

PPG Southern Limited

Financial Statements for the 17 month period ended 30 June 2009
together with Directors' and Independent Auditor's Report

Registered Number: SC230150

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Index	Page no.
Report of the Directors	2 - 4
Report of the Independent Auditor	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Statement of Accounting Policies	9 - 11
Notes to the Financial Statements	12 - 19

Report of the Directors

The directors present their report and the financial statements of PPG Southern Limited (the "Company") for the 17 month period ended 30 June 2009.

Principal activity and business review

The principal activity of the Company during the period was the investment in and development of commercial property within the UK for medium and long-term performance.

The Company experienced an unprecedented and extremely challenging trading period. It has been well documented that the property sector has been severely impacted by these conditions, particularly by companies with a reliance on highly leveraged bank funding, resulting in a significant deterioration in market demand and property valuations. This has been evident in the majority of property company financial results released in the last 12 months.

The Company did benefit from rental income growth across its portfolio but experienced a significant reduction in property sales and associated margins. The carrying values of investment and development properties were reviewed in light of the prevailing market conditions at the period end resulting in a £10.4 million charge to the profit and loss account, recorded as an exceptional cost.

In summary the Company recorded an operating loss before tax and exceptional costs of £3.1 million (year to 31 January 2008 – profit of £4.3 million). With the impact of exceptional property valuations write-downs, net liabilities at 30 June 2009 amounted to £7.6 million (31 January 2008 – net assets of £5.5 million).

Going concern

Following the completion of a new bank facility (Note 22), the directors have a reasonable expectation that there are adequate resources to allow the Company to continue to realise its assets and discharge its liabilities 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 period end are shown in the attached financial statements.

The directors have not recommended a dividend (31 January 2008 - £Nil).

Directors of the Company

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

Sir D E Murray	
I B Tudhope	(resigned 30 November 2009)
A Glasgow	
L Higgins	
C A Bulcock	(resigned 8 October 2008)
R Riley	
M S McGill	(appointed 5 March 2010)

Post balance sheet events

Events subsequent to the period end are disclosed in Note 22.

Report of the Directors (continued)

Key performance measures

The Company monitors a wide range of performance measures. Key financial performance measures include operating profit, profit before tax, assets under management and return on capital employed. Non-financial performance measures include the achievement of various milestones with regard to planning consent status and development activity status

Financial risk management

The Company's operations expose it to a variety of financial risks. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company.

Credit risk

The Company has implemented a policy that requires credit checks on prospective purchasers and tenants and regular monitoring of existing tenancies.

Liquidity risk

The Company maintains a mixture of short and long-term debt finance to ensure a mix of funding to match the needs of the Company.

Interest rate risk

The Company's policy is to arrange core debt, bank loans and overdrafts, with a floating rate of interest plus an agreed margin to manage its exposure to interest rate movements on its bank borrowings.

Statement of directors' responsibilities

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

United Kingdom company law requires the directors to prepare 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.

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 auditor is 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 auditor is aware of that information.

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.

BY ORDER OF THE BOARD



D Horne
Secretary
28 April 2010

Report of the Independent Auditor to the Members of PPG Southern Limited

We have audited the financial statements of PPG Southern Limited for the 17 month period ended 30 June 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 22. 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 Directors' Report and 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 audit 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.

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 Auditor to the Members of PPG Southern Limited (continued)

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 AUDITOR
CHARTERED ACCOUNTANTS
GLASGOW
28 April 2010

Profit and Loss Account

17 month period to 30 June 2009					Year to 31 January 2008
	Notes	Normal £	Exceptional £	Total £	£
Turnover	1	11,248,173	-	11,248,173	24,321,738
Cost of sales		(10,919,344)	-	(10,919,344)	(18,372,524)
Impairment losses on development properties	2	-	(8,031,782)	(8,031,782)	-
Gross profit/(loss)		328,829	(8,031,782)	(7,702,953)	5,949,214
Other operating expenses	3	(1,553,262)	-	(1,553,262)	(1,095,096)
Operating (loss)/profit		(1,224,433)	(8,031,782)	(9,256,215)	4,854,118
Impairment losses on investment properties	2	-	(2,340,352)	(2,340,352)	-
Investment income	5	47,617	-	47,617	-
Interest payable and similar charges	6	(1,920,983)	-	(1,920,983)	(518,426)
(Loss)/profit on ordinary activities before taxation	7	(3,097,799)	(10,372,134)	(13,469,933)	4,335,692
Tax on (loss)/profit on ordinary activities	8	357,027	-	357,027	(1,316,494)
(Loss)/profit for the financial period	16	(2,740,772)	(10,372,134)	(13,112,906)	3,019,198

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

The Company has no recognised gains or losses in the current period or prior year other than the reported (loss)/profit for the period and therefore no Statement of Total Recognised Gains and Losses is presented.

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

Balance Sheet


	Notes	30 June 2009 £	31 January 2008 £
Fixed assets			
Tangible assets	9	1,529,737	3,937,612
Investments	10	2	-
		<u>1,529,739</u>	<u>3,937,612</u>
Current assets			
Stock	11	36,966,000	45,042,196
Debtors	12	833,705	1,268,327
Cash at bank and in hand		756	3,239,152
		<u>37,800,461</u>	<u>49,549,675</u>
Creditors: amounts falling due within one year	13	<u>(46,948,915)</u>	<u>(3,593,096)</u>
Net current (liabilities)/ assets		<u>(9,148,454)</u>	<u>45,956,579</u>
Total assets less current liabilities		<u>(7,618,715)</u>	<u>49,894,191</u>
Creditors: amounts falling due after more than one year	14	-	(44,400,000)
Net (liabilities)/assets		<u><u>(7,618,715)</u></u>	<u><u>5,494,191</u></u>
Capital and reserves			
Called-up share capital	15	1,000	1,000
Profit and loss account	16	<u>(7,619,715)</u>	<u>5,493,191</u>
Shareholders' (deficit)/funds	17	<u><u>(7,618,715)</u></u>	<u><u>5,494,191</u></u>

Notwithstanding the restructuring of the Murray International Holdings Limited and certain of its subsidiaries as set out in the post balance sheet events note (Note 22), the Company's bank indebtedness has been reclassified as repayable within one year as at 30 June 2009 in accordance with FRS 25 Financial Instruments: Disclosure and Presentation. Following completion of the restructuring set out in Note 22, Murray International Holdings Limited and certain of its subsidiaries will have both current and long term bank indebtedness.

These financial statements were approved by the Board of Directors on 27 April 2010 and are signed on their behalf by:


L Higgins
Director

R Riley
Director



The Company's registration number is SC230150.

Statement of Accounting Policies

The principal accounting policies which have been applied consistently throughout the current period 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 20) contain a consolidated cash flow statement and are publicly available.

(b) 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 realise its assets and discharge its liabilities 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.

(c) Consolidation

No consolidated financial statements have been prepared for the Company and its subsidiary undertakings under the terms of Section 288(1)(6) of the Companies Act 1985 which exempts parent companies whose financial statements are included in the financial statements of larger group from preparing consolidated financial statements. Note 20 contains details of the ultimate holding company.

The Company's financial statements present information about it as an individual undertaking and not about its Group.

(d) Tangible fixed assets

In accordance with SSAP 19, investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and is in excess of any previously recognised surplus over cost related to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the Companies Act, is necessary to provide a true and fair view.

Development properties are those 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. 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 there is a fundamental change in the nature of an investment property such as the commencement of development activity it will be reclassified as a development property within tangible fixed assets or transferred to stocks in line with the above criteria.

Statement of Accounting Policies (continued)

(d) Tangible fixed assets (continued)

Other tangible fixed assets are shown at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant, equipment and vehicles	-	3 to 5 years
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Residual value is calculated on prices prevailing at the date of acquisition.

(e) Stocks and work in progress

Development properties held for development and resale are valued at the lower of the cost and net realisable value. Land held for development, including land in the course of development until legal completion of sale, is valued at cost. Work in progress on development properties is valued at the cost of labour and materials plus interest incurred on borrowings for development expenditure until the date of practical completion.

The estimated net realisable values for stock and work in progress are based on the Directors' assessment of residual values for land and properties under development and projected net sales proceeds for completed properties. The key assumptions in assessing these values take into account current market rental levels, investment yields and construction cost data.

(f) Capitalised interest

Interest is capitalised from the point at which development expenditure is incurred until the date of practical completion, except where there is a substantial delay between acquisition and commencement of physical construction, where capitalisation will commence at the latter point.

(g) 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 recognised in the financial statements of the surrendering undertakings.

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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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.

Statement of Accounting Policies (continued)

(h) Turnover and revenue recognition

Turnover is net of VAT and has been wholly generated in the United Kingdom. Rental and management fee income are recognised as they are earned. Income from the sale of development properties is recognised when the transaction is complete.

Notes to the Financial Statements

1 Turnover

Segmental information:

	17 months to 30 June 2009 £	Year to 31 January 2008 £
Rental income	581,006	329,592
Management fees	191,667	150,000
Development property sales	10,475,500	23,842,146
	<u>11,248,173</u>	<u>24,321,738</u>

2 Exceptional items

The charge of £10,372,134 relates to a reduction in the net realisable value of development properties and an impairment in the market value of investment properties during the period.

3 Other operating expenses

The following is included in other operating expenses:

	17 months to 30 June 2009 £	Year to 31 January 2008 £
Administrative expenses	<u>1,553,262</u>	<u>1,095,096</u>

4 Staff costs

The Company had no employees during the current period or prior year. The directors are remunerated by another group undertaking and their remuneration, where appropriate, is disclosed in that company's financial statements. The Company was charged an aggregate amount for directors' remuneration in respect of services to the Company as follows:

	17 months to 30 June 2009 £	Year to 31 January 2008 £
Emoluments	<u>531,535</u>	<u>427,308</u>

The aggregate emoluments of the highest paid director during the period were £278,952 (31 January 2008 - £220,707) including pension contributions of £20,083 (31 January 2008 - £12,567).

Notes to the Financial Statements (continued)

5 Investment income

The following is included in investment income:

	17 months to 30 June 2009	Year to 31 January 2008
	£	£
Other interest	47,617	-

6 Interest payable and similar charges

The following are included in interest payable and similar charges:

	17 months to 30 June 2009	Year to 31 January 2008
	£	£
On bank overdrafts	2,689,430	2,065,806
On inter-company loans	86,632	-
Less: added to the cost of work in progress	(855,079)	(1,547,380)
	1,920,983	518,426

Cumulative interest capitalised is shown in Note 11.

7 (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging:

	17 months to 30 June 2009	Year to 31 January 2008
	£	£
Auditor's remuneration for audit services	4,958	2,500
Depreciation on tangible fixed assets	69,623	35,042
Operating lease rentals on land and buildings	124,560	61,478

Notes to the Financial Statements (continued)

8 Tax on (loss)/profit on ordinary activities

The tax (credit)/charge comprises:

	17 months to 30 June 2009 £	Year to 31 January 2008 £
Current tax		
UK corporation tax	-	1,317,021
Adjustment in respect of prior periods		
- UK corporation tax	(371,545)	-
Total current tax	(371,545)	1,317,021
Deferred tax		
Origination and reversal of timing differences		
- Current period	16,433	(527)
- Prior period	(1,915)	-
Total deferred tax	14,518	(527)
Total tax (credit)/charge on (loss)/profit on ordinary activities	(357,027)	1,316,494

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

	17 months to 30 June 2009 £	Year to 31 January 2008 £
(Loss)/profit on ordinary activities before taxation	(13,469,933)	4,335,692
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 28.23% (31 January 2008 - 30%)	(3,802,907)	1,300,708
Effects of:		
Expenses not deductible for tax purposes	1,014,660	14,750
Capital allowances in excess of depreciation	-	(4,436)
Depreciation in excess of capital allowances	9,707	-
Adjustments in respect of prior periods	(371,545)	-
Unrelieved tax losses and other deductions	2,784,187	-
Other short term timing differences	(5,647)	5,999
Current tax (credit)/charge for period	(371,545)	1,317,021

The Company earns its results in the UK, therefore the tax rate used for tax on (loss)/profit on ordinary activities is the standard rate for UK corporation tax, currently 28.23% (31 January 2008 - 30%).

Notes to the Financial Statements (continued)

9 Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

	Investment properties	Plant, equipment and vehicles	Total
	£	£	£
Cost or valuation:			
At 31 January 2008	3,808,252	185,862	3,994,114
Additions	2,100	-	2,100
Impairment losses	(2,340,352)	-	(2,340,352)
At 30 June 2009	1,470,000	185,862	1,655,862
Depreciation:			
At 31 January 2008	-	56,502	56,502
Charge for the period	-	69,623	69,623
At 30 June 2009	-	126,125	126,125
Net book value:			
At 30 June 2009	1,470,000	59,737	1,529,737
At 31 January 2008	3,808,252	129,360	3,937,612

Investment properties, which are all freehold, were valued on an open-market existing-use basis as at 30 June 2009. The valuation was undertaken by an officer of the Company who is a qualified chartered surveyor. The valuation was made in full compliance with the RICS Approval and Valuation Manual. In addition, the Company policy is for all properties to be externally valued on acquisition and on a regular cycle thereafter.

In accordance with SSAP 19, investment properties are not depreciated. It is not possible to quantify the depreciation which would otherwise have been charged.

10 Fixed asset investments

The following are included in the net book value of fixed asset investments::

	30 June 2009 £	31 January 2008 £
Cost and net book value:		
Investment in subsidiary undertaking		
At 31 January 2008	-	-
Additions	2	-
At 30 June 2009	2	-

The subsidiary undertakings at 30 June 2009 were:

	Country of registration	Principal activity	Holding
Charles Avenue Burgess Hill Management Company Ltd	England	Property management	100%
Connect 10 Estate Management Company Ltd	England	Property management	100%

Notes to the Financial Statements (continued)

11 Stocks

The following is included in the net book value of stocks:

	30 June 2009 £	31 January 2008 £
Work in progress	<u>36,966,000</u>	<u>45,042,196</u>

Cumulative interest included in the cost of work in progress amounts to £2,378,049 (31 January 2008 - £1,884,045).

12 Debtors

The following are included in the net book value of debtors:

	30 June 2009 £	31 January 2008 £
Trade debtors	119,130	45,577
Prepayments and accrued income	336,845	198,160
Other debtors	-	1,781
Deferred tax	-	14,518
VAT	-	1,008,291
Amounts due from other group undertakings	377,730	-
	<u>833,705</u>	<u>1,268,327</u>

The movement in the deferred tax asset is £14,518 (31 January 2008 - (£527)) (Note 8). The Company has an unrecognised deferred tax asset of £2,781,712 (31 January 2008 - £Nil).

13 Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	30 June 2009 £	31 January 2008 £
Bank overdrafts (secured)	912,323	-
Term loan (secured)	44,750,000	-
Trade creditors	159,304	56,340
VAT	5,737	-
Accruals and deferred income	1,096,424	2,848,990
Other creditors	25,126	16,972
Amounts owed to other group undertakings	1	670,794
	<u>46,948,915</u>	<u>3,593,096</u>

The bank overdraft is secured by a bond and floating charge over the assets of the Company and fixed securities over certain properties.

The bank loan is secured by a bond and floating charge over the assets of the Company and fixed securities over certain properties. The loan is repayable in one instalment by 6 March 2011 and bears interest at commercial rates.

Notwithstanding the restructuring of Murray International Holdings Limited and certain of its subsidiaries as set out in the post balance sheet events note (Note 22), the Company's bank indebtedness has been reclassified as repayable within one year as at 30 June 2009 in accordance with FRS 25 Financial Instruments: Disclosure and Presentation. Following completion of the restructuring set out in Note 22, Murray International Holdings Limited and certain of its subsidiaries will have both current and long term bank indebtedness.

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due after more than one year

The following is included in creditors falling due after more than one year:

	30 June 2009 £	31 January 2008 £
Bank loan (secured)	-	44,400,000

15 Called up share capital

Authorised share capital:

	30 June 2009 £	31 January 2008 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
1,000 Ordinary shares of £1 each	1,000	1,000

16 Profit and loss account

The movement in the period was as follows:

	30 June 2009 £
Balance at 31 January 2008	5,493,191
(Loss)/profit for the financial period	(13,112,906)
Balance at 30 June 2009	(7,619,715)

17 Reconciliation of movements in shareholders' (deficit)/funds

	30 June 2009 £	31 January 2008 £
(Loss)/profit for the financial period	(13,112,906)	3,019,198
Opening shareholders' funds	5,494,191	2,474,993
Closing shareholders' (deficit)/funds	(7,618,715)	5,494,191

Notes to the Financial Statements (continued)

18 Guarantees and other financial commitments

(a) Capital commitments

There were no capital commitments at 30 June 2009 (31 January 2008 - £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 2009 amounts to £402,430,131 (31 January 2008 - £346,973,548).

(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 the 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.

(d) Operating lease commitments

Annual commitments under non-cancellable operating leases were as follows:

	Land and Buildings 30 June 2009 £	Land and Buildings 31 January 2008 £
Expiry within 2-5 years	-	87,925

19 Related party transactions

As a subsidiary undertaking of The Premier Property Group Limited, the Company has taken advantage of the exemption in FRS 8 "Related Party Transactions" from disclosing transactions with other members of the group headed by The Premier Property Group Limited.

20 Ultimate holding company

The Company's immediate parent company is The Premier Property Group Limited and the ultimate holding company is Murray International Holdings Limited, both of which are 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.

21 Ultimate control

Sir D E Murray a director of the ultimate holding company (Note 20), 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.

Notes to the Financial Statements (continued)

22 Post balance sheet events

On 21 April 2010, Murray International Holdings Limited (Note 20) 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 period 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 Metro Limited, PPG Land Limited, PPG Southern Limited and Brogue Properties Limited; and
- (v) The Group has acquired minority interests held in certain subsidiaries in the Group for nominal value.

The impact of these changes has been shown in the unaudited pro forma group balance sheet set out on page 8 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.

As referred to above, The Premier Property Group Limited ("PPG"), the immediate parent company, finalised the terms of a new bank facility on 21 April 2010. The new arrangements incorporate term loan and working capital facilities which are made available to PPG and its subsidiaries over a 7 year period.