Grant Thornton

Financial Statements
Murray Outsourcing Limited

For the year ended 30 June 2013

Company No. SC375224

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

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Report of the directors

The directors present their report and the financial statements of Murray Outsourcing Limited for the year ended 30 June 2013.

Principal activities

The principal activity of Murray Outsourcing Limited is investment holding company.

Results and dividends

The retained loss for the financial year amounted to £10,106,319 (2012 - £6,851,772). No dividends were paid or proposed during the year (2012 – nil).

Financial risk management objectives and policies

Liquidity risk

The company maintains short-term debt finance that is designed to ensure the company has sufficient funds.

Interest rate cash flow risk

The company has interest bearing liabilities. The company has a policy of maintaining debt at floating rates which allows the company flexibility and the directors will revisit the appropriateness of this policy should the company's circumstances 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

The interests of the directors in the share capital of the ultimate holding company (note 17) 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 for that year.

Report of the directors (continued)

Directors' responsibilities (continued)

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 company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosure with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Grant Thornton UK LLP having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

M S McGill
Director

27 March 2014

Grant Thornton

Report of the independent auditor to the members of Murray Outsourcing Limited

We have audited the financial statements of Murray Outsourcing Limited for the year ended 30 June 2013 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 5, 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 Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Report of the independent auditor to the members of Murray Outsourcing Limited (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
31 March 2014

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The principal accounting policies have been applied consistently throughout the year and the prior year and are set out below.

Cash flow statement

The company has adopted the Financial Reporting Standard for Smaller Entities (effective April 2008) and is consequently exempt from the requirement to include a cash flow statement in the financial statements.

Going concern

The directors have assessed that the company has adequate resources to meet the on-going costs of the business for a minimum of 12 months from the date of signing the financial statements. This assessment is based on the detailed projections and cash flow forecasts prepared by the directors and the continued availability of bank facilities. For this reason the financial statements have been prepared on the going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

Investments

Investments are included at cost less any provision for impairment.

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

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 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.

Profit and loss account

	Notes	**Year Ended 30 June 2013 £**	Year Ended 30 June 2012 £
Other operating charges	**1**	**(1,669,717)**	(55,012)
Operating loss pre impairment loss	**2**	**(1,669,717)**	(55,012)
Impairment charge	**6**	**(8,076,450)**	(6,375,321)
Operating loss post impairment loss		**(9,746,167)**	(6,430,333)
Interest payable and similar charges	**4**	**(360,152)**	(421,439)
Loss on ordinary activities before taxation		**(10,106,319)**	(6,851,772)
Tax on loss on ordinary activities	**5**	**-**	-
Loss for the financial year		**(10,106,319)**	(6,851,772)

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

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

Balance Sheet

	Notes	30 June 2013 £	30 June 2012 £
Fixed assets			
Investments	6	**1,500,000**	9,576,450
Current assets			
Debtors	7	**10,693,932**	5,058,631
Cash at bank		**1,368,870**	3,053,259
		12,062,802	8,111,890
Creditors: amounts falling due within one year	8	**(15,307,042)**	(9,326,261)
Net current liabilities		**(3,244,240)**	(1,214,371)
Debtors: amounts falling due after more than one year	9	**219,441**	1,019,441
Total assets less current liabilities		**(1,524,799)**	9,381,520
Creditors: amounts falling due after more than one year	10	**(15,964,289)**	(16,764,289)
Net liabilities		**(17,489,088)**	(7,382,769)
Capital and reserves			
Called-up share capital	14	**1**	1
Profit and loss account	15	**(17,489,089)**	(7,382,770)
Shareholders' deficit	16	**(17,489,088)**	(7,382,769)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 27 March 2014, and are signed on their behalf by:

M S McGill
Director

Company No. SC375224

Notes to the financial statements

1 Other operating charges

	Year Ended 30 June 2013 £	Year Ended 30 June 2012 £
Administrative expenses	**1,669,717**	55,011

2 Operating loss pre impairment loss

Audit fees are fully borne and disclosed within Response (Building Rewarding Relationships) Limited, a subsidiary company.

3 Directors

Sir D E Murray and M S McGill, as directors of the ultimate holding company (Note 17) during the year, were remunerated by 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.

4 Interest payable and similar charges

	Year Ended 30 June 2013 £	Year Ended 30 June 2012 £
Interest payable on bank borrowing	**360,152**	421,439

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	Year Ended 30 June 2013 £	Year Ended 30 June 2012 £
Current tax:		
In respect of the year	-	-

Notes to the financial statements

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23.75% (2012 - 25.50%).

	Year Ended 30 June 2013 £	Year Ended 30 June 2012 £
Loss on ordinary activities before taxation	**(10,106,319)**	(6,851,771)
Loss on ordinary activities by rate of tax 23.75% (2012 - 25.50%)	**(2,400,251)**	(1,747,202)
Unrelieved losses		-
Expenses not deductible for tax purposes	**2,306,477**	1,625,707
Group relief surrendered	**93,774**	121,495
Total current tax (note 5(a))	**-**	-

6 Investments

	Company £
Cost	
At 30 June 2012 and 2013	**15,951,771**
Impairment	
At 30 June 2012	6,375,321
Charged for the year	8,076,450
At 30 June 2013	**14,451,771**
Net book value	
At 30 June 2013	**1,500,000**
At 30 June 2012	9,576,450

The impairment charge relates to the reduction in net assets of Response (Building Rewarding Relationships) Limited, a subsidiary company, adjusted to reflect its recoverable amount.

Notes to the financial statements

6 Investments (continued)

As at 30 June 2013 the company held 100% of the ordinary share capital, directly or indirectly of the following undertakings:

	Nature of business
Charlotte Ventures (Edmiston House) Limited	Property ownership
Response (Building Rewarding Relationships) Limited	Outsourcing
RHL Direct Limited *	Outsourcing
RHL Contact Centre Services Limited *	Non-trading
Response Credit Management Limited *	Non-trading
Inisoft Limited *	Software development

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

7 Debtors

	30 June 2013 £	30 June 2012 £
Amounts owed by group undertakings	**10,693,932**	5,058,631

Amounts due from group undertakings are non-interest bearing, and are repayable on demand, therefore have been included within current assets.

Notes to the financial statements

8 Creditors: amounts falling due within one year

	30 June 2013 £	30 June 2012 £
Amounts owed to group undertakings	**15,223,206**	9,222,588
Accruals and deferred income	**83,836**	103,673
	15,307,042	9,326,261

Amounts due to group undertakings are non-interest bearing, and are payable on demand, therefore have been included within current liabilities.

9 Debtors: amounts falling due after more than one year

	30 June 2013 £	30 June 2012 £
Amounts owed by group undertakings	**219,441**	1,019,441

10 Creditors: amounts falling due after more than one year

	30 June 2013 £	30 June 2012 £
Bank loans and overdrafts	**9,200,000**	10,000,000
Loan notes owed to group undertakings	**6,764,289**	6,764,289
	15,964,289	16,764,289

The bank loans and overdraft have been secured by bonds and floating charges over Murray Outsourcing Group assets.

11 Capital commitments

The company had no contracted capital commitments as at 30 June 2013 (2012 - £nil)

Notes to the financial statements

12 Contingent assets and liabilities

A banking restructure within Murray Group took place on the 21st of April 2010 resulting in Murray Outsourcing Limited becoming part of 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 liability as at 30 June 2013 for Murray Outsourcing Limited is £8.55 (30 June 2012 asset of £291,062).

The company and subsidiaries are 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.

13 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.

14 Share capital

Allotted and called up and fully paid:

	2013	**2013**	2012	2012
	No	**£**	No	£
Ordinary shares of £1 each	**1**	**1**	1	1

	2013	2012
	£	£
Equity shares		
Ordinary shares of £1 each	**1**	1

15 Reserves

	30 June 2013	30 June 2012
	£	£
Balance brought forward	**(7,382,770)**	(530,998)
Loss for the year	**(10,106,319)**	(6,851,772)
At 30 June 2013	**(17,489,089)**	(7,382,770)

Notes to the financial statements

16 Reconciliation of movements in shareholders' deficit

	30 June 2013 £	30 June 2012 £
Loss for the financial year	**(10,106,319)**	(6,851,772)
Net increase in shareholders' deficit	**(10,106,319)**	(6,851,772)
Opening shareholders' deficit	**(7,382,769)**	(530,997)
Closing shareholders' deficit	**(17,489,088)**	(7,382,769)

17 Ultimate parent company

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.

18 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% (2012– 70%) of the issued share capital of the ultimate holding company.