

Kingdom Park Limited
Financial statements
For the year ended 31 January 2004

Grant Thornton 



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COMPANIES HOUSE 19/10/04

Company No. SC224807

Company information

Company Registration Number	SC224807
Registered Office	9 Charlotte Square Edinburgh Lothian EH2 4DR
Directors	J R Davies A W S Gillespie T G Gillespie D E Murray J D 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 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 year ended 31 January 2004.

Principal activities and business review

The principal activity of the company is the sale of mineral rights and development of land. There was a loss for the year after taxation amounting to £134,473 (2003: loss of £56,188).

The directors do not recommend payment of a dividend.

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.

Directors

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

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

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

Mr I P McDonald died on 2 March 2004.

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 year and of the profit or loss for the year then ended. 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.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'D W M Horne', written in a cursive style.

D W M Horne
Secretary
6 August 2004

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

We have audited the financial statements of Kingdom Park Limited for the year ended 31 January 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. 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.

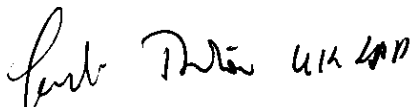
Basis of opinion

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 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW
6 August 2004

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.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

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.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.

Land is written down to development value with the annual amortisation charge being based on the coal extracted for the year as a percentage of the anticipated total coal output.

Profit and loss account

	Note	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Turnover		—	—
Other operating charges	1	(32,666)	(2,109)
Other operating income	2	1,600	—
Operating loss	3	(31,066)	(2,109)
Interest payable	5	(128,298)	(78,159)
Loss on ordinary activities before taxation		(159,364)	(80,268)
Tax credit on loss on ordinary activities	6	24,891	24,080
Retained loss for the financial year		(134,473)	(56,188)
Balance brought forward		(56,188)	—
Balance carried forward		<u>(190,661)</u>	<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 year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Intangible assets	7	—	9,700
Tangible assets	8	4,078,386	2,136,298
		4,078,386	2,145,998
Current assets			
Debtors	9	94,909	55,967
Creditors: amounts falling due within one year	10	(4,363,955)	2,258,152
Net current liabilities		(4,269,046)	(2,202,185)
Net liabilities		(190,660)	(56,187)
Capital and reserves			
Called-up equity share capital	12	1	1
Profit and loss account		(190,661)	(56,188)
Equity shareholders' deficit	14	(190,660)	(56,187)

These financial statements were approved by the directors on 6 August 2004 and are signed on their behalf by:


J R Davies


T G Gillespie

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Other operating charges

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Administrative expenses	<u>32,666</u>	<u>2,109</u>

2 Other operating income

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Rent receivable	<u>1,600</u>	<u>—</u>

3 Operating loss

Operating loss is stated after charging:

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Depreciation of owned fixed assets	19,673	—
Auditors' remuneration:		
Audit fees	<u>2,000</u>	<u>2,000</u>

4 Directors and employees

During the year the company incurred no staff costs (2003: £nil). The directors were remunerated by another group undertaking in the year and prior period.

5 Interest payable and similar charges

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Interest payable on bank borrowing	119,787	78,159
Other similar charges payable	<u>8,511</u>	<u>—</u>
	<u>128,298</u>	<u>78,159</u>

6 Taxation on ordinary activities

(a) Analysis of credit in the year

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	(25,524)	(24,080)
Over/under provision in prior year	633	—
Total current tax	<u>(24,891)</u>	<u>(24,080)</u>

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	Year to 31 Jan 04 £	Period from 1 Nov 01 to 31 Jan 03 £
Loss on ordinary activities before taxation	<u>(159,364)</u>	<u>(80,268)</u>
Loss on ordinary activities before tax at 30%	(47,809)	(24,080)
Expenses not deductible for tax purposes	5,902	—
Unrelieved tax losses	16,383	—
Adjustments to tax charge in respect of previous periods	633	—
Total current tax (note 6(a))	<u>(24,891)</u>	<u>(24,080)</u>

7 Intangible fixed assets

	Site development costs £
Cost	
At 1 February 2003	9,700
Transfers	<u>(9,700)</u>
At 31 January 2004	<u>—</u>
Amortisation	<u>—</u>
Net book value	
At 31 January 2004	<u>—</u>
At 31 January 2003	<u>9,700</u>

8 Tangible fixed assets

	Land £
Cost	
At 1 February 2003	2,136,298
Additions	1,952,061
Transfers	9,700
At 31 January 2004	<u>4,098,059</u>
Depreciation	
Charge for the year	19,673
At 31 January 2004	<u>19,673</u>
Net book value	
At 31 January 2004	<u>4,078,386</u>
At 31 January 2003	<u>2,136,298</u>

9 Debtors

	2004 £	2003 £
Amounts owed by group undertakings	48,971	24,080
VAT recoverable	40,383	5,955
Other debtors	5,555	25,932
	<u>94,909</u>	<u>55,967</u>

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	3,295,081	2,246,657
Amounts owed to group undertakings	134,853	—
Accruals and deferred income	934,021	11,495
	<u>4,363,955</u>	<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; Muirton Cottage, Kirkcaldy; and Dysartmuir Farm, Kirkcaldy.

11 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with its parent undertaking.

Charlotte Ventures Limited is a subsidiary of Murray International Holdings Limited and resultingly a related party of Kingdom Park Limited. During the year Kingdom Park Limited purchased services totalling £125,000 in the normal course of business from Charlotte Ventures Limited .

No transactions with other related parties were undertaken.

12 Share capital

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

13 Capital commitments

There were no capital commitments as at 31 January 2004 and 31 January 2003..

14 Reconciliation of movements in equity shareholders' deficit

	2004 £	2003 £
Retained loss for the financial year/period	(134,473)	(56,188)
New equity share capital subscribed	<u>-</u>	<u>1</u>
Net increase in deficit	(134,473)	(56,187)
Opening equity shareholders' deficit	<u>(56,187)</u>	<u>-</u>
Closing equity shareholders' deficit	<u>(190,660)</u>	<u>(56,187)</u>

15 Contingent liabilities

At 31 January 2004 the company had made guarantees in favour of its bankers, Bank of Scotland, up to a sum of £100,000 (2003: £nil) in respect of guarantees provided by the bank in favour of the Coal Authority as a condition of the company obtaining a licence to engage in open cast mining operations and fulfilling its obligations under this licence.

16 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 Mr D E Murray by virtue of his controlling undertaking Murray International Holdings Limited.

The largest and smallest 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.