

# PPG Bracknell Limited

Financial Statements for the year ended 30 June 2013  
together with Directors' and Independent Auditor's Reports

Registered Number 6006896

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## Report of the Directors

The directors present their report and the financial statements of PPG Bracknell Limited (the "Company") for the year ended 30 June 2013. This directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

### Principal activities

The principal activity of the Company during the year was the management of commercial property within the UK.

### Directors of the Company

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

L Higgins  
M S McGill

### Directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 estimates that are reasonable and prudent,
- ensure UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

The directors confirm that:

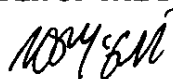
- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Report of the Directors (continued)

### Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD



M S McGill  
Director  
27 March 2014

## **Independent Auditor's Report to the member of PPG Bracknell Limited**

We have audited the financial statements of PPG Bracknell Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 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 the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 30 June 2013 and of its loss 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 Companies Act 2006.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the statement of accounting policies, concerning the company's ability to continue as a going concern. As explained in the statement of accounting policies, the company is dependent on the continued support of the bank and the finalisation of a compromise agreement of the pension scheme and these conditions along with the other matters explained in the statement of accounting policies, indicate the existence of a material uncertainty which casts significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

## Independent Auditor's Report to the member of PPG Bracknell Limited (continued)

### Opinion on 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

### 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



Lorraine Macphail  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Glasgow

28 March 2014

## Profit and Loss Account

	Notes	Normal £	Exceptional £	2013 Total £	Normal £	Exceptional £	2012 Total £
<b>Turnover</b>		-	-	-	-	-	-
Cost of sales		(43,246)	-	(43,246)	(3,730)	-	(3,730)
Impairment losses on development properties	2	-	(45,000)	(45,000)	-	(1,000,000)	(1,000,000)
<b>Gross loss</b>		<u>(43,246)</u>	<u>(45,000)</u>	<u>(88,246)</u>	<u>(3,730)</u>	<u>(1,000,000)</u>	<u>(1,003,730)</u>
Other operating expenses	3	(64,213)	-	(64,213)	(61,195)	-	(61,195)
<b>Loss on ordinary activities before taxation</b>	5	<u>(107,459)</u>	<u>(45,000)</u>	<u>(152,459)</u>	<u>(64,925)</u>	<u>(1,000,000)</u>	<u>(1,064,925)</u>
Tax on loss on ordinary activities	6	-	-	-	-	-	-
<b>Loss for the financial year</b>	11	<u>(107,459)</u>	<u>(45,000)</u>	<u>(152,459)</u>	<u>(64,925)</u>	<u>(1,000,000)</u>	<u>(1,064,925)</u>

The current and prior year losses have been derived wholly from continuing operations

The Company has no gains or losses in the current or prior year other than the reported loss and therefore no Statement of Total Recognised Gains and Losses is presented

The reported loss on ordinary activities before taxation equates to the historical cost loss on ordinary activities before taxation

The accompanying notes form part of these financial statements

## Balance Sheet

	Notes	2013 £	2012 £
<b>Current assets</b>			
Stocks	7	2,955,000	3,000,000
Debtors	8	526,970	526,025
Cash at bank and in hand		213	1,698
		<u>3,482,183</u>	<u>3,527,723</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(12,057,003)</u>	<u>(11,950,084)</u>
<b>Net liabilities</b>		<u>(8,574,820)</u>	<u>(8,422,361)</u>
<b>Capital and reserves</b>			
Called-up share capital	10	1,000	1,000
Profit and loss account	11	<u>(8,575,820)</u>	<u>(8,423,361)</u>
<b>Shareholders' deficit</b>	12	<u>(8,574,820)</u>	<u>(8,422,361)</u>

These financial statements were approved by the directors on 27 March 2014 and are signed on their behalf by

M S McGill )

*M S McGill*  
) Directors

L Higgins )

*L Higgins*

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. The Company's registration number is 6006896.

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### 1. Accounting policies

The principal accounting policies, which have been applied consistently throughout the current and prior year are

#### (a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, unless otherwise stated

No cash flow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the ultimate holding company (Note 15) contain a consolidated cash flow statement which includes the cash flows of this Company and are publicly available

The financial statements have been approved on the assumption that the Company remains a going concern. The following paragraphs summarises the reasons on which the directors have reached their conclusion

The company meets its day to day working requirements through its bank financing and inter-group funding from within the group of which The Premier Property Group Limited is the parent entity (the "PPG Group"). At 30 June 2013 the PPG Group has a bank loan and overdraft of £243,603,000 and the directors are in discussion regarding the continuation of these facilities to support the PPG Group's short to medium term plan of disposal of the PPG Group's assets

In addition the PPG Group and its parent entity, Murray International Holdings Limited (the "Group") have, since the middle of 2013, been in discussions with the Trustees of Murray International Holdings Staff Pension and Life Assurance Plan (the "Scheme"), a defined benefit pension arrangement, with a view to negotiating a compromise agreement with the Trustees of the Scheme in respect of the Group's liability to the Scheme. At the date of finalising the financial statements, these discussions are ongoing. An outcome from the discussions with the Trustees is required in advance of the separate negotiations regarding continuation of the Group's bank facilities to support the implementation of the asset disposal programme as discussed in the Chairman's Statement and the Operations Report of the Group's financial statements for the year ended 30 June 2013

Given the uncertainty over the continuation of bank funding and the finalisation of a compromise agreement of the Scheme, the board of directors and shareholders of the company have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern

Nevertheless after making enquiries, and considering the uncertainties described above, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future. For these reasons, they continue to adopt the going concern basis to prepare the financial statements

#### (b) Stocks and work in progress

Development properties and land held for development and/or resale are valued at the lower of cost and net realisable value. Land held for development, including land in the course of development until legal completion of sale, is valued at cost. Work in progress on development properties is valued at the cost of labour and materials plus interest incurred on borrowings for development expenditure until the date of practical completion

Net realisable values are based on directors' assessments of the projected net sales proceeds for each property or plot of land. The key assumptions in assessing these values take into account the current and projected rental levels, anticipated property investment yields at the projected date of sale and underlying capital values. As the property values can be heavily influenced by variances in the assumptions over time the directors' assessment of valuation assumes that properties can be held for a longer period where the net realisable value cannot be achieved in the short term.



## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### (c) Capitalised interest

Interest is capitalised from the point at which development expenditure is incurred until the date of practical completion, except where there is a substantial delay between acquisition and commencement of physical construction, where capitalisation will commence at the latter point

#### (d) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally recognised in the financial statements of the surrendering undertakings

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

#### (e) Turnover and revenue recognition

Turnover was generated wholly within the United Kingdom and is net of VAT. Rental and other income is recognised as they are earned. Income from the sale of development properties is recognised when the transaction is complete

### 2. Exceptional items

The charge in the current year of £45,000 (2012 - £1,000,000) relates to a reduction in the net realisable value of development property held as stocks

### 3. Other operating expenses

The following is included in other operating expenses

	2013 £	2012 £
Administrative expenses	64,213	61,195

## Notes to the Financial Statements (continued)

### 4. Staff costs

The Company had no employees during the current or prior year and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it

### 5. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging

	2013 £	2012 £
Auditor's remuneration for audit services	1,000	1,000

### 6. Tax on loss on ordinary activities

	2013 £	2012 £
UK corporation tax	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows

	2013 £	2012 £
Loss on ordinary activities before taxation	(152,459)	(1,064,925)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.75% (2012 – 25.5%)	(36,209)	(271,556)
Effects of Unrelieved tax losses arising in the year	36,209	271,556
Tax for the year	-	-

The Company incurs its losses in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 23.75% (2012 – 25.5%)

In the opinion of the directors there is an unprovided deferred tax asset at 30 June 2013 of £2,360,737 (2012 - £2,426,788)

## Notes to the Financial Statements (continued)

### 7. Stocks

The following is included in the net book value of stocks

	2013 £	2012 £
Development land	<u>2,955,000</u>	<u>3,000,000</u>

Cumulative interest included in the cost of work in progress, taking into account adjustments to net realisable values, amounts to £252,198 (2012 - £256,039)

### 8. Debtors

The following amounts are included in the net book value of debtors

	2013 £	2012 £
Amount due from other group undertakings	525,829	525,829
VAT receivable	964	50
Prepayments and accrued income	177	146
	<u>526,970</u>	<u>526,025</u>

### 9. Creditors: amounts falling due within one year

The following amounts are included in creditors falling due within one year

	2013 £	2012 £
Amounts due to other group undertakings	12,029,015	11,923,383
Accruals and deferred income	27,988	26,701
	<u>12,057,003</u>	<u>11,950,084</u>

The inter-company funding has no fixed repayment date, is unsecured and no interest is charged. Details of the Group bank facilities are set out in the financial statements of The Premier Property Group Limited

### 10. Called-up share capital

	2013 £	2012 £
Allotted, called-up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## Notes to the Financial Statements (continued)

### 11. Profit and loss account

The movement in the year was as follows

	£
Balance at 30 June 2012	(8,423,361)
Loss for the financial year	(152,459)
<b>Balance at 30 June 2013</b>	<b>(8,575,820)</b>

### 12. Reconciliation of movements in shareholders' deficit

	2013 £	2012 £
Loss for the financial year	(152,459)	(1,064,925)
Opening shareholders' deficit	(8,422,361)	(7,357,436)
<b>Closing shareholders' deficit</b>	<b>(8,574,820)</b>	<b>(8,422,361)</b>

### 13. Guarantees and other financial commitments

#### a) Capital commitments

There were no capital commitments at 30 June 2013 (2012 - £Nil)

#### b) Contingent liabilities

The Company has guaranteed bank borrowings of the Company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 30 June 2013 amounts to £296,367,259 (2012 - £286,894,401). These guarantees are secured by a debenture containing fixed and floating charges over the assets of the Company and by standard securities and/or legal charges over certain properties.

#### c) VAT

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Company. The directors are of the opinion that no additional liability is likely to arise.

### 14. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 "Related Party Transactions" not to disclose transactions with fellow group undertakings.

## Notes to the Financial Statements (continued)

### 15. Ultimate holding company

The immediate parent company is The Premier Property Group Limited and the ultimate holding company is Murray International Holdings Limited, both of which are registered in Scotland

The largest group in which the results of the Company are consolidated is that headed by the ultimate holding company whose principal place of business is at 10 Charlotte Square, Edinburgh EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address. The smallest group in which the results of the Company are consolidated is that headed by The Premier Property Group Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR.

### 16. Ultimate control

Sir D E Murray, a director of the ultimate holding company (Note 15), and members of his close family control the Company as a result of controlling directly or indirectly 70% of the issued share capital of the ultimate holding company.