

Kingdom Park Limited

Grant Thornton 

Financial statements

For the 15 months from 1 November 2001 to 31 January 2003



Company no.SC224807

Company information

Company Registration Number	SC224807
Registered Office	9 Charlotte Square Edinburgh Lothian EH2 4DR
Directors	D E Murray J R Davies J D G Wilson A W S Gillespie T G Gillespie I P MacDonald
Secretary	D W M Horne
Bankers	Bank of Scotland PO Box 5 The Mound Edinburgh EH1 1YZ
Solicitors	Dundas & Wilson Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Auditors	Grant Thornton Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

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Report of the directors

The directors present their report and the financial statements of the company for the period from 1 November 2001 to 31 January 2003.

Principal activities and business review

The company was incorporated on 1 November 2001.

The principal activity of the company will be the sale of mineral rights and the development of the land.

The company did not trade during the year. The only transaction throughout the period was to purchase land.

The directors do not recommend payment of a dividend.

The directors and their interests in shares of the company

The directors who served the company during the period all of whom were appointed on 1 November 2001, were as follows:

D E Murray
J D G Wilson
J R Davies
A W S Gillespie
T G Gillespie
I P MacDonald

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton were appointed auditors on 26 May 2003 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Agreement to short notice being given by the company's shareholder pursuant to section 388(3)(b) a resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



D W M Horne
Secretary
7 November 2003

Report of the independent auditors to the members of Kingdom Park Limited

We have audited the financial statements of Kingdom Park Limited for the period from 1 November 2001 to 31 January 2003 which comprise the profit and loss account, balance sheet, principal accounting policies and notes 1 to 13. 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 auditors' 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 auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2003 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

7 November 2003

Principal accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Intangible assets

Site development costs incurred on potential mining areas are capitalised as intangible assets when recoverability can be assessed with reasonable certainty. When the project goes ahead costs are transferred to tangible fixed assets and amortised in line with coal extraction. All other development costs are written off in the year of expenditure.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal instalments over their estimated useful economic lives.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Profit and loss account

	Note	Period from 1 Nov 01 to 31 Jan 03 £
Turnover		–
Other operating income and charges	1	(2,109)
Operating loss	2	(2,109)
Interest payable		(78,159)
Loss on ordinary activities before taxation		(80,268)
Tax on loss on ordinary activities	4	24,080
Retained loss for the financial period		<u>(56,188)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet

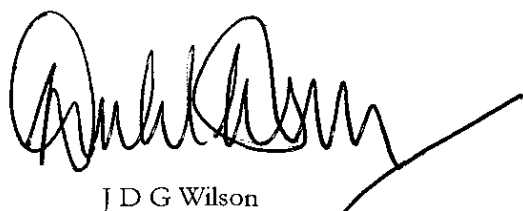
	Note	31 Jan 03 £
Fixed assets		
Intangible assets	5	9,700
Tangible assets	6	2,136,298
		<u>2,145,998</u>
Current assets		
Debtors	7	55,967
Creditors: amounts falling due within one year	8	(2,258,152)
Net current liabilities		<u>(2,202,185)</u>
Net liabilities		<u>(56,187)</u>
Capital and reserves		
Called-up equity share capital	10	1
Profit and loss account		(56,188)
Equity shareholders' deficit	11	<u>(56,187)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 7 November 2003 and are signed on their behalf by:



A W S Gillespie



J D G Wilson

Notes to the financial statements

1 Other operating income and charges

	Period from 1 Nov 01 to 31 Jan 03
	£
Administrative expenses	<u>2,109</u>

2 Operating loss

Operating loss is stated after charging:

	Period from 1 Nov 01 to 31 Jan 03
	£
Auditors' fees	<u>2,000</u>

3 Directors and employees

No salaries or wages have been paid to employees, including the directors, during the period.

There were no employees during the period.

4 Tax on loss on ordinary activities

	Period from 1 Nov 01 to 31 Jan 03
	£
Current tax:	
UK Corporation tax based on the results for the period at 30%	<u>(24,080)</u>

The tax assessed on the loss on ordinary activities for the period equates to 30% of loss, there are no reconciling adjustments.

5 Intangible fixed assets

	Site development costs £
Cost and net book value	
Additions	9,700
At 31 January 2003	<u>9,700</u>

6 Tangible fixed assets

	Freehold land £
Cost and net book value	
Additions	2,136,298
At 31 January 2003	<u>2,136,298</u>

7 Debtors

	31 Jan 03 £
Amounts owed by group undertakings	24,080
Other debtors	25,932
VAT recoverable	5,955
	<u>55,967</u>

8 Creditors: amounts falling due within one year

	31 Jan 03 £
Bank loans and overdrafts (secured)	2,246,657
Other creditors	11,495
	<u>2,258,152</u>

The bank overdraft is secured by a bond and floating charge over all the assets of the company and by a standard security held by the Bank of Scotland over Bogleys farm, Kirkcaldy.

9 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with its parent undertaking.

No transactions with other related parties were undertaken.

10 Share capital

Authorised share capital:

	31 Jan 03
	£
1,000 Ordinary shares of £1 each	<u>1,000</u>

Allotted, called up and fully paid:

1 ordinary share of £1	<u>1</u>
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11 Reconciliation of movements in equity shareholders' deficit

	31 Jan 03
	£
Loss for the financial period	(56,188)
New equity share capital subscribed	<u>1</u>
Net reduction to funds	(56,187)
Closing shareholders' equity deficit	<u>(56,187)</u>

12 Post balance sheet events

On 3 June 2003 planning permission was granted for open cast coal extraction and for commercial property development of the land. As a result of the company obtaining this planning permission a further £1,460,000 will require to be paid to the persons that the company acquired the land from during the year.

13 Ultimate parent company

The company's parent company is GM Mining Limited by virtue of its 100% shareholding in the company. The ultimate controlling related party is Murray International Holdings Limited as a result of its controlling interest in GM Mining Limited.

The directors consider that the ultimate controlling party of the company is Mr D E Murray by virtue of his controlling undertaking Murray International Holdings Limited.

The largest of undertakings for which group financial statements have been drawn up is that headed by Murray International Holdings Limited, the consolidated financial statements of which are publicly available.