

**PPG METRO 39 LIMITED**  
**FINANCIAL STATEMENTS FOR THE 10 MONTH PERIOD ENDED 31 JANUARY 2005**  
**TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**  
**REGISTERED NUMBER: SC265768**



**PPG METRO 39 LIMITED**

**DIRECTORS' REPORT**

**FOR THE 10 MONTH PERIOD ENDED 31 JANUARY 2005**

The directors present their annual report on the affairs of the Company together with the financial statements and independent auditors' report for the 10 month period from incorporation to 31 January 2005.

**PRINCIPAL ACTIVITY:**

The Company was incorporated on 30 March 2004.

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

**RESULTS AND DIVIDENDS:**

Results and dividends for the period were as follows:

Loss for the financial period	£ (274,552)
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Accumulated loss at 31 January 2005	£ (274,552)
	<hr/>

No dividend was paid or proposed in respect of the period.

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the period and to the date of this report were:

D E Murray	(appointed 30 March 2004)
I B Tudhope	(appointed 30 March 2004)
A Glasgow	(appointed 30 March 2004)
A T H Smith	(appointed 30 March 2004)
I Robertson	(appointed 30 March 2004)
L Higgins	(appointed 30 March 2004)

At 31 January 2005 none of the directors had any interests in the share capital of the Company. 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.

**PPG METRO 39 LIMITED**

**DIRECTORS' REPORT (continued)**

**FOR THE 10 MONTH PERIOD ENDED 31 JANUARY 2005**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES:**

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 as at the end of the financial period 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 which 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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS:**

Deloitte & Touche LLP were appointed to fill a casual vacancy during the period.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

9 Charlotte Square  
Edinburgh  
EH2 4DR

BY ORDER OF THE BOARD



D Home  
Company Secretary

11 October 2005

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

We have audited the financial statements of PPG Metro 39 Limited for the 10 month period from incorporation on 31 March 2004 to the 31 January 2005 which comprise the profit and loss account, the balance sheet and the related 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 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**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the directors' report 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 the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

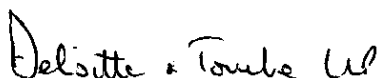
### **Basis of audit opinion**

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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 January 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Edinburgh  
13 October 2005

**PPG METRO 39 LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE 10 MONTH PERIOD ENDED 31 JANUARY 2005**

	<u>Notes</u>	<u>10 months to 31 January 2005</u>
TURNOVER	1(d)	£2,132,246
Cost of sales		(809,394)
		<hr/>
GROSS PROFIT		1,322,852
Other operating expenses	2	(41,093)
		<hr/>
OPERATING PROFIT		1,281,759
Interest payable and similar charges	4	(1,673,975)
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(392,216)
Tax on loss on ordinary activities	6	117,664
		<hr/>
RETAINED LOSS FOR THE FINANCIAL PERIOD	13	£(274,552)
		<hr/> <hr/>

The current period loss has been derived wholly from continuing operations.

The Company has no recognised gains or losses in the period other than the loss for the period 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.

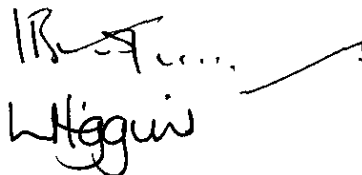
The accompanying notes form an integral part of this profit and loss account.

**PPG METRO 39 LIMITED**  
**BALANCE SHEET - 31 JANUARY 2005**

	<u>Notes</u>	<u>2005</u>
FIXED ASSETS		
Tangible assets	7	£ 38,831,708
		<hr/>
CURRENT ASSETS		
Debtors	8	713,317
		<hr/>
CREDITORS: Amounts falling due within one year	9	(1,271,200)
		<hr/>
NET CURRENT LIABILITIES		(557,883)
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,273,825
		<hr/>
CREDITORS: Amounts falling due after one year	10	(38,500,000)
		<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	11	(48,376)
		<hr/>
NET LIABILITIES		£ (274,551)
		<hr/> <hr/>
CAPITAL AND RESERVES		
Called-up equity share capital	12	£ 1
Profit and loss account	13	(274,552)
		<hr/>
EQUITY SHAREHOLDERS' DEFICIT	14	£ (274,551)
		<hr/> <hr/>

SIGNED ON BEHALF OF THE BOARD ON 11 OCTOBER 2005

I B Tudhope       )  
                               ) Directors  
 L Higgins           )



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

**PPG METRO 39 LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES:**

The principal accounting policies which have been applied consistently throughout the period 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.

The directors have taken advantage of the exemptions in Financial Reporting Standard 1 (Revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

**(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, 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. 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 their likely date of realisation. The proceeds and costs on disposal of such properties are reflected in turnover and costs sales respectively.

**(c) 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.

**PPG METRO 39 LIMITED**

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

1. ACCOUNTING POLICIES (continued):

(c) Taxation (continued)

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.

(d) Turnover

Turnover comprises of rental income and is net of VAT. Turnover is wholly generated in the United Kingdom.

2. OTHER OPERATING EXPENSES:

The following is included in other operating expenses:

	10 Months to <u>31 January 2005</u>
Administrative expenses	£ 41,093
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3. STAFF COSTS:

The Company had no employees during the period. During the period none of the directors received any remuneration from the Company or from other undertakings in respect of services to it.

4. INTEREST PAYABLE AND SIMILAR CHARGES:

The following are included in interest payable and similar charges:

	10 Months to <u>31 January 2005</u>
On bank loans and overdrafts	£ 1,436,961
On interest bearing loan notes 2004/2009	237,014
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	£ 1,673,975
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**PPG METRO 39 LIMITED**

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

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION:

Auditors' remuneration was borne by a fellow group company in the current period.

6. TAX ON LOSS ON ORDINARY ACTIVITIES:

The tax credit comprises:	10 months to 31 January 2005
Current tax	
UK corporation tax	£ (166,040)
Total current tax	(166,040)
Deferred tax	
Origination and reversal of timing differences	
- current year	48,376
Total deferred tax (see note 11)	48,376
Total tax on loss on ordinary activities	£ (117,664)

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:

	10 months to 31 January 2005
Loss on ordinary activities before tax	£ (392,216)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30%	(117,664)
Effects of:	
Capital allowances in excess of depreciation	(48,376)
Current tax credit for the period	£ (166,040)

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%.

**PPG METRO 39 LIMITED**

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

**7. TANGIBLE FIXED ASSETS:**

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

	<u>2005</u>
Development properties	£ 38,831,708
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The movement in the period was as follows:	
	Development properties
COST:	
At 30 March 2004	£ -
Additions	38,831,708
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At 31 January 2005	£ 38,831,708
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DEPRECIATION:	
At 30 March 2004 and 31 January 2005	£ -
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NET BOOK VALUE:	
At 30 March 2004 and 31 January 2005	£ 38,831,708
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**8. DEBTORS:**

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

	<u>2005</u>
Trade debtors	£ 105,932
Amounts owed by other group undertakings	334,291
Accrued income	25,753
Sundry debtors	247,341
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	£ 713,317
	<hr/>

**PPG METRO 39 LIMITED**

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

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

	<u>2005</u>
Bank overdraft (secured)	£ 531,046
Amounts owed to other group undertakings	148,851
VAT	99,683
Other creditors	7,330
Accruals and deferred income	484,290
	<u>£ 1,271,200</u>

The overdraft to the Company from Bank of Scotland is secured by a bond and floating charge over the assets of the Company and by a fixed charge over the property.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

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

	<u>2005</u>
Interest bearing loan notes 2004/2009	£ 4,000,000
Term bank loan	34,500,000
	<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.

The term bank loan of £34,500,000 at 31 January 2005 is secured by a bond and floating charge over the assets of the Company and by standard securities and/or fixed charges 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.

11. PROVISION FOR LIABILITIES AND CHARGES:

Deferred taxation has been provided to the extent that the directors have concluded on the basis of reasonable assumptions and the intention of management, that it is possible that the liabilities will be realised.

	<u>2005</u>
The movement in the period comprises:	
At 30 March 2004	£ -
Charged to the profit and loss account	48,376
At 31 January 2005	<u>£ 48,376</u>

**PPG METRO 39 LIMITED**

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

12. CALLED-UP EQUITY SHARE CAPITAL:

	<u>2005</u>
Authorised:	
1,000 ordinary shares of £1 each	£ 1,000
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Allotted, called-up and fully paid:	
1 ordinary share of £1	£ 1
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During the period the Company allotted 1 ordinary share with a nominal value of £1 for a cash consideration of £1.

13. RESERVES:

The movement in the period was as follows:

	<u>Profit and loss account</u>
Opening balance	£ -
Loss for the financial period	(274,552)
Closing balance	£ (274,552)
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14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT:

	<u>2005</u>
Loss for the financial period	£ (274,552)
New share capital subscribed	1
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Net increase in equity shareholders' deficit	£ (274,551)
Opening equity shareholders' deficit	-
Closing equity shareholders' deficit	£ (274,551)
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**PPG METRO 39 LIMITED**

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

**15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:**

a) Capital commitments

There were no capital commitments at 31 January 2005.

b) Contingent liabilities

The Company has guaranteed bank borrowings of its parent and certain fellow subsidiary undertakings by cross guarantees. The total contingency at 31 January 2005 amounts to £169,517,708.

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 liability is likely to arise from the failure of those companies.

**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>Amount</u>	<u>Balance at 31 January 2005</u>
Murray Group Management Limited	Fellow subsidiary of ultimate holding company	Tax group relief	£166,040	£334,291
The Premier Property Group Limited	Parent undertaking	(i) Management fees	(£320,350)	(£148,851)
		(ii) Loan Note interest	(£237,014)	£Nil
		(iii) Property transactions	(£33,008)	£Nil

The amounts due to and from other group undertakings at 31 January 2005 are shown in notes 8 and 9.

**17. ULTIMATE HOLDING COMPANY:**

The Company's immediate parent company is PPG Metro Limited and the ultimate holding company is Murray International Holdings Limited, which is 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 The Premier Property Group Limited whose principal place of business is at 10 Charlotte Square, Edinburgh, EH2 4DR.

**PPG METRO 39 LIMITED**

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

**18. ULTIMATE CONTROL:**

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 82% of the issued share capital of the ultimate holding company.