PPG Metro Limited

Financial Statements for the year ended 30 June 2011
together with Directors' and Independent Auditor's Report

Registered Number: SC206554

Report of the Directors

The directors present their report and the financial statements of PPG Metro Limited (the "Company") for the year ended 30 June 2011. This directors' report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Principal activity

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

Directors of the Company

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

Sir D E Murray
A Glasgow
L Higgins
M S McGill

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 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 estimates that are reasonable and prudent;
- ensure applicable UK 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 adequate accounting records that 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.

In so far as each of the directors 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 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

D W M Horne
Secretary
23 March 2012

Report of the Independent Auditor to the member of PPG Metro Limited

We have audited the financial statements of PPG Metro Limited for the year ended 30 June 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, statement of accounting policies 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 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 APB's website at 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 2011 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the Independent Auditor to the member of PPG Metro 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.

Grant Thornton UK LLP

Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
26 March 2012

Profit and Loss Account

	Notes	Normal £	Exceptional £	2011 Total £	Normal £	Exceptional £	2010 Total £
Turnover	1	**9,349,683**	**-**	**9,349,683**	1,646,076	-	1,646,076
Cost of sales		**(7,082,721)**	**-**	**(7,082,721)**	(555,471)	-	(555,471)
Impairment losses on development properties	2	**-**	**(837,000)**	**(837,000)**	-	(270,000)	(270,000)
Gross profit/(loss)		**2,266,962**	**(837,000)**	**1,429,962**	1,090,605	(270,000)	820,605
Other operating expenses	3	**(12,259)**	**-**	**(12,259)**	(46,888)	-	(46,888)
Operating profit/(loss)		**2,254,703**	**(837,000)**	**1,417,703**	1,043,717	(270,000)	773,717
Amounts written off fixed asset investments	2	**-**	**(455,848)**	**(455,848)**	(7,229,286)	-	(7,229,286)
Costs of a fundamental restructuring of continuing operations	2	**-**	**-**	**-**	-	(15,794,043)	(15,794,043)
Profit/(loss) on ordinary activities before interest and taxation		**2,254,703**	**(1,292,848)**	**961,855**	(6,185,569)	(16,064,043)	(22,249,612)
Investment income	5	**7,602,688**	**-**	**7,602,688**	27,561,407	-	27,561,407
Interest payable and similar charges	6	**-**	**-**	**-**	(8,528,716)	-	(8,528,716)
Profit/(loss) on ordinary activities before taxation	7	**9,857,391**	**(1,292,848)**	**8,564,543**	12,847,122	(16,064,043)	(3,216,921)
Tax on profit/(loss) on ordinary activities	8	**14,604**	**-**	**14,604**	610,170	-	610,170
Profit/(loss) for the financial year	14	**9,871,995**	**(1,292,848)**	**8,579,147**	13,457,292	(16,064,043)	(2,606,751)

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

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

The accompanying notes and Statement of Accounting Policies form part of these financial statements.

Statement of Total Recognised Gains and Losses

	Notes	2011	2010
		£	£
Profit/(loss) for the financial year	14	**8,579,147**	(2,606,751)
Reversal of revaluation reserve on transfer of investment property to stock		-	(923,460)
Total recognised profit/(loss) for the year		**8,579,147**	(3,530,211)

The accompanying notes and Statement of Accounting Policies form part of these financial statements.

Balance Sheet

	Notes	2011 £	2010 £
Fixed assets			
Investments	9	**109,817,134**	110,272,982
Current assets			
Stocks	10	**19,708,378**	25,541,965
Debtors	11	**13,143,890**	14,350,803
Cash at bank and in hand		**27,084**	186,096
		32,879,352	40,078,864
Creditors: amounts falling due within one year	12	**(143,321,143)**	(159,555,650)
Net current liabilities		**(110,441,791)**	(119,476,786)
Net liabilities		**(624,657)**	(9,203,804)
Capital and reserves			
Called-up share capital	13	**1,002**	1,002
Share premium	14	**6,224,874**	6,224,874
Profit and loss account	14	**(6,850,533)**	(15,429,680)
Shareholders' deficit	15	**(624,657)**	(9,203,804)

These financial statements were approved by the directors on 23 March 2012 and are signed on their behalf by:

A Glasgow)
) Directors
L Higgins)

The Company's registration number is SC206554.

The accompanying notes and Statement of Accounting Policies form part of these financial statements.

Statement of 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 parent company (Note 18) contain a consolidated cash flow statement which includes the cash flows of this Company and are publicly available.

The balance sheet at 30 June 2011 shows that the Company is in a net liability position. The directors have reviewed the trading prospects and projected cash flows of the business and have agreed funding from its immediate parent company (Note 18) based on these projections. Details of the parent company bank facilities are set out in the financial statements of The Premier Property Group Limited. 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.

(b) Consolidation

No consolidated financial statements have been prepared for the Company and its subsidiary undertakings under the terms of Section 401 of the Companies Act 2006 which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements. Note 18 contains details of the ultimate holding company.

The Company's financial statements present information about it as an individual undertaking and not about its Group.

(c) Investments

Investments in subsidiary undertakings and the unit trust are stated at cost less provision for impairment.

(d) Stocks and work in progress

Development properties held for development and resale are valued at the lower of the 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.

The estimated net realisable values for stocks and work in progress are based on the directors' assessment of residual values for land and properties under development and projected net sales proceeds for completed properties. The key assumptions in assessing these values take into account current market rental levels, investment yields and construction cost data.

(e) 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. Where properties are held for redevelopment interest is capitalised from the point redevelopment commences.

Statement of Accounting Policies (continued)

(f) Taxation

Current tax, including UK corporation 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 Group undertakings taxable profits and their 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 revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax 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.

(g) Turnover and revenue recognition

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

Notes to the Financial Statements

1. Turnover

Segmental information:

	2011	2010
	£	£
Rental income	**1,490,951**	1,646,076
Other income	**8,732**	-
Property sales	**7,850,000**	-
	9,349,683	1,646,076

2. Exceptional items

The charge of £837,000 (2010 - £270,000) relates to a reduction in the net realisable value of stocks in the year.

The charge of £455,848 relates to the write-down in carrying value of fixed asset investment in subsidiary undertakings. The charge in the prior year of £7,229,286 related to a write-down in investments but was not disclosed as exceptional in nature as it related directly to the receipt of dividend income in the year (Note 5).

The charge in the prior year of £15,794,043 related to the break costs of interest rate derivative instruments as part of a group restructuring and refinancing.

3. Other operating expenses

The following is included in other operating expenses:

	2011	2010
	£	£
Administrative expenses	**12,259**	46,888

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.

Notes to the Financial Statements (continued)

5. Investment income

The following are included in investment income:

	2011	2010
	£	£
Interest on inter-company loans	**21,617**	121,381
Distributions from unit trusts	**7,574,719**	7,771,380
Dividends received	**-**	19,668,646
Other interest	**6,352**	-
	7,602,688	27,561,407

6. Interest payable and similar charges

The following are included in interest payable and similar charges:

	2011	2010
	£	£
On bank overdrafts	-	8,303,838
Other loans	-	112,439
On loan notes from group undertakings	-	112,439
	-	8,528,716

7. Profit/(loss) on ordinary activities before taxation

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

	2011	2010
	£	£
Auditor's remuneration for audit services	**5,000**	1,417

Notes to the Financial Statements (continued)

8. Tax on profit/(loss) on ordinary activities

The tax (credit)/charge comprises:

	2011	2010
	£	£
UK corporation tax – adjustments in respect of prior years	**(14,604)**	49,698
Deferred tax		
Origination and reversal of timing differences		
- Current year	-	(610,576)
- Prior years	-	(49,292)
Total deferred tax	-	(659,868)
Total tax credit on profit/(loss) on ordinary activities	**(14,604)**	(610,170)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2011	2010
	£	£
Profit /(loss) on ordinary activities before taxation	**8,564,543**	(3,216,921)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 27.5% (2010 – 28%)	**2,355,249**	(900,738)
Effects of:		
Non-taxable income	**(222,122)**	(4,271,390)
Unrelieved tax losses and other deductions	-	4,381,181
Capital allowances in excess of depreciation	-	790,947
Group relief received for nil payment	**(855,776)**	-
Utilisation of brought forward losses	**(1,271,851)**	-
Other timing differences	**(5,500)**	-
Adjustments in respect of prior years	**(14,604)**	49,698
Tax (credit)/charge for the year	**(14,604)**	49,698

The Company earns its results in the UK, therefore the tax rate used for tax on profit/(loss) on ordinary activities is the standard rate for UK corporation tax, currently 27.5% (2010 - 28%).

In the opinion of the directors there is an unprovided deferred tax asset at 30 June 2011 of £206,530 (2010 - £2,953,492).

Notes to the Financial Statements (continued)

9. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	2011	2010
	£	£
Investments in subsidiary undertakings	**21,193,510**	21,649,358
Investment in unit trust	**88,623,624**	88,623,624
	109,817,134	110,272,982

The movements in the year from investments in subsidiary undertakings and investments in unit trust were as follows:

	Investment subsidiary undertaking	Investment in unit trust	Total
	£	£	£
Cost			
At 30 June 2010 and at 30 June 2011	**32,366,084**	**120,989,104**	**153,355,188**
Provision for impairment			
At 30 June 2010	10,716,726	32,365,480	43,082,206
Additions	455,848	-	455,848
At 30 June 2011	**11,172,574**	**32,365,480**	**43,538,054**
Net book value			
At 30 June 2011	**21,193,510**	**88,623,624**	**109,817,134**
At 30 June 2010	21,649,358	88,623,624	110,272,982

Notes to the Financial Statements (continued)

9. Fixed asset investments (continued)

The subsidiary undertakings at 30 June 2011 were:

	Country of registration	Principal activity	Holding
PPG Metro Grosvenor Limited	Scotland	Property development & management	100%
PPG Metro Franborough Limited	Scotland	Property development & management	100%
PPG Metro Caledonian Limited	Scotland	Property development & management	100%
PPG Metro Greenock Limited	Scotland	Property development & management	100%
PPG Metro 39 Limited	Scotland	Property development & management	100%
PPG Metro 500 Limited	Scotland	Property development & management	100%
PPG Metro Mansfield Limited	Scotland	Property development & management	100%
Eleven Haymarket Limited	England	Property development & management	100%

All holdings in subsidiary undertakings relate to the percentage of ordinary share capital held by the Company.

The unit trust holding at 30 June 2011 was:

	Place of registration	Principal activity	Holding
Plumtree Court Unit Trust	Jersey	Property investment & development	99.51%

During the year, Plumtree Court Unit Trust entered into a property sale contract. The sale completed on 19 January 2012 and the net disposal proceeds were distributed to the unitholders, in proportion to the number of units held, in the form of a return of capital. This transaction will be accounted for in the year to 30 June 2012.

10. Stocks

The following is included in the net book value of stocks:

	2011 £	2010 £
Work in progress	**19,708,378**	25,541,965

Notes to the Financial Statements (continued)

11. Debtors

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

	2011	2010
	£	£
Trade debtors	187	40,571
Amounts due from other group undertakings	2,123,880	4,781,301
Loans to subsidiary undertakings	9,349,998	9,076,998
Other debtors	1,420,914	93,276
Prepayments and accrued income	248,911	358,657
	13,143,890	14,350,803

12. Creditors: amounts falling due within one year

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

	2011	2010
	£	£
Trade creditors	-	1,433
Amounts due to other group undertakings	142,970,736	158,851,541
Other creditors	6	62,447
Corporation tax	-	19,191
VAT	58,661	95,024
Accruals and deferred income	291,740	526,014
	143,321,143	159,555,650

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.

13. Called up share capital

	2011	2010
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,002	1,002

Notes to the Financial Statements (continued)

14. Reserves

The movements in the year were as follows:

	Profit and loss account	Share premium account
	£	£
Balance at 30 June 2010	(15,429,680)	6,224,874
Profit for the financial year	8,579,147	-
Balance at 30 June 2011	**(6,850,533)**	**6,224,874**

15. Reconciliation of movements in shareholders' deficit

	2011	2010
	£	£
Profit/(loss) for the financial year	**8,579,147**	(2,606,751)
Issue of share capital	-	2
Share premium on issue of ordinary shares	-	6,224,874
Reversal of revaluation reserve	-	(923,460)
Net reduction to shareholders deficit	**8,579,147**	2,694,665
Opening shareholders' deficit	**(9,203,804)**	(11,898,469)
Closing shareholders' deficit	**(624,657)**	(9,203,804)

In the prior year, one ordinary A share and one ordinary B share were issued in conversion of £6,000,000 interest bearing loan notes 2000/2009 (plus accrued interest to that date). This created a share premium balance of £6,224,874. This transaction was completed as part of the wider restructure and refinancing of the Murray International Holdings Limited Group (Note 18) and as such was accounted for as a debt for equity conversion rather than a waiver of debt. This was on the basis that whilst minimal equity was given by the Company on conversion of the loan notes, the value of the equity given by the wider Murray International Holdings Limited Group was sufficient to cover this debt.

Notes to the Financial Statements (continued)

16. Guarantees and other financial commitments

(a) Capital commitments

There were no capital commitments at 30 June 2011 (2010 - £Nil).

(b) Contingent liabilities

At 30 June 2011, 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 2011 amounts to £542,348,098 (2010 - £600,893,494). These guarantees are secured by a bond and floating charge 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.

17. Related party transactions

The Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing 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 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.

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 70% of the issued share capital of the ultimate holding company.