

GM Group Holdings Limited

Financial Statements for the year ended 30 June 2011
together with Directors' and Independent Auditor's Reports

Registered Number: SC233838

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COMPANIES HOUSE

Officers and Professional Advisers

Directors

Sir D E Murray
J Donald G Wilson (resigned 9 May 2011)
M S McGill

Secretary

D W M Home

Registered Office

10 Charlotte Square
Edinburgh
EH2 4DR

Bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Solicitors

Gateley (Scotland) LLP
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

Independent Auditor

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 audited financial statements of the company for the year ended 30 June 2011. The directors' report has been prepared under the special provisions relating to small companies under Part 15 of the Companies Act 2006.

Principal activities and business review

The principal activity of the company during the year was as an investment holding company.

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.

There was a loss for the year after taxation amounting to £153,874 (2010 - £8,971,675).

The directors do not recommend the payment of a dividend (2010 - £Nil).

Directors

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

Sir D E Murray
J Donald G Wilson (resigned 9 May 2011)
M S McGill

Financial risk management

The company does not hold any financial assets. The directors therefore consider that the company is not exposed to any financial risks in relation to assets. The only liability relates to the parent company. The ultimate parent company continues to support the company. The directors therefore consider that the company is not exposed to any financial risks in this regard.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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 judgments and 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
- 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 adequate accounting records that 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.

In so far as each of the directors is 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.

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.

BY THE ORDER OF THE BOARD



D W M Horne
Company Secretary
23 March 2012

Report of the Independent Auditor to the member of GM Group Holdings Limited

We have audited the financial statements of GM Group Holdings Limited for the year ended 30 June 2011 which comprise the profit and loss account, 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 members, 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 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 the financial statements in accordance with 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 APB'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 2011 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 Auditor to the member of GM Group Holdings 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Andrew Howie
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
26 March 2012

Principal Accounting Policies

(a) 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.

(b) Consolidation

The company was, at the end of the year, a subsidiary of another company incorporated in the EU and in accordance with section 400(1) of the Companies Act 2006, is not required to produce, and has not published, consolidated financial statements.

(c) 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.

(d) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 asset 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 average 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 not discounted.

(e) Investments

Fixed asset investments are shown at cost less provisions for impairment. Income from fixed asset investments is included in the financial statements in the period in which it is receivable.

Profit and Loss Account

	Notes	2011 £	2010 £
Other operating charges	1	-	(2)
Operating loss		-	(2)
Interest payable and similar charges		(151,887)	(29,405)
Loss on ordinary activities before exceptional items		(151,887)	(29,407)
Write off of investments in subsidiary undertakings	5	-	(8,942,268)
Loss on ordinary activities before taxation		(151,887)	(8,971,675)
Tax on loss on ordinary activities	4	(1,987)	-
Loss for financial year	8	(153,874)	(8,971,675)

All of the activities of the company are classed as discontinued.

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

	Notes	2011 £	2010 £
Current assets			
Investments	5	-	-
Creditors: amounts falling due in more than one year to parent company		(9,125,549)	(8,971,675)
Net liabilities		<u>(9,125,549)</u>	<u>(8,971,675)</u>
Capital and reserves			
Called-up share capital	7	200	200
Profit and loss account	8	(9,125,749)	(8,971,875)
Shareholders' deficit		<u>(9,125,549)</u>	<u>(8,971,675)</u>

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 on 23 March 2012 and are signed on their behalf by:



M S McGill
Director

Company Number – SC233838

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

Notes to the Financial Statements

1. Other operating charges

	2011 £	2010 £
Administrative expenses	-	2

2. Operating loss

The audit fees of the company are borne by another group undertaking.

3. Directors and employees

The Company had no employees during the current and prior year and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it (2010 - £nil).

4. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK corporation tax based on the results for the year at 27.50% (2010 - 28%)	-	-
Adjustments in respect of previous periods	(1,987)	-
Total current tax	(1,987)	-

(b) Factors affecting current tax charge

	2011 £	2010 £
Loss on ordinary activities before taxation	(151,887)	(8,971,675)
Loss on ordinary activities before tax at 27.50% (2010 - 28%)	(41,769)	(2,512,069)
Expenses not allowable for taxation	-	2,503,835
Unrelieved tax losses	41,769	8,234
Adjustments in respect of previous periods	(1,987)	-
Total current tax (note 4(a))	(1,987)	-

There is an unrecognised deferred taxation asset at 30 June 2011 of £47,136 (2010 - £8,234).

Notes to the Financial Statements (continued)

5. Investments

	£
Cost	
At 30 June 2010	8,942,268
Additions in year	-
At 30 June 2011	8,942,268
Provision for impairment	
At 30 June 2010	8,942,268
Amounts written off in year	-
At 30 June 2011	8,942,268
Net book value	
At 30 June 2011	-
At 30 June 2010	-

The directors consider the company's investments to be fully impaired.

At 30 June 2010 the company held more than 10% of the allotted share capital of the following undertakings:

	Country of registration	Class of share capital held	Proportion held	Nature of business
GM Mining Limited	Scotland	Ordinary	100%	Opencast mining operations
Eden Waste Recycling Limited	Scotland	Ordinary	100%	Non trading
Malcolm McNeill Limited	Scotland	Ordinary	100% (held by Eden Waste Recycling Limited)	Non trading

6. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

Notes to the Financial Statements (continued)

7. Share capital

Allotted, called up and fully paid:

	2011 No	2011 £	2010 No	2010 £
Ordinary shares of £1 each	200	200	200	200

8. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 30 June 2010	200	(8,971,875)	(8,971,675)
Loss for financial year	-	(153,874)	(153,874)
At 30 June 2011	200	(9,125,749)	(9,125,549)

9. Ultimate parent company

The directors consider Murray Group Holdings Limited is the parent company with the ultimate parent undertaking being Murray International Holdings Limited. Sir David E Murray is the company's controlling related party by virtue of his controlling shareholding in Murray International Holdings Limited.

The largest and smallest group of undertakings for which group financial statements have been drawn up is Murray International Holdings Limited, the consolidated financial statements of which are publicly available.

10. Contingent liabilities

The company has guaranteed bank borrowings of its holding company and certain other subsidiary undertakings. The total contingency at 30 June 2011 was £542,317,675 (2010 - £600,702,146). The company's obligations under the cross-guarantee are secured by a bond and floating charge over all of its assets.

11. Subsequent events

On 7 March 2012, 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 2011.