

Kingdom Park Limited

Financial statements

For the year ended 31 January 2007



Company No. SC224807

Company information

Company Registration Number	SC224807
Registered Office	9 Charlotte Square Edinburgh Lothian EH2 4DR
Directors	Sir David E Murray Jestyn R Davies J Donald G Wilson
Secretary	D W M Horne
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Solicitors	Dundas & Wilson Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Auditors	Grant Thornton UK LLP 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 year ended 31 January 2007

Principal activities

The principal activity of the company is the sale of mineral rights and development of land

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

There was a loss for the year after taxation amounting to £216,236 (2006 loss of £173,231)

The directors do not recommend the payment of a dividend (2006 £nil)

Directors

The directors who served the company during the year were as follows

Sir David L Murray

Jestyn R Davies

J Donald G Wilson

I Graham Gillespie (resigned 1 February 2007)

Alan W S Gillespie (resigned 1 February 2007)

At 31 January 2007, none of the directors had any interest in the ordinary share capital of the company (2006 £Nil). The interests of the directors in the share capital of the ultimate holding company Murray International Holdings Limited are disclosed in the Directors' Report accompanying that company's financial statements

Directors' responsibilities

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

United Kingdom company law requires the directors to prepare such 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

Report of the directors (continued)

Directors' responsibilities (contd)

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 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

Financial risk management

The company's operations expose it to a variety of financial risks as discussed below. The company has a risk management programme that seeks to limit the effect of such risks on financial performance

Foreign currency risk

The company does not enter into foreign currency transactions. The directors therefore consider the company is not exposed to any foreign currency movement risk

Credit risk

The company is exposed to credit related losses in the event of non performance by transaction counterparties, but mitigates such risk through its policy of selecting only counterparties with high credit ratings

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

Cashflow risk

The company's policy is to arrange bank overdrafts with a floating rate of interest plus an agreed margin

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors 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



Secretary

27 August 2007

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

We have audited the financial statements of Kingdom Park Limited for the year ended 31 January 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 14. 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 Report of the Directors and the 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 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.

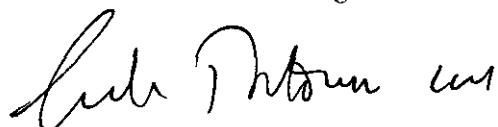
Report of the independent auditors to the members of Kingdom Park Limited (continued)

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, 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



REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW

29 August 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards. The accounts were prepared on a going concern basis. Given the support of the Murray International Holdings Limited Group, the directors are satisfied that the company has sufficient facilities for the foreseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a small company.

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 site development costs are written off in the year of expenditure.

Fixed assets

Development properties are those sites and 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. Interest is capitalised from the point at which development sites or properties are acquired except where there is a substantial delay between acquisition and commencement of physical construction, when capitalisation will commence at the latter point. Profit is accrued on a conservative basis as developments proceed where the realisation of profit is reasonably certain.

Provisions are made against the carrying value of development properties when the directors consider that these policies are necessary to provide a true and fair view.

Depreciation

No depreciation is charged on land held for development.

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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Profit and loss account

	Note	2007 £	2006 £
Other operating charges	1	(24,144)	3,748
Operating (loss)/profit	2	(24,144)	3,748
Other interest receivable			883
Interest payable and similar charges	3	(284,764)	(252,492)
Loss on ordinary activities before taxation		(308,908)	(247,861)
Tax on loss on ordinary activities	4	92,672	74,630
Loss for the financial year		(216,236)	(173,231)
Balance brought forward		(548,332)	(375,101)
Balance carried forward		<u>(764,568)</u>	<u>(548,332)</u>

All of the activities of the company are classed as continuing

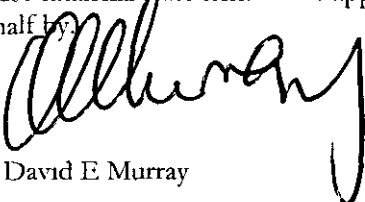
The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	5	<u>5,235,741</u>	<u>4,427,720</u>
Current assets			
Debtors	6	<u>92,672</u>	<u>39,392</u>
Creditors, amounts falling due within one year	7	<u>(6,092,980)</u>	<u>(5,015,443)</u>
Net current liabilities		<u>(6,000,308)</u>	<u>(4,976,051)</u>
Net liabilities		<u>(764,567)</u>	<u>(548,331)</u>
Capital and reserves			
Called up share capital	9	<u>1</u>	<u>1</u>
Profit and loss account	10	<u>(764,568)</u>	<u>(548,332)</u>
Shareholders' deficit	12	<u>(764,567)</u>	<u>(548,331)</u>

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

These financial statements were approved by the directors on 27 August 2007 and are signed on their behalf by:


Sir David E Murray

Notes to the financial statements

1 Other operating charges

	2007	2006
	£	£
Administrative (expenses)/credits	<u>(24,144)</u>	<u>3,748</u>

2 Operating (loss) / profit

The audit fees were borne by another group undertaking in the current and prior year

During the year the company incurred no staff costs (2006 £nil) The directors did not receive any remuneration for services provided directly to the company during the current or prior year

3 Interest payable and similar charges

	2007	2006
	£	£
Interest payable on bank borrowing	<u>284,764</u>	<u>252,492</u>

4 Taxation on ordinary activities

(a) Analysis of credit in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 30%)	(92,672)	(74,358)
Over/under provision in prior year		(272)
Total current tax	<u>(92,672)</u>	<u>(74,630)</u>

(b) Factors affecting current tax credit

	2007	2006
	£	£
Loss on ordinary activities before taxation	<u>(308,908)</u>	<u>(247,861)</u>
Loss on ordinary activities before tax at 30%	(92,672)	(74,358)
Adjustments to tax charge in respect of previous periods		(272)
Total current tax (note 4(a))	<u>(92,672)</u>	<u>(74,630)</u>

5 Tangible fixed assets

	Development properties £
Cost	
At 1 February 2006	4,447,393
Additions	808,021
At 31 January 2007	<u>5,255,414</u>
Depreciation	
At 1 February 2006	19,673
Charge for the year	
At 31 January 2007	<u>19,673</u>
Net book value	
At 31 January 2007	<u>5,235,741</u>
At 31 January 2006	<u>4,427,720</u>

6 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	<u>92,672</u>	<u>39,392</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	5,125,971	4,863,178
Amounts owed to group undertakings	934,306	125,000
Accruals and deferred income	32,703	27,265
	<u>6,092,980</u>	<u>5,015,443</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, Muirton Cottage, Kirkcaldy, and Dysartmuir Farm, Kirkcaldy

8 Related party transactions

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

9 Share capital

Authorised share capital

	2007	2006
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Profit and loss account

	2007	2006
	£	£
Balance brought forward	(548,332)	(375,101)
Retained loss for the financial year	<u>(216,236)</u>	<u>(173,231)</u>
Balance carried forward	<u>(764,568)</u>	<u>(548,332)</u>

11 Capital commitments

There were no capital commitments as at 31 January 2007 and 31 January 2006

12 Reconciliation of movements in shareholders' deficit

	2007	2006
	£	£
Retained loss for the financial year	(216,236)	(173,231)
Opening shareholders' deficit	<u>(548,331)</u>	<u>(375,100)</u>
Closing shareholders' deficit	<u>(764,567)</u>	<u>(548,331)</u>

13 Contingent liabilities

There were no contingent liabilities as at 31 January 2007 and 31 January 2006

14 Ultimate parent company

The company's parent company is GM Mining Limited by virtue of its 100% shareholding in the company. The ultimate controlling parent company 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 Sir David F Murray by virtue of his controlling undertaking Murray International Holdings Limited.

The largest group 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.