

**PPG METRO 39 LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2007**  
**TOGETHER WITH DIRECTORS' AND INDEPENDENT AUDITOR'S REPORTS**  
**REGISTERED NUMBER: SC265768**

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**PPG METRO 39 LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 JANUARY 2007**

The directors present their report and the financial statements of the Company for the year ended 31 January 2007. The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company during the year was the development of property within the UK for medium and long term returns.

**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 (2006 £Nil).

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. 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**

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.

**Interest rate cash flow 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.

**PPG METRO 39 LIMITED**

**DIRECTORS' REPORT (Continued)**

**FOR THE YEAR ENDED 31 JANUARY 2007**

**THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY**

The directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows

Sir D E Murray  
I B Tudhope  
A Glasgow  
L Higgins  
A T H Smith  
I Robertson

At 31 January 2007 none of the directors had any interests in the share capital of the Company (2006 £Nil)  
The interests in the share capital of the ultimate holding company (Note 17) of those directors of the Company who are also directors of the ultimate holding company are disclosed in the directors' report accompanying that company's financial statements

**DIRECTOR'S 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 year 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 year. 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 are aware of that information

**PPG METRO 39 LIMITED**

**DIRECTORS' REPORT (Continued)**

**FOR THE YEAR ENDED 31 JANUARY 2007**

**AUDITOR**

Grant Thornton UK LLP was appointed as auditor to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton UK LLP as auditor will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Dan D. Horne'.

D Horne  
Secretary  
14 June 2007

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PPG METRO 39 LIMITED**

We have audited the financial statements of PPG Metro 39 Limited for the year ended 31 January 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. 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 METRO 39 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 31 January 2007 and of its loss for the year 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  
14 JUNE 2007

**PPG METRO 39 LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 JANUARY 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
TURNOVER	2	£ 1,270,827	£ 2,329,524
Cost of sales		(1,456,268)	(1,381,236)
		<hr/>	<hr/>
GROSS (LOSS)/PROFIT		(185,441)	948,288
Other operating expenses	3	(5,145)	(872)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(190,586)	947,416
Interest payable and similar charges	5	(1,364,920)	(2,286,173)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(1,555,506)	(1,338,757)
Tax on loss on ordinary activities	7	466,652	401,627
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	13	£ (1,088,854)	£ (937,130)
		<hr/> <hr/>	<hr/> <hr/>

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

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

The reported losses 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

**PPG METRO 39 LIMITED**  
**BALANCE SHEET 31 JANUARY 2007**

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
FIXED ASSETS			
Tangible assets	8	£ 52,923,904	£ 44,430,070
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	9	839,437	992,390
CREDITORS Amounts falling due within one year	10	(17,563,876)	(8,134,141)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(16,724,439)	(7,141,751)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,199,465	37,288,319
CREDITORS Amounts falling due after one year	11	(38,500,000)	(38,500,000)
NET LIABILITIES		<u>£ (2,300,535)</u>	<u>£ (1,211,681)</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	12	£ 1	£ 1
Profit and loss account	13	(2,300,536)	(1,211,682)
		<hr/>	<hr/>
SHAREHOLDERS' DEFICIT	14	<u>£ (2,300,535)</u>	<u>£ (1,211,681)</u>
		<hr/>	<hr/>

The accompanying notes form an integral part of this balance sheet

SIGNED ON BEHALF OF THE BOARD ON 14 JUNE 2007

I B Tudhope )  
 ) Directors  
 L Higgins )

*IB Tudhope*  
*L Higgins*



**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

The principal accounting 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 cashflow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the immediate holding company (Note 17) contain a consolidated cashflow statement and are publicly available

**(b) Tangible fixed assets**

Development properties are those properties in respect of which construction and development have not been completed at the balance sheet date or where properties are acquired for re development. Development properties are held 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.

**(c) 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. Where properties are held for re development, interest is capitalised from the point re development commences.

**(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 recognised in the financial statements of the surrendering undertakings.

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 ACCOUNTING POLICIES (continued)**

**(d) Taxation (continued)**

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 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.

**(e) Turnover and revenue recognition**

Turnover comprises of rental income and other income and is net of VAT. Turnover is wholly generated in the United Kingdom. Rental and management fee income is recognised as it is earned. Income from the sale of current development properties is recognised when the transaction is complete.

**2 TURNOVER**

**Segmental information**

	<u>2007</u>	<u>2006</u>
Property development and investment	£ 1,270,827	£ 2,329,524

Included within turnover is £1,270,827 (2006 £2,004,714) relating to rental income. The remaining turnover during the prior year relates to other income.

**3 OTHER OPERATING EXPENSES**

The following is included in other operating expenses:

	<u>2007</u>	<u>2006</u>
Administrative expenses	£ 5,145	£ 872

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4 STAFF COSTS**

The Company had no employees during the current or prior year and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

The following are included in interest payable and similar charges

	<u>2007</u>	<u>2006</u>
On bank loans and overdrafts	£ 2,614,937	£ 2,060,663
On interest bearing loan notes 2004/2009	320,000	320,000
Less capitalised on development properties	(1,570,017)	(94,490)
	<u>£ 1,364,920</u>	<u>£ 2,286,173</u>

The cumulative interest capitalised is shown in Note 8

**6 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The loss on ordinary activities before taxation is stated after charging

	<u>2007</u>	<u>2006</u>
Auditor's remuneration for audit services	£ 1,500	£

Auditor's remuneration for audit services was borne by a fellow group company in the previous year

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax credit comprises

	<u>2007</u>	<u>2006</u>
Current tax		
UK corporation tax	£ (466,652)	£ (401,627)
Adjustment in respect of prior period		
UK corporation tax		48,376
Total current tax	<u>(466,652)</u>	<u>(353,251)</u>
Deferred tax		
Origination and reversal of timing differences		
current year		(48,376)
Total deferred tax	<u></u>	<u>(48,376)</u>
Total tax on loss on ordinary activities	<u>£ (466,652)</u>	<u>£ (401,627)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	<u>2007</u>	<u>2006</u>
Loss on ordinary activities before tax	<u>£ (1,555,506)</u>	<u>£ (1,338,757)</u>
Tax on loss on ordinary activities at standard		
UK corporation tax rate of 30% (2006 – 30%)	(466,652)	(401,627)
Effects of		
Adjustment in respect of prior year		48,376
Current tax credit for the year	<u>£ (466,652)</u>	<u>£ (353,251)</u>

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 30% (2006 – 30%)

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8 TANGIBLE FIXED ASSETS**

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

	<u>2007</u>	<u>2006</u>
Development properties	£ 52,923,904	£ 44,430,070
	<hr/>	<hr/>

The movement in the year was as follows

	<u>Development properties</u>
<b>COST</b>	
At 31 January 2006	£ 44,430,070
Additions	8,493,834
	<hr/>
At 31 January 2007	£ 52,923,904
	<hr/>
<b>DEPRECIATION</b>	
At 31 January 2006 and 2007	£
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 January 2007	£ 52,923,904
	<hr/>
At 31 January 2006	£ 44,430,070
	<hr/>

Cumulative interest included in the cost of development properties amounts to £1,664,507 (2006 £94,490)

**9 DEBTORS**

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

	<u>2007</u>	<u>2006</u>
Trade debtors	£ 31,159	£ 78,365
Amounts owed by other group undertakings	177,226	178,502
VAT	407,749	358,166
Prepayments and accrued income	192,201	42,253
Sundry debtors	31,102	335,104
	<hr/>	<hr/>
	£ 839,437	£ 992,390
	<hr/>	<hr/>

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

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

	<u>2007</u>	<u>2006</u>
Trade creditors	£	£ 168,227
Bank overdraft (secured)	16,536,702	6,888,346
Amounts owed to other group undertakings	212,601	178,663
Amounts owed to related parties	13,589	13,589
Other creditors	155,676	28,402
Accruals and deferred income	645,308	856,914
	<u>£ 17,563,876</u>	<u>£ 8,134,141</u>

The bank overdraft is secured by a bond and floating charge over the assets of the Company and by a standard security over the property

**11 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

The following amounts are included in creditors falling due after more than one year

	<u>2007</u>	<u>2006</u>
Interest bearing loan notes 2004/2009	£ 4,000,000	£ 4,000,000
Term bank loan	34,500,000	34,500,000
	<u>£ 38,500,000</u>	<u>£ 38,500,000</u>

The interest bearing loan notes 2004/2009 are unsecured and bear interest at commercial rates. The loan notes are repayable in one instalment by 31 July 2009 or earlier dependent on the disposal of the property.

The term bank loan of £34,500,000 at 31 January 2007 is secured by a bond and floating charge over the assets of the Company and by a standard security over the property. The loan is repayable in one instalment by 31 July 2009 or earlier dependent on the disposal of the property. It bears interest at normal commercial rates.

**12 CALLED UP SHARE CAPITAL**

	<u>2007</u>	<u>2006</u>
Authorised		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1	£ 1	£ 1
	<u>£ 1</u>	<u>£ 1</u>

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13 PROFIT AND LOSS ACCOUNT**

The movement in the year was as follows

	<u>2007</u>
Opening balance	£ (1,211,682)
Loss for the financial year	(1,088,854)
Closing balance	<u>£ (2,300,536)</u>

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	<u>2007</u>	<u>2006</u>
Loss for the financial year	£ (1,088,854)	£ (937,130)
Net increase in shareholders' deficit	<u>£ (1,088,854)</u>	<u>£ (937,130)</u>
Opening shareholders' deficit	(1,211,681)	(274,551)
Closing shareholders' deficit	<u>£ (2,300,535)</u>	<u>£ (1,211,681)</u>

**15 GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

**a) Capital commitments**

Capital expenditure contracted but not provided at 31 January 2007 totalled £2,486,446 (2006 £4,438,751)

**b) Contingent liabilities**

The Company has guaranteed bank borrowings of its immediate parent and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 31 January 2007 amounts to £284,257,454 (2006 £156,687,551)

**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.

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16 RELATED PARTY TRANSACTIONS**

During the year the Company entered into the following transactions with related parties

<u>Related Party</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Year ended 31 January 2007</u>	<u>Year ended 31 January 2006</u>
Murray Group Management Limited	Fellow subsidiary of ultimate holding company	Tax group relief	£466,652	£353,252
The Premier Property Group Limited	Parent undertaking	(i) Management fees (ii) Loan Note interest	(£768,335) (£160,000)	(£627,135) (£160,000)
Uberior Investments plc	Shareholder in immediate parent	Loan Note interest		(£160,000)
Uberior Ventures Ltd	Shareholder in immediate parent	Loan Note interest	(£160,000)	

During the year the shareholding in the Company was transferred to Uberior Ventures Ltd from Uberior Investments plc

The following amounts are included in balances due from/(due to) other group undertakings and related parties at 31 January 2007 as shown in notes 9, 10 and 11

	<u>2007</u>	<u>2006</u>
Murray Group Management Limited	£177,226	£178,502
The Premier Property Group Limited	(£2,212,601)	(£2,178,663)
Uberior Investments plc		(£2,013,589)
Uberior Ventures Ltd	(£2,013,589)	

**17 ULTIMATE HOLDING COMPANY**

The Company's immediate parent company is PPG Metro Limited and the ultimate holding company is 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 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address. The smallest group in which the results of the Company are consolidated is that headed by PPG Metro Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR.

**18 ULTIMATE CONTROL**

Sir D E Murray, a director of the ultimate holding company (Note 17), and members of his close family control the Company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company.