Kingdom Park Limited

Financial Statements for the year ended 30 June 2013
together with Directors' and Independent Auditor's Report

Registered Number: SC224807

Report of the Directors

The directors present their report and the financial statements of the Company for the year ended 30 June 2013.

Principal activities

The principal activity of the Company is development of land.

Going concern

The balance sheet at 30 June 2013 shows that the Company is in a net current liability and net liability position. On 28 February 2014 the Company's immediate parent, Murray Estates Limited, was sold to Project Snowdon Acquisition Limited whose parent is Murray Capital Limited. The Company is dependent on the continuing financial support provided by Murray Capital Limited. The directors have placed reliance on the letter of support obtained from Murray Capital Limited.

The directors have reviewed the trading prospects and projected cash flows of the Company and have agreed funding from its intermediate parent company, Murray Capital Limited. On that basis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence 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.

Directors of the Company

The directors who served the Company during the year and to the date of this report were as follows:

Sir David E Murray
J R Davies
M S McGill (resigned 28 February 2014)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Report of the Directors (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all the steps that they ought to have taken as directors in order 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's exposure to credit related losses in the event of the non-performance by counterparties is mitigated by the nature of the Company's trade. Land and property transactions are completed only when the counterparty delivers the necessary funds.

Liquidity risk

Operations are financed by income generated from sales and a loan from the parent company. The objective is to ensure funding which offers flexibility and cost effectiveness to match the needs of the Company and Group.

Cashflow risk

The Company has arranged funding entirely through its parent company, Murray Estates Limited.

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.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

J R Davies
Director
28 March 2014

Report of the Independent Auditor to the member of Kingdom Park Limited

We have audited the financial statements of Kingdom Park Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet 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 pages 1 and 2, 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 and express an opinion on 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 Financial Reporting Council'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 2013 and of its loss for the year then ended;

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

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

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.

Report of the Independent Auditors to the member of Kingdom Park Limited (continued)

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

Lorraine Macphail
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Edinburgh
28 March 2014

Profit and Loss Account

	Notes	2013 £	2012 £
Other operating income / (expenses)	2	3,551	(6,661)
Operating profit / (loss)		3,551	(6,661)
Impairment of fixed assets	5	(3,246,083)	-
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation	3	(3,242,532)	(6,661)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	9/10	(3,242,532)	(6,661)

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

The Company has no recognised gains or losses in either the current or prior year other than the reported results for each year and therefore no Statement of Total Recognised Gains and Losses is presented.

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

The accompanying notes form an integral part of this profit and loss account.

Balance Sheet

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	5	4,500,000	7,574,189
Current assets			
Debtors	6	15,521	5,597
Cash at bank and in hand		6,380	9,143
		21,901	14,741
Creditors: amounts falling due within one year	7	(9,393,121)	(9,217,618)
Net current liabilities		(9,371,220)	(9,202,877)
Net liabilities		(4,871,220)	(1,628,688)
Capital and reserves			
Called-up share capital	8	1	1
Profit and loss account	9	(4,871,221)	(1,628,689)
Shareholders' deficit	10	(4,871,220)	(1,628,688)

The accompanying notes form an integral part of this balance sheet.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 28 March 2014 and are signed on their behalf by:

J R Davies Director

The Company's registration number is SC224807.

Notes to the Financial Statements

1. Accounting policies

The principal 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 holding company (Note 13) contain a consolidated cash flow statement and are publicly available.

The balance sheet at 30 June 2013 shows that the Company is in a net current liability and net liability position. The Company is dependent on the continuing financial support provided by the intermediate parent company, Murray Capital Limited. The Directors have placed reliance on the letter of support obtained from Murray Capital Limited.

The directors have reviewed the trading prospects and projected cash flows of the Company and have agreed funding from its intermediate parent company, Murray Capital Limited. On that basis the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence 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) 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. 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 planning consent is obtained, it is the directors' intention at that point to reclassify the development property as stock, to reflect more accurately management's disposal strategy at that stage.

(c) Depreciation

No depreciation is charged on land held for development.

Notes to the Financial Statements (continued)

Accounting policies (continued)

(d) 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 given for nil consideration.

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 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.

2. Other operating income /(expenses)

The following is included in other operating income / (expenses):

	2013	2012
	£	£
Administrative income /(expenses)	**3,551**	(6,661)

3. Loss on ordinary activities before taxation

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

During the year the Company incurred no staff costs (2012 - £Nil). The directors did not receive any remuneration for services provided directly to the Company during the current or prior year.

Notes to the Financial Statements (continued)

4. Taxation on loss on ordinary activities

In the opinion of the directors there is an unprovided deferred tax asset of £170,562 (2012 - £178,463).

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

	2013 £	2012 £
Loss on ordinary activities before taxation	(3,242,532)	(6,661)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.75% (2012 – 25.50%)	(770,101)	(1,699)
Effects of:		
Expenses not deductible for tax purposes	770,945	446
(Utilisation of brought forward losses)/unrelieved tax losses carried forward	(844)	1,253
Current tax credit for the year	-	-

The Company suffers its losses in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 23.75% (2012 - £25.50%).

No deferred tax provision has been made in the current year. In the opinion of the directors no deferred tax provision is required.

Notes to the Financial Statements (continued)

5. Tangible fixed assets

	Development properties £
Cost	
At 30 June 2012	7,593,862
Additions	171,894
At 30 June 2013	7,765,756
Depreciation	
At 30 June 2012	(19,673)
Impairment	(3,246,083)
At 30 June 2013	(3,265,756)
Net book value	
At 30 June 2013	4,500,000
At 30 June 2012	7,574,189

In forming a view on the carrying value of the development properties held within fixed assets the Directors take into consideration the stage reached in the planning process and the likely outcome. The Directors reviewed the carrying value of the developments as at 30 June 2013 and concluded that the value should be impaired by £3,246,083 (2012 - £nil).

6. Debtors

	2013 £	2012 £
VAT receivable	15,521	5,597

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	47,753	2,250
Amounts owed to other group undertakings	9,085,368	8,935,368
Accruals and deferred income	260,000	280,000
	9,393,121	9,217,618

Notes to the Financial Statements (continued)

8. Share capital

	2013	2012
	£	£
Allotted, called-up and fully paid:		
1 ordinary share of £1 each	1	1

9. Profit and loss account

	2013	2012
	£	£
Balance brought forward	(1,628,689)	(1,622,028)
Retained loss for the financial year	(3,242,532)	(6,661)
Balance carried forward	(4,871,221)	(1,628,689)

10. Reconciliation of movements in shareholders' deficit

	2013	2012
	£	£
Retained loss for the financial year	(3,242,532)	(6,661)
Opening shareholders' deficit	(1,628,688)	(1,622,027)
Closing shareholders' deficit	(4,871,221)	(1,628,688)

11. Guarantees and other financial commitments

a) Capital commitments

There were no capital commitments at 30 June 2013 (2012 - £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 30 June 2013 amounts to £296,367,642 (2012 - £286,910,390). The Company's obligations under the cross-guarantee are secured by a bond and floating charge over all of its assets and standard securities over certain properties.

Subsequent to the year end this liability was extinguished in full.

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 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.

Notes to the Financial Statements (continued)

12. Ultimate holding company

At 30 June 2013 the immediate parent company was Murray Estates Limited and the ultimate holding company 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's financial statements are available from the above address.

On 28 February 2014 the Company's immediate parent, Murray Estates Limited, was acquired by Project Snowdon Acquisition Limited whose ultimate holding company is Murray Capital Group Limited.

13. Related party transactions

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 100% owned within a group, the company has not disclosed transactions with other wholly owned subsidiary undertakings of the ultimate holding company (Note 12).

14. Subsequent events

On 28 February 2014 the Company's immediate parent, Murray Estates Limited, was sold to Project Snowdon Acquisition Limited, a company controlled by Sir David Murray and his close family. The ultimate holding company is Murray Capital Group Limited. The transaction was at arm's length.