

PPG DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2007
TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS
REGISTERED NUMBER: SC209774

WEDNESDAY



S66CHV1T

SCT

28/11/2007

1103

COMPANIES HOUSE

PPG DEVELOPMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2007

The directors present their report and the financial statements of the Company for the year ended 31 January 2007. 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 AND BUSINESS REVIEW

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

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend (2006 – £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 debt market prices, 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 and regular monitoring of existing tenancies.

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 cash flow risk

The Company policy is to arrange core debt, bank loans and 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 AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

Sir D E Murray
I B Tudhope
J R Davies
A Glasgow
L Higgins

At 31 January 2007, none of the directors had any interests in the share capital of the company (2006 – Nil). The interests in the share capital of the ultimate holding company (Note 17) of those directors of the Company who are also directors of the ultimate holding company are disclosed in the directors' report accompanying that company's financial statement.

PPG DEVELOPMENTS LIMITED
DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 JANUARY 2007

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 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,

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

AUDITOR

Grant Thornton UK LLP was appointed as auditor to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD



D Horne
Secretary
14 June 2007

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

We have audited the financial statements of PPG Developments Limited for the year ended 31 January 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. 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.

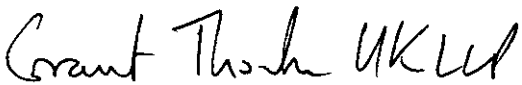
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 DEVELOPMENTS 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 31 January 2007 and of its loss 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



GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW
14 JUNE 2007

PPG DEVELOPMENTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
TURNOVER	2	£ 285,545	£ 470,056
Cost of sales		(191,228)	(103,917)
GROSS PROFIT		<u>94,317</u>	<u>366,139</u>
Other operating expenses	3	(413,782)	(3,757)
OPERATING (LOSS) / PROFIT		<u>(319,465)</u>	<u>362,382</u>
Interest payable and similar charges	5	(719,556)	(712,615)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(1,039,021)	(350,233)
Tax on loss on ordinary activities	7	311,706	105,070
LOSS FOR THE FINANCIAL YEAR	13	<u>£ (727,315)</u>	<u>£ (245,163)</u>

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

The Company has no recognised gains or losses in either year other than the reported loss for each year and therefore no Statement of Total Recognised Gains or 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 an integral part of this profit and loss account

PPG DEVELOPMENTS LIMITED
BALANCE SHEET 31 JANUARY 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
FIXED ASSETS			
Tangible assets	8	£ 4,088,085	£ 12,700,184
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	9	8,214,018	
Debtors	10	439,329	189,067
		<hr/>	<hr/>
		8,653,347	189,607
CREDITORS Amounts falling due within one year	11	(13,905,239)	(13,325,743)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(5,251,892)	(13,136,676)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,163,807)	(436,492)
		<hr/>	<hr/>
NET LIABILITIES		£ (1,163,807)	£ (436,492)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	£ 1,000	£ 1,000
Profit and loss account	13	(1,164,807)	(437,492)
		<hr/>	<hr/>
SHAREHOLDERS' DEFICIT	14	£ (1,163,807)	£ (436,492)
		<hr/>	<hr/>

The accompanying notes form an integral part of this balance sheet

SIGNED ON BEHALF OF THE BOARD ON 14 JUNE 2007

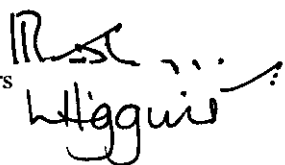
I B Tudhope

)

) Directors

L Higgins

)



PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies which have been applied consistently throughout the year and the preceding year are

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include revaluation of certain investment properties, 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 17) contain a consolidated cash flow statement which includes the cash flows of this Company, and are publicly available

(b) Tangible fixed assets

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date, and 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.

Where there is a fundamental change in the nature of an investment property such as the commencement of development activity it will be reclassified as a development property within tangible fixed assets or transformed to stocks in line with the above criteria.

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the Companies Act, is necessary to provide a true and fair view.

(c) 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 with no addition of overheads. Work in progress on development properties is valued at the cost of labour and materials with no addition of overheads, plus interest incurred on borrowings for development expenditure until the date of practical completion.

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

(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, 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

(f) Turnover and revenue recognition

Turnover comprises the sale of property and rental income and is net of VAT. Turnover is generated wholly within the UK. Rental income is recognised as it is earned. Income from the sale of development properties is recognised when the transaction is complete

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 TURNOVER

Segmental information

	<u>2007</u>	<u>2006</u>
Property development and investment	£ 285,545	£ 470,056

Included within turnover is £285,545 (2006 – £410,056) relating to rental income. The remaining turnover represents other income.

3 OTHER OPERATING EXPENSES

The following are included in other operating expenses

	<u>2007</u>	<u>2006</u>
Administrative expenses	£ 15,701	£ 3,757
Permanent diminution in development properties	398,081	
	<u>£ 413,782</u>	<u>£ 3,757</u>

4 STAFF COSTS

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

5 INTEREST PAYABLE AND SIMILAR CHARGES

The following are included in interest payable and similar charges

	<u>2007</u>	<u>2006</u>
On bank overdraft	£ 719,486	£ 712,615
Other interest	70	
	<u>£ 719,556</u>	<u>£ 712,615</u>

6 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	<u>2007</u>	<u>2006</u>
Auditor's remuneration for audit services	£ 1,000	£ 1,500

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit comprises

	<u>2007</u>	<u>2006</u>
Current tax		
UK corporation tax	£ (311,706)	£ (105,070)
	<u> </u>	<u> </u>

No deferred tax provision has been made in the current or prior year. In the opinion of the directors there is no unprovided deferred tax at 31 January 2007 (2006 £Nil)

There are no 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

The Company earns its profits in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 30% (2006 – 30%)

8 TANGIBLE FIXED ASSETS

The movement in the year was as follows

	<u>Investment properties</u>	<u>Development properties</u>	<u>Total</u>
COST			
At 1 February 2006	£ 4,088,085	£ 8,612,099	£ 12,700,184
Amounts written off		(398,081)	(398,081)
Transfers to stock		(8,214,018)	(8,214,018)
	<u> </u>	<u> </u>	<u> </u>
At 31 January 2007	£ 4,088,085	£	£ 4,088,085
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
At 1 February 2006 and 31 January 2007	£	£	£
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE			
At 31 January 2007	£ 4,088,085	£	£ 4,088,085
	<u> </u>	<u> </u>	<u> </u>
At 31 January 2006	£ 4,088,085	£ 8,612,099	£ 12,700,184
	<u> </u>	<u> </u>	<u> </u>

Investment properties, which are all freehold, were valued on an open market existing use basis as at 31 January 2007

The valuation was undertaken by an officer of the Company who is a qualified chartered surveyor. The valuation was made in full compliance with the RICS Appraisal and Valuation Manual

In accordance with SSAP 19, the investment properties are not depreciated. It is not possible to quantify the depreciation which would otherwise have been charged

Cumulative interest included in the cost of investment and development properties amounts to £34,054 (2006 £384,229)

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 STOCKS

	<u>2007</u>	<u>2006</u>
Work in progress	£ 8,214,018	

Cumulative interest included in the cost of work in progress amounts to £302,507 (2006 £Nil)

10 DEBTORS

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

	<u>2007</u>	<u>2006</u>
Trade debtors	£ 1,018	£ 120,818
Amounts owed by other group undertakings	311,706	47,690
Other debtors and prepayments	112,775	20,559
VAT	13,830	
	<u>£ 439,329</u>	<u>£ 189,067</u>

11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	<u>2007</u>	<u>2006</u>
Bank overdraft (secured)	£ 12,725,888	£ 12,706,458
Trade creditors	3,765	2,935
Amounts owed to other group undertakings	926,617	409,837
VAT		11,713
Accruals and deferred income	248,969	185,477
Other creditors		9,323
	<u>£ 13,905,239</u>	<u>£ 13,325,743</u>

The bank overdraft is secured by a bond and floating charge over the assets of the Company and standard securities over certain properties

12 CALLED UP SHARE CAPITAL

	<u>2007</u>	<u>2006</u>
Authorised		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROFIT AND LOSS ACCOUNT

The movement in the year was as follows

	<u>2007</u>
Retained loss at 1 February 2006	£ (437,492)
Loss for the financial year	(727,315)
Retained loss at 31 January 2007	<u>£ (1,164,807)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	<u>2007</u>
Loss for the financial year	£ (436,492)
Opening shareholders' deficit	(727,315)
Closing shareholders' deficit	<u>£ (1,163,807)</u>

15 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

There were no capital commitments at 31 January 2007 (2006 £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 31 January 2007 amounts to £242,154,376 (2006 £143,958,137)

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.

16 RELATED PARTY TRANSACTIONS

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

PPG DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 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 9 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.

18 ULTIMATE CONTROL

Sir D E Murray, a director of the ultimate holding company (Note 17), and members of his close family control the Company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company.