



Grant Thornton

# Financial Statements Kingdom Park Limited

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**For the 17 Month Period Ended 30 June 2009**

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**Company No. SC224807**

## Company information

<b>Company Registration Number</b>	SC224807
<b>Registered Office</b>	9 Charlotte Square EDINBURGH EH2 4DR
<b>Directors</b>	Sir David E Murray Jestyn R Davies David W M Horne David D Murray Michael S McGill
<b>Secretary</b>	D W M Horne
<b>Bankers</b>	Bank of Scotland The Mound EDINBURGH EH1 1YZ
<b>Solicitors</b>	Dundas & Wilson Saltire Court 20 Castle Terrace EDINBURGH EH1 2EN
<b>Auditors</b>	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 17 month period ended 30 June 2009.

### **Principal activities**

The principal activity of the company is development of land.

### **Going concern**

Following the completion of a new bank facility (Note 16), the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to operate in the normal course of business 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.

### **Results and dividends**

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

The directors have not recommended a dividend (2008 - £nil).

### **Directors**

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

Sir David E Murray  
Jestyn R Davies  
J Donald G Wilson (resigned 9 December 2009)  
D W M Horne (appointed 30 January 2009)  
D D Murray (appointed 30 January 2009)  
M S McGill (appointed 5 March 2010)

### **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 period 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 period. 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 (continued)

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 on 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.

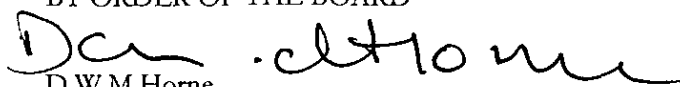
### Auditors

Grant Thornton UK LLP, 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 VII of the Companies Act 1985.

BY ORDER OF THE BOARD



D W M Horne

Secretary

28 April 2010



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

We have audited the financial statements of Kingdom Park Limited for the period ended 30 June 2009 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 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 30 June 2009 and of its loss for the period 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 AUDITORS  
CHARTERED ACCOUNTANTS  
GLASGOW

28 April 2010

## 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.

### **Basis of preparation**

The balance sheet at 30 June 2009 shows that the Company is in a net liability position. The directors have reviewed the trading prospects and financial and cash flow projections of the business and have secured a new bank facility based on these projections. On that basis the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to operate in the normal course of business 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.

### **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.

### **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	17 Month period to 30 June 2009 £	Year to 31 January 2008 £
Other operating charges	1	(5,697)	(2,128)
<b>Operating loss</b>	2	<b>(5,697)</b>	<b>(2,128)</b>
Interest payable and similar charges	3	(446,662)	(351,563)
<b>Loss on ordinary activities before taxation</b>		<b>(452,359)</b>	<b>(353,691)</b>
Tax on loss on ordinary activities	4	-	101,901
<b>Loss for the financial period/year</b>		<b>(452,359)</b>	<b>(251,790)</b>

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

The Company has no recognised gains or losses in either the current period or prior year other than the reported loss for each period/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 loss on ordinary activities before taxation.

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

## Balance sheet

	Note	30 June 2009 £	31 January 2008 £
<b>Fixed assets</b>			
Tangible assets	5	<u>6,736,320</u>	<u>6,308,065</u>
<b>Current assets</b>			
Debtors	6	<u>2,744</u>	-
<b>Creditors: amounts falling due within one year</b>	7	<u>(8,207,780)</u>	<u>(7,324,422)</u>
<b>Net current liabilities</b>		<u>(8,205,036)</u>	<u>(7,324,422)</u>
<b>Net liabilities</b>		<u>(1,468,716)</u>	<u>(1,016,357)</u>
<b>Capital and reserves</b>			
Called-up share capital	9	1	1
Profit and loss account	10	<u>(1,468,717)</u>	<u>(1,016,358)</u>
<b>Shareholders' deficit</b>	12	<u>(1,468,716)</u>	<u>(1,016,357)</u>

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

The financial statements of Kingdom Park Limited, registered number SC224807 were approved by the board of directors and authorised for issue on 28 April 2010.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS.

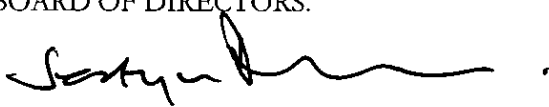

J R Davies

)

) Directors

D W M Horne

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## Notes to the financial statements

### 1 Other operating charges

	17 month period to 30 June 2009	Year to 31 January 2008
	£	£
Administrative expenses	<u>5,697</u>	<u>2,128</u>

### 2 Operating loss

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

During the period the company incurred no staff costs (2008 - £nil). The directors did not receive any remuneration for services provided directly to the company during the current period or prior year.

### 3 Interest payable and similar charges

	17 month period to 30 June 2009	Year to 31 January 2008
	£	£
Interest payable on bank borrowing	<u>446,662</u>	<u>351,563</u>

### 4 Taxation on ordinary activities

	17 month period to 30 June 2009	Year to 31 January 2008
	£	£
Loss on ordinary activities before tax	452,359	353,691
Tax on loss on ordinary activities at standard UK Corporation Tax rate of 28.23% (2008 - 30%)	(127,713)	(106,107)
Effects of:		
Under provision in prior period	-	4,206
Unrelieved tax losses and other deductions ongoing in the period	<u>127,713</u>	-
Total current tax	<u>-</u>	<u>(101,901)</u>

There is an unrecognised deferred taxation asset at 30 June 2009 of £163,843 (2008 - £37,183).

## Notes to the financial statements (continued)

### 5 Tangible fixed assets

	Development properties £
<b>Cost</b>	
At 1 February 2008	6,327,738
Additions	428,255
At 30 June 2009	<u>6,755,993</u>
<b>Depreciation</b>	
At 1 February 2008 and 30 June 2009	<u>19,673</u>
<b>Net book value</b>	
At 30 June 2009	<u>6,736,320</u>
At 31 January 2008	<u>6,308,065</u>

### 6 Debtors

	17 month period to 30 June 2009 £	Year to 31 January 2008 £
VAT receivable	<u>2,744</u>	<u>-</u>

### 7 Creditors: amounts falling due within one year

	17 month period to 30 June 2009 £	Year to 31 January 2008 £
Bank loans and overdrafts	7,979,154	7,125,176
Amounts owed to group undertakings	199,111	164,386
Accruals and deferred income	29,515	34,860
	<u>8,207,780</u>	<u>7,324,422</u>

The bank overdraft is secured by a bond and floating charge over all the assets of the company.

### 8 Related party transactions

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

## Notes to the financial statements (continued)

### 9 Share capital

	17 month period to 30 June 2009 £	Year to 31 January 2008 £
Authorised share capital:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 10 Profit and loss account

	17 month period to 30 June 2009 £	Year to 31 January 2008 £
Balance brought forward	(1,016,358)	(764,568)
Retained loss for the financial period/year	<u>(452,359)</u>	<u>(251,790)</u>
Balance carried forward	<u>(1,468,717)</u>	<u>(1,016,358)</u>

### 11 Capital commitments

There were no capital commitments as at 30 June 2009 and 31 January 2008.

### 12 Reconciliation of movements in shareholders' deficit

	17 month period to 30 June 2009 £	Year to 31 January 2008 £
Retained loss for the financial period/year	(452,359)	(251,790)
Opening shareholders' deficit	<u>(1,016,357)</u>	<u>(764,567)</u>
Closing shareholders' deficit	<u>(1,468,716)</u>	<u>(1,016,357)</u>

### 13 Contingent liabilities

The company has guaranteed bank borrowings of its holding company and other subsidiary undertakings. The total contingency at 30 June 2009 was £440,063,446 (2008 - £380,550,253). Security for the bank facilities consists of cross guarantees and a bond and floating charge over the assets of the company.

## Notes to the financial statements (continued)

### 14 Ultimate Holding Company

The immediate parent company is Murray Estates Limited and the ultimate holding company is Murray International Holdings Limited, both of which are registered in Scotland.

The results of the Company are consolidated by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited's financial statements are available from the above address.

### 15 Ultimate Control

Sir D E Murray, a director of the ultimate holding company (Note 14), and members of his close family control the company as a result of controlling directly or indirectly 88% of the issued share capital of the ultimate holding company.

### 16 Subsequent Events

As set out in Note 14, the company's ultimate holding company is Murray International Holdings Limited, a company which is registered in Scotland. The largest and smallest 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.

On 21 April 2010, Murray International Holdings Limited and certain of its subsidiaries completed a financial restructuring, details of which are set out in the financial statements of Murray International Holdings Limited for the year ended 30 June 2009. A summary of the principal terms of this financial restructuring are set out below:

- (i) Lloyds Banking Group has increased its equity interests in the Group, subscribing for approximately £150.0m of additional share capital and share premium in Murray International Holdings Limited while reducing debt levels by a similar quantum.
- (ii) Following the issue of share capital, Sir David E. Murray and members of his close family continue to control the Company and the Group as a result of controlling, either directly or indirectly, 76% of the voting share capital of the issued share capital of the Company. This percentage was previously 88%.
- (iii) Group borrowing facilities have been renewed with Lloyds Banking Group following completion of the financial restructuring. This has involved segregating the overall Group banking arrangement into a series of sub-facilities relevant and applicable to each of the Group's Divisions.
- (iv) The Group has acquired minority interests held in certain subsidiaries in the Group for nominal value including PPG Lothian Limited, PPG RH Limited, Premier Burrell Limited, Ryeford Developments Limited and Applecross Properties (Craighall) Limited.

The impact of these changes has been shown in the unaudited pro forma group balance sheet set out in the Directors' Report of the financial statements of Murray International Holdings Limited. This unaudited pro forma balance sheet highlights the effect on the 30 June 2009 balance sheet of Murray International Holdings Limited of the various steps outlined above as if they had taken place on 30 June 2009.