

PPG BRACKNELL LIMITED
FINANCIAL STATEMENTS FOR THE 17 MONTH PERIOD ENDED 30 JUNE 2009
TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS
REGISTERED NUMBER 6006896

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PPG BRACKNELL LIMITED

DIRECTORS' REPORT

FOR THE 17 MONTH PERIOD ENDED 30 JUNE 2009

The directors present their report and the financial statements of the Company for the 17 month period ended 30 June 2009. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was the development of property within the UK for medium and long-term returns.

GOING CONCERN

Following the completion of a new bank facility (Note 20), the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

RESULTS AND DIVIDENDS

The trading results for the period and the Company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend (31 January 2008 - £Nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company.

Credit risk

The Company has implemented a policy that requires credit checks on prospective purchasers and tenants.

Liquidity risk

Operations are financed by a mixture of shareholders' funds and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Company.

Interest rate risk

The Company's policy is to arrange core debt and bank overdrafts, with a floating rate of interest plus an agreed margin to manage its exposure to interest rate movements on its bank borrowings.

THE DIRECTORS OF THE COMPANY

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

| | |
|-------------|-----------------------------|
| I B Tudhope | (resigned 30 November 2009) |
| A Glasgow | |
| L Higgins | |
| M S McGill | (appointed 5 March 2010) |

PPG BRACKNELL LIMITED

DIRECTORS' REPORT (continued)

FOR THE 17 MONTH PERIOD ENDED 30 JUNE 2009

DIRECTORS' RESPONSIBILITIES

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

United Kingdom company law requires the directors to prepare financial statements for each financial period 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 period. 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

POST BALANCE SHEET EVENTS

Events subsequent to the period end are disclosed in Note 20

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



D Horne
Secretary
28 April 2010

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PPG BRACKNELL LIMITED

We have audited the financial statements of PPG Bracknell Limited for the 17 month period ended 30 June 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PPG BRACKNELL LIMITED (continued)

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 30 June 2009 and of its loss for the period 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



GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW
28 April 2010

PPG BRACKNELL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE 17 MONTH PERIOD ENDED 30 JUNE 2009

| | | <u>17 month period to 30 June 2009</u> | | | <u>15 months to 31 January 2008</u> |
|---|--------------|--|--------------------|---------------|---|
| | <u>Notes</u> | <u>Normal</u> | <u>Exceptional</u> | <u>Total</u> | |
| TURNOVER | 2 | £ - | £ - | £ - | £ 12,808,351 |
| Cost of sales | | (15,107) | - | (15,107) | (8,264,423) |
| Impairment losses on development properties | 3 | - | (9,321,698) | (9,321,698) | - |
| GROSS (LOSS)/PROFIT | | (15,107) | (9,321,698) | (9,336,805) | 4,543,928 |
| Other operating expenses | 4 | (75,679) | - | (75,679) | (113,908) |
| OPERATING (LOSS)/PROFIT | | (90,786) | (9,321,698) | (9,412,484) | 4,430,020 |
| Investment income | 6 | 2,672 | - | 2,672 | - |
| Interest payable and similar charges | 7 | (87,029) | - | (87,029) | (265,468) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 8 | (175,143) | (9,321,698) | (9,496,841) | 4,164,552 |
| Tax on (loss)/profit on ordinary activities | 9 | 525,829 | - | 525,829 | (1,249,365) |
| (LOSS)/PROFIT FOR THE FINANCIAL PERIOD | 14 | £ 350,686 | £(9,321,698) | £ (8,971,012) | £ 2,915,187 |

The current and prior period results have been derived wholly from continuing operations

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

The reported (loss)/profit on ordinary activities before taxation equates to the historical cost (loss)/profit on ordinary activities before taxation

The accompanying notes form an integral part of this profit and loss account

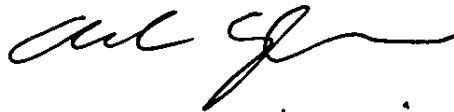

PPG BRACKNELL LIMITED
BALANCE SHEET - 30 JUNE 2009

| | <u>Notes</u> | <u>30 June 2009</u> | <u>31 January 2008</u> |
|---|--------------|---------------------|------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | £ 5,000,000 | £ 12,454,898 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 527,126 | 32,656 |
| CREDITORS Amounts falling due within one year | 12 | (11,581,951) | (9,571,367) |
| NET CURRENT LIABILITIES | | (11,054,825) | (9,538,711) |
| NET (LIABILITIES)/ASSETS | | £ (6,054,825) | £ 2,916,187 |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 13 | £ 1,000 | £ 1,000 |
| Profit and loss account | 14 | (6,055,825) | 2,915,187 |
| SHAREHOLDERS' (DEFICIT)/FUNDS | 15 | £ (6,054,825) | £ 2,916,187 |

The accompanying notes form an integral part of this balance sheet

SIGNED ON BEHALF OF THE BOARD ON 28 APRIL 2010

A Glasgow)
) Directors
L Higgins)

The Company's registration number is 6006896

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the current and prior period 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 18) contain a consolidated cash flow statement and are publicly available

(b) Basis of preparation

The balance sheet at 30 June 2009 shows that the Company is in a net liability position. The directors have reviewed the trading prospects and financial and cash flow projections of the business and have secured a new bank facility based on these projections. On that basis the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, the directors have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements

(c) Tangible fixed assets

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date. They are reflected at cost, including an allocation of overheads and interest charges on external borrowings which are related to the properties, where recoverability is reasonably certain. In the opinion of the directors, the residual value of those development properties currently being operated for business purposes is sufficient to eliminate the requirement for depreciation. Provisions are made against the carrying value of development properties when the directors consider book value to exceed recoverable value. The directors consider that these policies are necessary to provide a true and fair view.

Development properties are classified within tangible fixed assets or stocks according to the specific disposal or realisation strategy for each property with all properties held for both development and resale treated as stock.

(d) 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.

(e) 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.

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

(e) Taxation (continued)

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.

(f) Turnover and revenue recognition

Turnover has been wholly generated in the UK and is net of VAT. Rental and other income is recognised as it is earned. Income from the sale of development properties is recognised when the transaction is complete.

2 TURNOVER

| Segmental information | 17 month period to 30 June 2009 | 15 month period to 31 January 2008 |
|-----------------------|------------------------------------|---------------------------------------|
| Property sales | £ - | £ 10,050,000 |
| Rental income | - | 2,758,351 |
| | <u>£ -</u> | <u>£ 12,808,351</u> |

3 EXCEPTIONAL ITEMS

The charge of £9,321,698 relates to a reduction in the net realisable value of development properties in the period.

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 OTHER OPERATING EXPENSES

The following is included in other operating expenses

| | 17 month period to <u>30 June 2009</u> | 15 month period to <u>31 January 2008</u> |
|-------------------------|---|--|
| Administrative expenses | £ 75,679 | £ 113,908 |
| | <u> </u> | <u> </u> |

5 STAFF COSTS

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

6 INVESTMENT INCOME

The following is included in interest income

| | 17 month period to <u>30 June 2009</u> | 15 month period to <u>31 January 2008</u> |
|----------------|---|--|
| Other interest | £ 2,672 | £ - |
| | <u> </u> | <u> </u> |

7 INTEREST PAYABLE AND SIMILAR CHARGES

The following are included in interest payable and similar charges

| | 17 month period to <u>30 June 2009</u> | 15 month period to <u>31 January 2008</u> |
|--|---|--|
| On bank overdrafts | £ 656,325 | £ 914,511 |
| Other interest | - | 3,392 |
| Less capitalised on development properties | (569,296) | (652,435) |
| | <u>£ 87,029</u> | <u>£ 265,468</u> |

The cumulative interest capitalised is shown in note 10

8 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging

| | 17 month period to <u>30 June 2009</u> | 15 month period to <u>31 January 2008</u> |
|---|---|--|
| Auditor's remuneration for audit services | £ 1,417 | £ 1,000 |
| | <u> </u> | <u> </u> |

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge comprises

| | 17 month period to 30 June 2009 | 15 month period to 31 January 2008 |
|--|------------------------------------|---------------------------------------|
| Current tax | | |
| UK corporation tax | £ - | £ 1,249,365 |
| Adjustments in respect of prior period | | |
| UK corporation tax | (525,829) | - |
| Total current tax | <u>(525,829)</u> | <u>1,249,365</u> |
| Total tax (credit)/charge on (loss)/profit on ordinary activities | <u>£ (525,829)</u> | <u>£ 1,249,365</u> |

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)/profit before tax is as follows

| | 17 month period to 30 June 2009 | 15 month period to 31 January 2008 |
|---|------------------------------------|---------------------------------------|
| (Loss)/profit on ordinary activities before tax | <u>£ (9,496,841)</u> | <u>£ 4,164,552</u> |
| Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 28 23% (31 January 2008 – 30%) | <u>£ (2,681,201)</u> | <u>£ 1,249,365</u> |
| Effects of | | |
| Expenses not deductible for tax purposes | 494,850 | - |
| Adjustments in respect of prior periods | (525,829) | - |
| Unrelieved tax losses and other deductions | 2,186,351 | - |
| Current tax (credit)/charge for the period | <u>£ (525,829)</u> | <u>£ 1,249,365</u> |

The Company earns its results in the UK, therefore the tax rate used for tax on (loss)/profit on ordinary activities is the standard rate for UK corporation tax, currently 28 23% (31 January 2008 – 30%)

No deferred tax provision has been made in the period. In the opinion of the directors there is an unprovided deferred tax asset at 30 June 2009 of £2,168,342 (31 January 2008 - £Nil)

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TANGIBLE FIXED ASSETS

The following are included in the net book value of tangible fixed assets

| | |
|--------------------|-----------------------------------|
| | <u>Development properties</u> |
| COST OR VALUATION | |
| At 31 January 2008 | £ 12,454,898 |
| Additions | 1,866,800 |
| | <hr/> |
| At 30 June 2009 | £ 14,321,698 |
| | <hr/> |
| DEPRECIATION | |
| At 31 January 2008 | £ - |
| Impairment losses | 9,321,698 |
| | <hr/> |
| At 30 June 2009 | £ 9,321,698 |
| | <hr/> |
| NET BOOK VALUE | |
| At 30 June 2009 | £ 5,000,000 |
| | <hr/> |
| At 31 January 2008 | £ 12,454,898 |
| | <hr/> |

Cumulative interest included in the cost of development properties amounts to £1,221,731 (31 January 2008 - £652,435)

11 DEBTORS

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

| | | |
|--|---------------------|------------------------|
| | <u>30 June 2009</u> | <u>31 January 2008</u> |
| VAT receivable | £ 983 | £ 32,656 |
| Prepayments and accrued income | 184 | - |
| Amount due from other group undertakings | 525,959 | - |
| | <hr/> | <hr/> |
| | £ 527,126 | £ 32,656 |
| | <hr/> | <hr/> |

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 CREDITORS Amounts falling due within one year

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

| | <u>30 June 2009</u> | <u>31 January 2008</u> |
|--|---------------------|------------------------|
| Bank overdraft (secured) | £ 11,526,031 | £ 8,931,967 |
| Amounts owed to other group undertakings | - | 389,752 |
| Accruals and deferred income | 55,920 | 249,648 |
| | <u>£ 11,581,951</u> | <u>£ 9,571,367</u> |

The bank overdraft is secured by a debenture containing fixed and floating charges over the assets of the Company

13 CALLED-UP SHARE CAPITAL

| | <u>30 June 2009</u> | <u>31 January 2008</u> |
|--|---------------------|------------------------|
| Authorised 1,000 ordinary shares of £1 each | £ 1,000 | £ 1,000 |
| Allotted, called-up and fully paid 1,000 ordinary shares of £1 each | <u>£ 1,000</u> | <u>£ 1,000</u> |

14 PROFIT AND LOSS ACCOUNT

The movement in the period was as follows

| | <u>30 June 2009</u> |
|-------------------------------|----------------------|
| Balance at 31 January 2008 | £ 2,915,187 |
| Loss for the financial period | (8,971,012) |
| Balance at 30 June 2009 | <u>£ (6,055,825)</u> |

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

| | <u>30 June 2009</u> | <u>31 January 2008</u> |
|---|---------------------|------------------------|
| (Loss)/profit for the financial period | £ (8,971,012) | £ 2,915,187 |
| New share capital subscribed | - | 1,000 |
| Opening shareholders' funds | 2,916,187 | - |
| | <hr/> | <hr/> |
| Closing shareholders' funds (deficit)/funds | £ (6,054,825) | £ 2,916,187 |
| | <hr/> | <hr/> |

16 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

There were no capital commitments at 30 June 2009 (31 January 2008 - £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 2009 amounts to £436,510,102 (31 January 2008 - £378,694,860)

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.

17 RELATED PARTY TRANSACTIONS

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

18 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 and smallest 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 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

19 ULTIMATE CONTROL

Sir D E Murray, a director of the ultimate holding company (Note 18), and members of his close family control the Company as a result of controlling directly or indirectly 88% of the issued share capital of the ultimate holding company.

PPG BRACKNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 POST BALANCE SHEET EVENTS

On 21 April 2010, Murray International Holdings Limited (Note 18) and certain of its subsidiaries completed a financial restructuring, details of which are set out in the financial statements of Murray International Holdings Limited for the period ended 30 June 2009. A summary of the principal terms of this financial restructuring are set out below

- (i) Lloyds Banking Group has increased its equity interests in the Group, subscribing for approximately £150.0m of additional share capital and share premium in Murray International Holdings Limited while reducing debt levels by a similar quantum
- (ii) Following the issue of share capital, Sir David E. Murray and members of his close family continue to control the Company and the Group as a result of controlling, either directly or indirectly, 76% of the voting share capital of the issued share capital of the Company. This percentage was previously 88%
- (iii) Group borrowing facilities have been renewed with Lloyds Banking Group following completion of the financial restructuring. This has involved segregating the overall Group banking arrangement into a series of sub-facilities relevant and applicable to each of the Group's Divisions
- (iv) The Group has acquired minority interests held in certain subsidiaries in the Group for nominal value including PPG Metro Limited, PPG Land Limited, PPG Southern Limited and Brogue Properties Limited, and
- (v) The Group has acquired minority interests held in certain subsidiaries in the Group for nominal value

The impact of these changes has been shown in the unaudited pro forma group balance sheet set out in the Directors' Report of the financial statements of Murray International Holdings Limited. This unaudited pro forma balance sheet highlights the effect on the 30 June 2009 balance sheet of Murray International Holdings Limited of the various steps outlined above as if they had taken place on 30 June 2009

As referred to above, The Premier Property Group Limited ("PPG"), the immediate parent company, finalised the terms of a new bank facility on 21 April 2010. The new arrangements incorporate term loan and working capital facilities which are made available to PPG and its subsidiaries over a 7 year period