,214
Hire purchase contracts	**8,941**	6,805
	177,296	141,019

7 Other finance income

	2008 £	2007 As restated £
Expected return on pension scheme assets	**(169,000)**	(142,000)
Interest on pension scheme liabilities	**141,000**	126,000
	(28,000)	(16,000)

8 Taxation on profit on ordinary activities

	2008	2007 As restated
	£	£
UK Corporation tax		
Current tax on profits of the year	**32,820**	-
Adjustment in respect of previous periods	**(9,185)**	(1,859)
Total current tax	**23,635**	(1,859)
Deferred tax		
Origination and reversal of timing differences	**(74,430)**	-
Adjustment in respect of previous periods	**219,371**	-
FRS 17 adjustments	**5,000**	6,460
Movement in deferred tax provision	**149,941**	6,460
Taxation on profit on ordinary activities	**173,576**	4,601

The tax assessed for the period differs from the small company rate of corporation tax in the UK. The differences are explained below:

	2008	2007 As restated
	£	£
Profit on ordinary activities before tax	**215,063**	3,215
Profit on ordinary activities at the small company rate of corporation tax in the UK of 20% (2007 - 19%)	**43,013**	611
Effect of:		
Expenses not deductible for tax purposes	**5,210**	4,120
Capital allowances for period compared with depreciation	**173,278**	163,601
Short term timing differences	**215**	111
Income not taxable for tax purposes	**(183,896)**	(161,983)
Adjustment to tax charge in respect of previous periods	**(9,185)**	(1,859)
FRS17 adjustment	**(5,000)**	(6,460)
Current tax charge for period	**23,635**	(1,859)

9 Intangible assets

	Development costs £
Cost	
At 1 April 2007 and 31 March 2008	**64,884**
Amortisation	
At 1 April 2007 and 31 March 2008	**64,884**
Net book value	
At 31 March 2007 and 31 March 2008	**-**

10 Tangible fixed assets

	Tenant's improvements £	Office furniture and equipment £	Motor vehicles £	Computer equipment £	Ground maintenance equipment £	Total £
Cost						
At 1 April 2007	16,613,904	608,982	29,232	75,995	207,775	17,535,888
Additions	433,521	16,443	-	-	7,032	456,996
Disposals	(727,660)	-	-	(1,863)	(26,561)	(756,084)
At 31 March 2008	**16,319,765**	**625,425**	**29,232**	**74,132**	**188,246**	**17,236,800**
Depreciation						
At 1 April 2007	7,236,438	404,307	24,737	69,943	150,102	7,885,527
Provided for the year	976,535	56,992	3,268	2,476	15,336	1,054,607
Disposals	(8,128)	-	-	(1,863)	(25,897)	(35,888)
At 31 March 2008	**8,204,845**	**461,299**	**28,005**	**70,556**	**139,541**	**8,904,246**
Net book value						
At 31 March 2008	**8,114,920**	**164,126**	**1,227**	**3,576**	**48,705**	**8,332,554**
At 31 March 2007	9,377,466	204,675	4,495	6,052	57,673	9,650,361

10 Tangible fixed assets (*continued*)

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	2008	**2007**
	£	**£**
Net book value		
Ground maintenance equipment	**25,105**	39,404
Office furniture and equipment	**123,757**	147,472
Computer equipment	**-**	-
	148,862	186,876
Depreciation charged		
Ground maintenance equipment	**5,943**	14,907
Office furniture and equipment	**40,158**	36,869
Computer equipment	**-**	4,268
	46,101	56,044

11 Stocks

	2008	**2007**
	£	**£**
Bar stock and other sundry stock items	**16,541**	12,305

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors

	2008 £	2007 £
Trade debtors	**280,178**	218,609
Amounts owed by group undertakings	**12,482**	5,820
Other debtors	**290,257**	266,804
Corporation tax recoverable	**-**	1,391
	582,917	492,624

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts (secured)	**150,825**	309,713
Other loan	**12,692**	12,692
Trade creditors	**270,252**	397,283
Amounts owed to group undertakings	**90,000**	-
Corporation tax	**23,635**	-
Other taxation and social security	**59,631**	13,817
Obligations under hire purchase contracts	**49,035**	98,957
Deferred grants	**859,762**	859,278
Accruals and deferred income	**585,251**	536,568
	2,101,083	2,228,308

The bank loans and overdraft are secured by a floating charge over the assets of the company.

The balance due to hire purchase creditors is secured over the assets to which they relate.

14 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans (secured)	**1,603,089**	1,699,245
Other loans	**88,846**	101,539
Obligations under hire purchase contracts	**83,856**	71,558
Accruals and deferred income	**19,117**	20,587
	1,794,908	1,892,929

Maturity of debt:

	Loans and overdrafts 2008 £	Loans and overdrafts 2007 £	Hire purchase contracts 2008 £	Hire purchase contracts 2007 £
In one year or less, or on demand	**163,517**	322,405	**49,035**	98,957
In more than one year but not more than two years	**130,569**	126,021	**45,487**	50,718
In more than two years but not more than five years	**445,254**	503,716	**38,369**	20,840
In more than five years	**1,116,112**	1,171,047	**-**	-
	1,691,935	1,800,784	**83,856**	71,558

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	2008 £	2007 £
Bank loans	**1,078,035**	1,120,277
Other loans	**38,077**	50,770
	1,116,112	1,171,047

14 Creditors: amounts falling due after more than one year *(Continued)*

Included within loans due after more than five years are the following:

Bank Loans

(a) Consolidated Tailored Business Loan - total outstanding £1,607,333, amount greater than 5 years £1,056,137. This loan is repayable by instalments over 12 years to August 2019. Interest is charged at 7.22%.

(b) Tailored Business Loan - total outstanding £73,863, amount greater than 5 years £21,898. This loan is repayable by instalments over 7 years to November 2014. Interest is charged at 2% above the Clydesdale Bank base rate.

All bank loans are secured by a floating charge over the assets of the company and by a standard security over the company's interest in the lease over the Crichton estate.

Other Loans

Loan from Dumfries and Galloway Council - total outstanding £101,538, amount greater than 5 years £38,077. This loan is repayable by instalments over 12 years. No interest is charged on this loan.

15 Deferred Income

	2008	**2007**
	£	**£**
Deferred grants		
Opening balance	**7,629,509**	7,768,974
Received in year	**11,398**	719,485
Released to profit and loss in year	**(859,762)**	(858,950)
Released to profit and loss account following transfer of asset to which grant relates	**(13,240)**	-
	6,767,905	7,629,509

The above figure includes amounts falling due for release within one year, included in note 13 above of £859,762 (2006: £859,278).

The company receives grants from various bodies relating principally to expenditure on capital projects for the improvement and enhancement of the Crichton site. Normal conditions apply to the grants received. Of the total deferred grants received in the year, £8,977 (2007 - £482,729) is attributable to grants received from the Crichton Trust. The Board of the Crichton Trust has given assurances that repayment of the grants will not be required.

16 Provision for liabilities and charges

	Deferred taxation £
Charged to profit and loss account	144,941
At 31 March 2008	**144,941**

Deferred taxation

	2008 £	2007 £
Accelerated capital allowances	**150,569**	-
Other short term timing differences	**(5,628)**	-
	144,941	-

17 Share capital

	Authorised		Allotted, called up and fully paid	
	2008 £	2007 £	2008 £	2007 £
Equity share capital				
Ordinary shares of £1 each	**1,000**	1,000	**2**	2

18 Reserves

	Profit and loss account £
At 1 April 2007 as previously stated	(651,141)
Prior year adjustment	(145,800)
At 1 April 2007 as restated	(796,941)
Profit for the year	41,487
Actuarial gain on pension scheme assets	165,800
At 31 March 2008	**(589,654)**

19 Reconciliation of movements in shareholders' funds

	2008	2007 As restated
	£	£
Profit/(loss) for the year	**41,487**	(1,386)
Other net recognised gains and losses relating to the year		
- Actuarial gain on pension scheme assets	**205,000**	173,000
- Deferred tax on actuarial gain	**(39,200)**	(32,870)
Net additions to shareholders' funds	**207,287**	138,744
Opening shareholders' funds as previously stated	**(651,139)**	(622,213)
Prior year adjustment for FRS17	**(145,800)**	(313,470)
Opening shareholders' funds as restated	**(796,939)**	(935,683)
Closing shareholders' funds	**(589,652)**	(796,939)

20 Pensions

The company participates in the Dumfries and Galloway Council Pension Scheme, a defined benefit pension scheme covering more than one employer. The company was previously unable to fully determine its share of the assets and liabilities of the scheme and so accounted for the scheme as though it were a defined contribution scheme. The company has now obtained a valuation of its share and therefore the asset (2007 - liability) has been incorporated in full.

The pension contributions payable for the year ended 31 March 2008 were £87,000 (2007 - £83,000). The contributions made by the company were at a rate of 18.6% or 15.5% (2007 - 17.4% or 14.5%). The employer contributions to the scheme for 2008/09 were agreed at the last triennial valuation of the fund performed at 31 March 2005 at 19.5% or 16.25%.

A valuation of the company's share of the defined benefit scheme was carried out at 31 March 2008 by a qualified, independent actuary on a FRS17 basis. The major assumptions used by the actuary were as follows:

	31 March 2008	**31 March 2007**	**31 March 2006**
Rate of increase in salaries	**5.10%**	4.70%	4.60%
Rate of increase in pensions in payment	**3.60%**	3.20%	3.10%
Discount rate	**6.90%**	5.40%	4.90%
Inflation assumption	**3.60%**	3.20%	3.10%

20 Pensions *(continued)*

The company's share of the assets in the Dumfries and Galloway Council Pension Scheme and the expected rate of return at 31 March 2008 were:

	Long-term rate of return expected at 2008	**Value at 2008 £**	**Long-term rate of return expected at 2007**	**Value at 2007 £**	**Long-term rate of return expected at 2006**	**Value at 2006 £**
Equities	**7.70%**	**1,567,000**	7.80%	1,615,000	7.40%	1,398,000
Bonds	**5.70%**	**638,000**	4.90%	541,000	4.60%	550,000
Property	**5.70%**	**142,000**	5.80%	138,000	5.50%	115,000
Cash	**4.80%**	**49,000**	4.90%	86,000	4.60%	66,000
Total market value of assets		**2,396,000**		2,380,000		2,129,000
Present value of scheme liabilities		**(2,327,000)**		(2,539,000)		(2,494,000)
Surplus/(deficit) in scheme		**69,000**		(159,000)		(365,000)
Present value of unfunded liabilities		**(19,000)**		(21,000)		(22,000)
Gross pension asset / (liability) on a FRS 17 basis		**50,000**		(180,000)		(387,000)
Related deferred tax asset / (liability)		**(10,000)**		34,200		73,530
Net pension asset / (liability) on a FRS17 basis		**40,000**		(145,800)		(313,470)

20 Pensions *(continued)*

Movement in surplus during the year	**2008**	**2007**
	£	**£**
Deficit in scheme at beginning of year	**(180,000)**	(387,000)
Operating cost	**(91,000)**	(66,000)
Other finance income	**28,000**	16,000
Actuarial gains	**205,000**	173,000
Contributions paid	**87,000**	83,000
Contributions in respect of unfunded benefits	**1,000**	1,000
Surplus/(deficit) in scheme at end of year	**50,000**	(180,000)

Analysis of amount recognised in statement of total recognised gains and losses	**2008**	**2007**
	£	**£**
Actual return less expected return on pension scheme assets	**(269,000)**	(4,000)
Experience gains and losses arising on the scheme liabilities	**2,000**	(2,000)
Changes in assumptions underlying the present value of the scheme liabilities	**472,000**	179,000
Actuarial gain recognised in statement of total recognised gains and losses	**205,000**	173,000

20 Pensions *(continued)*

History of experience gains and losses	**2008**	**2007**	**2006**	**2005**	**2004**
Difference between the expected and actual return on scheme assets					
Amount £	**(269,000)**	(4,000)	268,000	53,000	128,000
Percentage of scheme assets	**-11.20%**	-0.20%	12.60%	3.60%	10.40%
Experience gains and losses on scheme liabilities					
Amount £	**2,000**	(2,000)	(14,000)	(2,000)	-
Percentage of the present value of the scheme liabilities	**0.10%**	-0.10%	-0.60%	-%	-0.10%
Total amount recognised in statement of total recognised gains and losses:					
Amount £	**205,000**	173,000	(28,000)	17,000	32,000
Percentage of the present value of the scheme liabilities	**8.70%**	6.80%	-1.10%	0.90%	2.00%

21 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2008 Office equipment £	**2007 Office equipment £**
Operating leases which expire:		
In two to five years	**2,158**	2,158

22 Related party disclosures

Related party transactions and balances

At the year end, the amount due from the parent undertaking, the Crichton Trust was £12,482 (2007 - £5,820) and the amount owed to the Crichton Trust was £90,000 (2007 - £nil).

Dumfries and Galloway Council owns the land on which the company operates, and the company, through its parent undertaking, pays a nominal rent to Dumfries and Galloway Council. Dumfries and Galloway Council has representatives on the Boards of both the company and its parent undertaking.

Dumfries and Galloway Council have given the company an interest free direct loan. The outstanding capital on this loan at the balance sheet date was £101,538.

23 Reconciliation of operating profit to net cash inflow from operating activities

	2008	**2007 As restated**
	£	**£**
Operating profit	**446,556**	126,017
Depreciation of tangible fixed assets	**1,054,606**	1,064,750
Profit on sale of tangible fixed assets	**(59,716)**	-
Deferred grants released	**(873,002)**	(858,950)
Increase in stocks	**(4,236)**	(1,600)
(Increase)/decrease in debtors	**(91,684)**	271,971
Decrease in creditors	**(34,003)**	(196,160)
Difference between actual and FRS17 pension contributions	**3,000**	(18,000)
Net cash inflow from operating activities	**441,521**	388,028

24 Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
Increase in cash	**462,732**	57,660
Cash outflow/(inflow) from changes in debt	**160,235**	(708,005)
Movement in net debt resulting from cash flows	**622,967**	(650,345)
Inception of hire purchase agreements	**(15,234)**	-
Movement in net debt	**607,733**	(650,345)
Opening net debt	**(2,208,665)**	(1,558,320)
Closing net debt	**(1,600,932)**	(2,208,665)

25 Analysis of net debt

	At 1 April 2007 £	Cash flow £	Other non-cash items £	At 31 March 2008 £
Cash at bank and in hand	85,039	302,372	-	**387,411**
Bank overdrafts	(201,389)	160,360	-	**(41,029)**
		462,732		
Debt due within one year	(121,016)	107,377	(108,849)	**(122,488)**
Debt due after one year	(1,800,784)	-	108,849	**(1,691,935)**
Hire purchse agreements	(170,515)	52,858	(15,234)	**(132,891)**
		160,235		
Total	(2,208,665)	622,967	(15,234)	**(1,600,932)**

26 Parent undertaking

The company's parent undertaking is The Crichton Trust, a company limited by guarantee.

Crichton Development Company Limited is committed under a Deed of Covenant to make a payment of profits subject to corporation tax to The Crichton Trust. Under the terms of this Deed, the first £200,000 of taxable profits can be retained by the company and any taxable profits in excess of £200,000 are committed to The Crichton Trust. A gift aid donation of £90,000 has been committed to the Crichton Trust at 31 March 2008.

The Crichton Trust has provided assurances to the effect that no repayment of any capital grants provided to the company will be required.