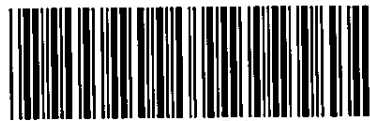


Financial Statements

Murray Outsourcing Limited and its subsidiary undertakings

For the Period ended 30 June 2011

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Company information

Company registration number	SC375224
Registered office	10 Charlotte Square Edinburgh EH2 4DR
Directors	Sir David E Murray M S McGill B Bannatyne
Secretary	D W M Horne
Bankers	Bank of Scotland 300 Lawnmarket Edinburgh EH1 2PH
Solicitors	Gateley (Scotland) LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

Index

Report of the directors	4 - 7
Report of the independent auditor	8 - 9
Accounting policies	10 - 13
Group profit and loss account	14
Group balance sheet	15
Company balance sheet	16
Group cash flow statement	17
Notes to the financial statements	18 - 31

Report of the directors

The directors present their report and the financial statements of Murray Outsourcing Limited and Subsidiaries (the "Group") for the period ended 30 June 2011. The company was incorporated on 19th March 2010.

As set out in Note 27, the company's ultimate holding company is Murray International Holdings Limited, a company which is 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 10 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

Principal activities

The principal activity of the Group is the provision of contact centre customer management solutions encompassing customer acquisition, customer service and customer retention processes. We also develop and provide software service solutions along with the related consultancy and support services. Charlotte Ventures (Edmiston House) Limited owns property which is let out to another group undertaking.

Business review and future developments

A banking restructure within Murray International Holdings Limited Group took place on 21st April 2010 creating the Group's Outsourcing division. Murray Outsourcing Limited was incorporated as the holding company for Charlotte Ventures (Edmiston House) Limited and the Response Group with its immediate parent undertaking being Murray Group Holdings Limited.

The Response Group experienced a year of good progress as we continued to drive through changes to the direction and culture of the organisation.

Loss before tax for the period is £1,030,960 for the Murray Outsourcing division. Despite the loss, the directors are positive about the results for the Group

The Leadership Team continues to focus resources on delivering its profitable vision for the business. This is a Vision that puts people at the heart of everything the business does and seeks to establish true strategic partnerships, based on trust, with its clients. A business where people can take real pride in working for RESPONSE.

The business is focused on four key strategic initiatives to deliver its profitable vision:

- Putting people at the heart of our business.
- Clients that are promoters of our business.
- Delivering excellence for the customer every day.
- Enabling Contact Centre excellence through technology, insight and project services.

Execution of these four strategies will enable RESPONSE to deliver its Vision.

Report of the directors (continued)

Business review and future developments (continued)

On the 30th of November we received verbal notification from our largest client, BskyB, that they would be terminating our services on 16th April 2012. This will significantly impact the revenue of the business in future years. Whilst disappointing, this will in no way impact the future strategic direction of the business and the directors are confident that the business will prosper in the future.

The Murray Outsourcing division monitors performance using a variety of financial and non financial measures. Key financial indicators include operating profit, profit before tax, contract and campaign margin, cash flow and overhead analysis. Non financial performance measures include employee and client satisfaction, quality, compliance, headcount, absence and attrition.

We also take our wider corporate and social responsibilities very seriously and continue to sponsor Glasgow Warriors Rugby Club as well as contribution to a programme of community related events and charitable donations. The Group recognises it has a part to play in the climate and green debate and has engaged actively with various independent specialist organisations to continue to improve its carbon emission levels and overall environmental impact.

Murray Outsourcing prides itself in demonstrating a professional experience to clients, their customers and to our own employees. We are accredited to the ISO9001 2000 and ISO14001 quality standard levels with further accreditations including membership of the Contact Centre Association (CCA) and are fully accredited under the Payment Card Industry Security Standards (PCI). Response (Building Rewarding Relationships) Limited is also fully regulated and authorised by the Financial Services Authority (FSA) and we have embedded the FSA's Treating Customers Fairly (TCF) requirements into the culture of the Group.

Results and dividends

The retained loss for the financial period amounted to £1,117,428. No dividends were paid or proposed during the period.

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include the effects of changes in the debt market prices, credit risk, liquidity risk and interest rate risk. The group has a risk management programme that seeks to limit the adverse effects of the financial performance of the group by monitoring the level of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Credit risk

The group has implemented a policy that requires credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board.

Report of the directors (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

The group maintains short-term debt finance that is designed to ensure the group has sufficient funds available for its operations.

Interest rate cash flow risk

The group has both interest bearing assets and liabilities. The interest bearing assets include both sterling and foreign currency cash balances. The group has a policy of maintaining debt at floating rates due to the small borrowing that the group presently undertakes. This allows the company flexibility and the directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

The directors and their interests

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

Sir David E Murray
M S McGill
B Bannatyne
K Geddes (resigned 11 August 2011)

The interests of the directors in the share capital of the ultimate holding company are disclosed in the directors' report accompanying that company's financial statements.

Directors' responsibilities

The directors are responsible for preparing 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company and group for that period. In preparing these 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 UK 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 group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclosure with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act

Report of the directors (continued)

Directors' responsibilities (continued)

2006. They are also responsible for safeguarding the assets of the group and hence 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 group'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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

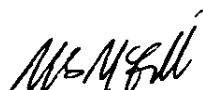
Employee involvement

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping employees informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and various internal publications.

Auditors

Grant Thornton UK LLP were appointed as first auditors of the company and 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



M S McGill
Director

27 March 2012
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Report of the independent auditor to the members of Murray Outsourcing Limited and its subsidiary undertakings

We have audited the financial statements of Murray Outsourcing Limited and its subsidiary undertakings for the period ended 30 June 2011 which comprise the accounting policies, group profit and loss account, the group and parent company balance sheets, group cash flow statement 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 to 7, 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 and express an opinion on 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 group's and the parent company's affairs as at 30 June 2011 and of the group's loss for the period 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.

Report of the independent auditor to the members of Murray Outsourcing Limited and its subsidiary undertakings (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Andrew Howie
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow

28 March 2012

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The principal accounting policies of the group are set out below.

Going concern

The directors have prepared the financial statements on a going concern basis, which is based upon the continued support of the ultimate parent undertaking, Murray International Holdings Limited.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over the estimated economic life from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover is the total amount earned by the company for goods supplied and services provided (excluding VAT and trade discounts) during the period.

Software licences supplied are included in turnover when the software has been delivered against a binding obligation on the customer. All associated support revenues are recognised over the period of the contract.

Goodwill

Positive goodwill, being amounts paid in connection with acquisitions, is capitalised and is being written off over the estimated useful life of 20 years.

Negative Goodwill

Where the fair value of the separable net assets exceeds the fair value of the consideration, the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period in which the non monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated, and in the case of current assets, the period over which they are sold or otherwise realised.

Intangible assets

Intangible assets acquired separately from a business are capitalised and amortised on a straight line basis over the estimated useful lives up to a maximum of 5 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Accounting policies (continued)

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with expected future sales from the project, over a maximum period of 5 years.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Office furniture and equipment	- 20% - 50% straight line
Leasehold improvements	- 12.5% - 25% straight line
Freehold buildings	- 50 years

Investments

Investments are included at cost.

Income from fixed asset investment

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the group profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the group profit and loss account on a straight line basis over the lease term.

Accounting policies (continued)

Pension costs

Defined benefit scheme

The group's defined benefit scheme is closed to future accrual. The assets of the scheme are held separately from those of the company.

Defined contribution pension scheme

The group also operates a defined contribution pension scheme for a number of employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

In addition to this scheme, the group also contributes to employees and directors personal defined contribution pension schemes. The annual contributions payable are also charged to the profit and loss account.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

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 recognised in the accounts 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Group profit and loss account

	Notes	19 March 2010 to 30 June 2011 £
Group turnover	1	41,739,958
Cost of sales		<u>(28,077,898)</u>
Gross profit		13,662,060
Other operating charges	2	<u>(14,238,069)</u>
Group operating loss	3	(576,009)
Interest receivable		1,233
Interest payable and similar charges	6	<u>(456,184)</u>
Loss on ordinary activities before taxation		(1,030,960)
Tax on loss on ordinary activities	7	<u>(86,468)</u>
Loss for the financial period		<u><u>(1,117,428)</u></u>

The company has no recognised gains or losses other than the results for the period as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

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

Group balance sheet

	Note	30 June 2011 £
Fixed assets		
Intangible assets	9	10,185,000
Tangible assets	10	4,128,554
		<u>14,313,554</u>
Current assets		
Debtors	12	14,292,539
Cash at bank		1,006,645
		<u>15,299,184</u>
Creditors: amounts falling due within one year	14	<u>(12,509,203)</u>
Net current assets		<u>2,789,981</u>
Total assets less current liabilities		<u>17,103,535</u>
Creditors: amounts falling due after more than one year	15	<u>(16,764,289)</u>
Provision for liabilities and charges		
Government grants	16	<u>(1,456,673)</u>
Net liabilities		<u>(1,117,427)</u>
Capital and reserves		
Called-up share capital	22	1
Profit and loss account	23	<u>(1,117,428)</u>
Shareholders' deficit	24	<u>(1,117,427)</u>

These financial statements were approved by the directors on 27 March 2012 and are signed on their behalf by:



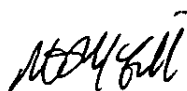
M S McGill
Director

Company No. SC375224

Company balance sheet

	Note	30 2011 £
Fixed assets		
Investments	11	<u>15,951,771</u>
Current assets		
Debtors	12	3,405,322
Cash at bank		526,708
		<u>3,932,030</u>
Creditors: amounts falling due within one year	14	<u>(3,650,509)</u>
Net current assets		<u>281,521</u>
Total assets less current liabilities		<u>16,233,292</u>
Creditors: amounts falling due after more than one year	15	<u>(16,764,289)</u>
Net liabilities		<u>(530,997)</u>
Capital and reserves		
Called-up share capital	22	1
Profit and loss account	23	<u>(530,998)</u>
Shareholders' deficit		<u>(530,997)</u>

These financial statements were approved by the directors on 27 March 2012 and are signed on their behalf by:



M S McGill
Director

Company No. SC375224

Group cash flow statement

	Note	19 March 2010 to 30 June 2011 £
Net cash inflow from operating activities	26	1,660,487
Returns on investments and servicing of finance		
Interest received		1,233
Interest paid		(456,184)
Net cash outflow from returns on investments and servicing of finance		(454,951)
Acquisitions and disposals		
Acquisition of shares in group undertakings		(851,770)
Net cash acquired with acquisition of subsidiary undertaking		(1,451,535)
Net cash outflow from acquisitions and disposals		(2,303,305)
Cash outflow before financing		(1,097,769)
Financing		
Repayment of loan notes		(8,335,711)
New bank loans		10,000,000
New government grants		440,125
Net cash inflow from financing		2,104,414
Increase in cash	26	1,006,645

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

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	19 March 2010 to 30 June 2011 £
United Kingdom	41,251,873
Europe	140,869
Other	347,216
	<u>41,739,958</u>

2 Other operating charges

	19 March 2010 to 30 June 2011 £
Administrative expenses	<u>14,238,068</u>

3 Group operating loss

Operating loss is stated after charging/(crediting):

	19 March 2010 to 30 June 2011 £
Amortisation of government grants (Note 16)	(412,375)
Depreciation of owned fixed assets	1,357,241
Amortisation of goodwill	764,271
Loss on disposal of fixed assets	42,389
Auditor's remuneration:	
Audit fees	67,250
Operating lease costs:	
Land and buildings	<u>1,031,909</u>

Notes to the financial statements (continued)

4 Staff costs

The average number of persons employed by the group during the financial period, including the directors, amounted to 1,627. The average number of employees by category was 159 management and support staff and 1,468 operational staff.

The aggregate payroll costs of the above were:

	19 March 2010 to 30 June 2011 £
Wages and salaries	29,793,657
Social security costs	2,250,822
Other pension costs	207,211
	<u>32,251,690</u>

5 Directors

None of the company directors nor the company secretary received any remuneration from Murray Outsourcing Limited in the period.

Sir D E Murray and M S McGill, as directors of the ultimate holding company (Note 28) during the period, were remunerated by Murray Group Management Limited and Murray Group Holdings Ltd, a fellow subsidiary undertaking of the ultimate holding company and their remuneration is disclosed in that company's financial statements. It is not considered practicable to apportion this remuneration to reflect services provided to the Company or Group.

No director is accruing benefits under any company pension scheme in respect of their services to the group companies.

6 Interest payable and similar charges

	19 March 2010 to 30 June 2011 £
Interest payable on bank borrowing	<u>456,184</u>

Notes to the financial statements (continued)

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	19 March 2010 to 30 June 2011 £
Current tax:	
In respect of the period	<u>86,468</u>
Deferred tax:	
Tax on loss on ordinary activities	<u>86,468</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 27.5%.

	19 March 2010 to 30 June 2011 £
Loss on ordinary activities before taxation	<u>(1,030,960)</u>
Loss on ordinary activities by rate of tax 27.5%	(283,965)
Unrelieved losses	45,453
Expenses not deductible for tax purposes	118,346
Income not taxable for tax purposes	(16,863)
Group relief surrendered/claimed	(132,921)
Utilisation of losses	(597)
Research and development enhanced deduction	(48,264)
Depreciation in excess of capital allowances	329,188
Adjustments to tax charge in respect of previous periods	86,468
Other short term timing differences	(10,377)
Total current tax (note 7(a))	<u>86,468</u>

8 Loss attributable to members of the parent company

The loss retained within the accounts of the parent company was £530,998.

Notes to the financial statements (continued)

9 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Intangible assets £	Development costs £	Total £
Cost					
Acquired	-	-	252,669	440,386	693,055
Acquisition of subsidiaries	11,237,662	(288,390)	-	-	10,949,272
As at 30 June 2011	<u>11,237,662</u>	<u>(288,390)</u>	<u>252,669</u>	<u>440,386</u>	<u>11,642,327</u>
Amortisation					
Acquired	-	-	252,669	440,386	693,055
Charged for the period	778,692	(14,420)	-	-	764,272
As at 30 June 2011	<u>778,692</u>	<u>(14,420)</u>	<u>252,669</u>	<u>440,386</u>	<u>1,457,327</u>
Net book value					
As at 30 June 2011	<u>10,458,970</u>	<u>(273,970)</u>	<u>-</u>	<u>-</u>	<u>10,185,000</u>

The Goodwill acquired in the period includes a fair value adjustment to Intangible fixed assets on the acquisition of Response (Building Rewarding Relationships) group of £1,130,260, see Note 25.

10 Tangible fixed assets

Group	Office furniture & equipment £	Leasehold improvements £	Freehold buildings £	Total £
Acquired	9,836,852	4,466,465	1,594,966	15,898,283
Additions	715,530	255,325	-	970,855
Disposals	(138,734)	(124,263)	-	(262,997)
At 30 June 2011	<u>10,413,648</u>	<u>4,597,527</u>	<u>1,594,966</u>	<u>16,606,141</u>
Depreciation				
Acquired	8,135,933	2,933,880	271,141	11,340,954
Charge for the period	906,186	411,181	39,874	1,357,241
Disposals	(138,734)	(81,874)	-	(220,608)
At 30 June 2011	<u>8,903,385</u>	<u>3,263,187</u>	<u>311,015</u>	<u>12,477,587</u>
Net book value				
At 30 June 2011	<u>1,510,263</u>	<u>1,334,340</u>	<u>1,283,951</u>	<u>4,128,554</u>

Notes to the financial statements (continued)

11 Investments

	Company £
Additions	15,951,771
At 30 June 2011	<u>15,951,771</u>

As at 30 June 2011 the company held the share capital of the following undertakings:

	Class of share capital	Proportion held by Group	Nature of business
Charlotte Ventures (Edmiston) House Limited	Ordinary	100%	Property Ownership
Response (Building Rewarding Relationships) Limited	Ordinary	100%	Outsourcing
RHL Direct Limited *	Ordinary	100%	Outsourcing
RHL Contact Centre Services Limited *	Ordinary	100%	Outsourcing
Response Credit Management Limited *	Ordinary	100%	Credit Management Services
Inisoft Limited *	Ordinary	100%	Software Development

* These are subsidiary undertakings of Response (Building Rewarding Relationships) Limited.

Notes to the financial statements (continued)

12 Debtors

	The group	The company
	30	30
	2011	2011
	£	£
Trade debtors	4,978,162	-
Amounts owed by group undertakings	7,065,193	3,405,322
Other debtors	208,448	-
Deferred taxation (Note 13)	564,669	-
Prepayments and accrued income	1,476,067	-
	<u>14,292,539</u>	<u>3,405,322</u>

Within amounts owed by group undertakings, £1,019,441 is due to be repaid in more than one year.

13 Deferred taxation

The movement in the deferred taxation asset during the period was:

	The group
	30
	2011
	£
Asset acquired	564,669
Transferred to debtor (Note 12)	(564,669)
Asset carried forward	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Group	30 June 2011	
	Provided	Unprovided
	£	£
Excess of taxation allowances over depreciation on fixed assets	50,974	2,014,097
Short term timing differences	15,017	1,030
Losses and other deductions	498,678	153,779
	<u>564,669</u>	<u>2,168,906</u>

Notes to the financial statements (continued)

13 Deferred taxation (continued)

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of:

Company	30 June 2011	
	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	-	-
Short term timing differences	-	-
Losses and other deductions	-	23,992
	<u>-</u>	<u>23,992</u>

14 Creditors: amounts falling due within one year

	The group 30 June 2011 £	The company 30 June 2011 £
Trade creditors	585,363	-
Amounts owed to group undertakings	7,483,470	3,564,715
Other taxation and social security	1,002,093	-
Other creditors	456,490	-
Accruals and deferred income	2,981,787	85,794
	<u>12,509,203</u>	<u>3,650,509</u>

15 Creditors: amounts falling due after more than one year

	The group 30 2011 £	The company 30 June 2011 £
Bank loans and overdrafts	10,000,000	10,000,000
Loan notes owed to group undertakings	6,764,289	6,764,289
	<u>16,764,289</u>	<u>16,764,289</u>

The bank overdraft is secured by bonds and floating charges over the Group's assets.

Notes to the financial statements (continued)

16 Government grants

	The group 30 2011 £
Received and receivable:	
Acquired	(2,085,000)
Receivable during period	(525,000)
At 30 June 2011	<u>(2,610,000)</u>
Amortisation:	
Acquired	740,952
Credit to profit and loss account	412,375
At 30 June 2011	<u>1,153,327</u>
Net balance at 30 June 2011	<u>(1,456,673)</u>

17 Pension costs

The group participates in the Murray International Holdings Limited Staff Pension and Life Assurance Plan pension scheme (the "MIH DB Pension Scheme"). This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Murray International Holdings Limited group. The group is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

The group also participates in the Murray International Holdings Limited Group Personal Pension Plan (the "MIH GPPP Scheme"). This is a defined contribution multi-employer scheme, the assets and liabilities of which are held independently of the group.

Contributions to the schemes for the period to 30 June 2011 were £61,230.

Following consultation with its Members and Trustees, the MIH DB Pension Scheme was closed to future accrual with effect from 30 April 2010. The Members of the MIH DB Pension Scheme were thereafter entitled to participate in the MIH GPPP Scheme. The Trustees of the MIH DB Pension Scheme and the Directors of Murray International Holdings Limited have agreed to enter into a recovery and funding plan in respect of future contributions. Further details on the schemes can be found in the financial statements of Murray International Holdings Limited.

The group also operates another defined contribution scheme (the RESPONSE Group Personal Pension Plan) for the benefit of certain employees the assets and liabilities of which are held independently from the group. Contributions to this scheme for the period to 30 June 2011 were £30,908.

In addition, the group also contributed £115,073 in relation to individual employees and directors personal defined contribution pension schemes for the period to 30 June 2011.

Notes to the financial statements (continued)

18 Capital commitments

The company and the group had no contracted capital commitments as at 30 June 2011.

19 Contingent assets and liabilities

A banking restructure within Murray Group took place on 21 April 2010 creating the Group's Outsourcing Division. This resulted in the Murray Outsourcing Division having its own bank facility and no longer guaranteeing the bank borrowings of its ultimate holding company and fellow subsidiaries. However the companies in the Murray Outsourcing Division do cross guarantee the bank indebtedness within that sub-group. The total contingent asset as at 30 June 2011 for Murray Outsourcing Limited is £5,804.31.

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 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.

20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to report transactions within the group on the grounds that 100% of the voting rights of the company are controlled within the group and consolidated financial statements, which include the company, are publicly available.

21 Commitments under operating leases

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as set out below.

The group	30 June 2011	
	Land and Buildings £	Other items £
Operating leases which expire:		
Within 1 year	-	7,398
Within 2 to 5 years	540,000	-
After more than 5 years	560,512	4,019
	<u>1,100,512</u>	<u>11,417</u>

At 30 June 2011 the company had annual commitments under non-cancellable operating leases of £nil.

Notes to the financial statements (continued)

22 Share capital

	30 2011 £
1 ordinary share of £1 each	1
	<u>1</u>

Allotted and called up and fully paid:

	30 June 2011	
	No.	£
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

	30 2011 £
Equity shares	
Ordinary shares of £1 each	<u>1</u>

23 Reserves

Group	Profit and loss account £
Loss for the period	(1,117,428)
At 30 June 2011	<u>(1,117,428)</u>
Company	Profit and loss Account £
Loss for the period	(530,998)
At 30 June 2011	<u>(530,998)</u>

Notes to the financial statements (continued)

24 Reconciliation of movements in shareholders' deficit

	Period ended 30 June 2011 £
Loss for the financial period	(1,117,428)
Issued share capital	1
Closing shareholders' deficit	<u>(1,117,427)</u>

25 Acquisitions

On 21 April 2010 Murray Outsourcing group acquired 100% of the share capital of Response (Building Rewarding Relationships) group and Charlotte Ventures (Edmiston House) Limited. The goodwill arising on the acquisition has been capitalised.

The assets and liabilities of Response (Building Rewarding Relationships) group acquired together with the fair value adjustments were as follows:

	Net book value £	Adjustments £	Fair value £
Fixed assets			
Intangible fixed assets	1,130,260	(1,130,260)	-
Tangible fixed assets	3,233,504	-	3,233,504
Current assets			
Debtors	8,818,443	-	8,818,443
Deferred tax	564,669	-	564,669
Bank and cash	6,732,899	-	6,732,899
Current liabilities			
Bank overdraft	(7,186,166)	-	(7,186,166)
Taxation	(1,418,333)	-	(1,418,333)
Creditors amounts due within one year	(4,686,860)	-	(4,686,860)
Government grant	(1,344,048)	-	(1,344,048)
Net assets	<u>5,844,368</u>	<u>-</u>	<u>4,714,108</u>
Satisfied by:			
Cash	851,770	-	851,770
Loan notes	15,100,000	-	15,100,000
Goodwill arising	<u>10,107,402</u>	<u>-</u>	<u>11,237,662</u>

The loss after taxation of Response (Building Rewarding Relationships) Limited for the period from 1 July 2009 to the date of acquisition amounted to £1,034,316 (1 February 2008 to 30 June 2009 loss of £2,270,765).

Notes to the financial statements (continued)

25 Acquisitions (continued)

The company acquired the net assets of Charlotte Ventures (Edmiston House) Limited on 21 April 2010. The net book value and fair value on acquisition were equal.

	Net book value £	Fair value £
Fixed assets		
Tangible fixed assets	1,323,825	1,323,825
Current assets		
Debtors	-	-
Bank and cash	-	-
Current liabilities		
Bank overdraft	(998,268)	(998,268)
Creditors amounts due within one year	(37,166)	(37,166)
Net assets	<u>288,391</u>	<u>288,391</u>
Satisfied by:		
Cash	1	1
Negative goodwill arising	<u>(288,390)</u>	<u>(288,390)</u>

The profit after taxation of Charlotte Ventures (Edmiston House) Limited for the period from 1 July 2009 to the date of acquisition amounted to £130,660 (1 February 2008 to 30 June 2009 profit of £108,949).

26 Notes to the cash flow statement

Reconciliation of operating loss to net cash inflow from operating activities

	30 June 2011 £
Operating loss	(576,009)
Depreciation	1,357,241
Amortisation	764,272
Loss on disposal of fixed assets	42,389
Decrease in debtors	(4,909,427)
Decrease in creditors	4,982,021
Net cash inflow from operating activities	<u>1,660,487</u>

Notes to the financial statements (continued)

26 Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	30 June 2011 £
Increase in cash in the period	1,006,645
Net cash inflow from bank loan	(10,000,000)
Net cash outflow from loan notes	8,335,711
Change in net debt resulting from cash flows	(657,644)
Increase in loan notes due to acquisition of investments	(15,100,000)
Movement in net debt in the period	(15,757,644)
Net debt at 1 April 2010	-
Net debt at 30 June 2011	(15,757,644)

Analysis of changes in net debt

	At 1 April 2010	Cash flows	Other movements	At 30 June 2011
Net cash:				
Cash in hand and at bank	-	1,006,645	-	1,006,645
	-	1,006,645	-	1,006,645
Debt:				
Bank loans and overdrafts	-	(10,000,000)	-	(10,000,000)
Loan notes due after 1 year	-	8,335,711	(15,100,000)	(6,764,289)
	-	(1,664,289)	(15,100,000)	(16,764,289)
Net debt	-	(657,644)	(15,100,000)	(15,757,644)

27 Parent undertakings

The company's immediate parent undertaking is Murray Group Holdings Limited, which is registered in Scotland. The ultimate holding company is Murray International Holdings Limited, which is 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, Murray International Holdings Limited. Copies of these group financial statements can be obtained at 10 Charlotte Square, Edinburgh, EH2 4DR.

28 Ultimate controlling related party

Sir David E Murray, a director of the ultimate holding company, and members of his close family share control of this company as a result of controlling directly or indirectly 70% of the issued share capital of the ultimate holding company.

Notes to the financial statements (continued)

29 Post balance sheet events

(a) 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 period ended 30 June 2011. 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 £117.7m 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, 70% of the voting share capital of the issued share capital of the Company. This percentage remains unchanged from before;
- (iii) Group borrowing facilities have been renewed with Lloyds Banking Group following completion of the financial restructuring; and
- (iv) As with before, the Outsourcing Division no longer provides cross guarantees in respect of the wider Group and only provides cross guarantees in respect of the bank indebtedness within its own Division.

The impact of these changes has been shown in the unaudited pro forma group balance sheet set out in the Report of the Directors in the financial statements of Murray International Holdings Limited. This unaudited pro forma balance sheet highlights the effect on the 30 June 2011 balance sheet of Murray International Holdings Limited of the various steps outlined above as if they had taken place on that date.

(b) On the 30th of November verbal notification was received from our largest client, BskyB, stating that they would be terminating our services on 16th April 2012.