

Kingdom Park Limited
Financial statements
For the year ended 31 January 2005

Grant Thornton 



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 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 2005.

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 £184,440 (2004: loss of £134,473).

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

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

Directors' responsibilities

United Kingdom 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; 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.

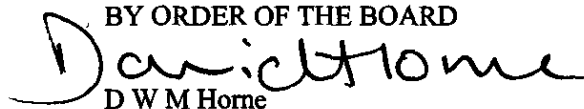
Auditors

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



D W M Home

Secretary

16 September 2005

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 2005 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 report of the directors 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 report of the directors 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.

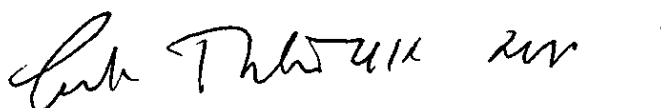
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

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 2005 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
16 September 2005



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 No 1 (Revised 1996) 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

No depreciation is charged on land held for development.

Profit and loss account

	Note	2005 £	2004 £
Other operating charges	1	(4,753)	(32,666)
Other operating income	2	–	1,600
Operating loss	3	(4,753)	(31,066)
Interest payable and similar charges	5	(225,740)	(128,298)
Loss on ordinary activities before taxation		(230,493)	(159,364)
Tax on loss on ordinary activities	6	46,053	24,891
Loss for the financial year		(184,440)	(134,473)
Balance brought forward		(190,661)	(56,188)
Balance carried forward		(375,101)	(190,661)

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	2005 £	2004 £
Fixed assets			
Tangible assets	7	<u>4,290,550</u>	<u>4,078,386</u>
Current assets			
Debtors	8	17,427	94,909
Creditors: amounts falling due within one year	9	<u>(4,683,077)</u>	<u>(4,363,955)</u>
Net current liabilities		<u>(4,665,650)</u>	<u>(4,269,046)</u>
Net liabilities		<u>(375,100)</u>	<u>(190,660)</u>
Capital and reserves			
Called-up equity share capital	11	1	1
Profit and loss account		<u>(375,101)</u>	<u>(190,661)</u>
Equity shareholders' deficit	14	<u>(375,100)</u>	<u>(190,660)</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 16 September 2005 and are signed on their behalf by:


.....
J R Davies

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

Notes to the financial statements

1 Other operating charges

	2005 £	2004 £
Administrative expenses	<u>4,753</u>	<u>32,666</u>

2 Other operating income

	2005 £	2004 £
Rent receivable	<u>—</u>	<u>1,600</u>

3 Operating loss

Operating loss is stated after charging:

	2005 £	2004 £
Depreciation of owned fixed assets	—	19,673
Auditors' remuneration:		
Audit fees	<u>—</u>	<u>2,000</u>

Audit fees were borne by a fellow group undertaking in the year.

4 Directors and employees

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

5 Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	225,740	119,787
Other similar charges payable	<u>—</u>	<u>8,511</u>
	<u>225,740</u>	<u>128,298</u>

6 Taxation on ordinary activities

(a) Analysis of credit in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	(46,053)	(25,524)
Over/under provision in prior year	—	633
Total current tax	<u>(46,053)</u>	<u>(24,891)</u>

(b) Factors affecting current tax credit

	2005 £	2004 £
Loss on ordinary activities before taxation	<u>(230,493)</u>	<u>(159,364)</u>
Loss on ordinary activities before tax at 30%	(69,148)	(47,809)
Expenses not deductible for tax purposes	—	5,902
Unrelieved tax losses	23,095	16,383
Adjustments to tax charge in respect of previous periods	—	633
Total current tax (note 6(a))	<u>(46,053)</u>	<u>(24,891)</u>

7 Tangible fixed assets

	Land £
Cost	
At 1 February 2004	4,098,059
Additions	212,164
At 31 January 2005	<u>4,310,223</u>
Depreciation	
At 1 February 2004	19,673
Charge for the year	—
At 31 January 2005	<u>19,673</u>
Net book value	
At 31 January 2005	<u>4,290,550</u>
At 31 January 2004	<u>4,078,386</u>

8 Debtors

	2005 £	2004 £
Amounts owed by group undertakings	17,427	48,971
VAT recoverable	–	40,383
Other debtors	–	5,555
	<u>17,427</u>	<u>94,909</u>

9 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	4,305,433	3,295,081
Amounts owed to group undertakings	337,381	134,853
Accruals and deferred income	40,263	934,021
	<u>4,683,077</u>	<u>4,363,955</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.

10 Related party transactions

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

11 Share capital

Authorised share capital:

	2005 £	2004 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

12 Profit and loss account

	2005 £	2004 £
Balance brought forward	(190,661)	(56,188)
Retained loss for the financial year	(184,440)	(134,473)
Balance carried forward	<u>(375,101)</u>	<u>(190,661)</u>

13 Capital commitments

There were no capital commitments as at 31 January 2005 and 31 January 2004.

14 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Retained loss for the financial year	(184,440)	(134,473)
Opening shareholders' equity deficit	(190,660)	(56,187)
Closing shareholders' equity deficit	<u>(375,100)</u>	<u>(190,660)</u>

15 Contingent liabilities

There were no contingent liabilities as at 31 January 2005 and 31 January 2004.

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 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.