

**Registered in Scotland No. SO300977**

**MURRAY CAPITAL PARTNERS LIMITED  
LIABILITY PARTNERSHIP**

**Report and Financial Statements**

**31 December 2010**

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# **MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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# **MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **MEMBERS AND PROFESSIONAL ADVISERS**

#### **MEMBERS**

Murray Capital Limited  
MCL Partners Limited (appointed 1 April 2010)

#### **REGISTERED OFFICE**

11 Charlotte Square  
Edinburgh  
EH2 4DR

#### **BANKERS**

Lloyds Banking Group  
The Mound  
Edinburgh  
EH1 1YZ

#### **INDEPENDENT AUDITOR**

Deloitte LLP  
Lomond House  
9 George Square  
Glasgow  
G2 1QQ

# **MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP**

## **MEMBERS' REPORT**

The members present their report and the financial statements for the year ended 31 December 2010. The members' report has been prepared in accordance with the provisions applicable to partnerships in accordance with the small limited liability partnerships regime.

## **PRINCIPAL ACTIVITY**

The principal activity of the limited liability partnership ("the LLP") is that of making investments.

## **REVIEW OF BUSINESS**

Loss before members' remuneration and profit share is £340,791 for the year ended 31 December 2010 (6 months ended 31 December 2010 – loss of £3,304,860). There was no remuneration or profit share paid to any of the members for the year ended 31 December 2010 (6 months ended 31 December 2009 – £nil).

On 21 April 2010 as part of a wider restructure the LLP's immediate parent company Murray Capital Limited was de-merged from Murray International Holdings Limited. The ultimate parent company is Murray Capital Newco Limited, the ultimate ownership of which is held by Sir David E Murray.

## **GOING CONCERN**

The balance sheet at 31 December 2010 shows that the LLP is in a net current liability and net liability position. The nature of the LLP's business is such that its future operational existence is dependent on the continuing financial support provided by the parent company, Murray Capital Limited. The members have placed reliance on the letter of support obtained from Murray Capital Limited.

In their consideration of going concern, the directors have reviewed the company's cash flow forecasts, associated risks and downside sensitivities; these forecasts extend for a period beyond one year from the date of approval of these financial statements. The company is party to a cross guarantee detailed in note 10. Subsequent to the year end the overdraft and loan to which the guarantee relates were repaid in full.

The members therefore have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the members have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

## **POLICY WITH RESPECT TO THE MEMBERS' DRAWINGS AND SUBSCRIPTION AND REPAYMENT OF MEMBERS' CAPITAL**

Members are entitled to a share in the capital profits of the LLP in accordance with their percentage interest in the LLP. Capital profits of the LLP are determined after taking into account the interest on the loan as detailed in note 5 as well as repayment of the principal loan amount.

# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## MEMBERS' REPORT (CONTINUED)

### MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnership Regulations 2001 made under the Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DISCLOSURE OF INFORMATION TO AUDITOR

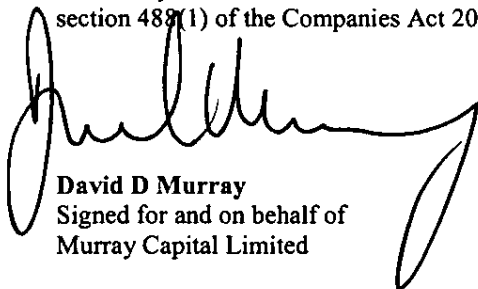
Each of the persons who is a member at the date of approval of this report confirms that:

- so far as the members are aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

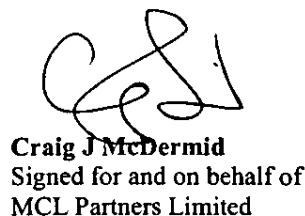
### AUDITOR

Deloitte LLP, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the LLP receives notice under section 489(1) of the Companies Act 2006.



David D Murray  
Signed for and on behalf of  
Murray Capital Limited

20 September 2011



Craig J McDermid  
Signed for and on behalf of  
MCL Partners Limited

20 September 2011

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP**

We have audited the financial statements of Murray Capital Partners Limited Liability Partnership ("the LLP") for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement, the members 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 to 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

### **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 as applicable to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.



**Colin Gibson CA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Glasgow, United Kingdom

26 September 2011

# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	Year Ended 31 December 2010 £	6 months Ended 31 December 2009 £
Administrative expenses	2	(33)	(50)
<b>OPERATING LOSS</b>		(33)	(50)
(Loss)/gain on sale of investments	3	(173,191)	1,582
Amounts written off listed investments		-	(2,884,505)
Investment income	4	378,000	191,590
Interest payable and similar charges	5	(545,567)	(613,477)
<b>LOSS FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARE</b>		(340,791)	(3,304,860)
<b>LOSS FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONGST MEMBERS</b>	8	(340,791)	(3,304,860)

All the above amounts relate to continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current year and prior period and accordingly, no Statement of Total Recognised Gains and Losses has been presented.

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

# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## BALANCE SHEET

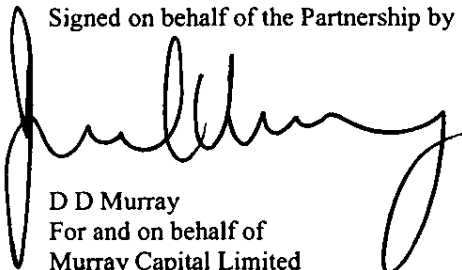
As at 31 December 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Investments	6	<u>4,685,000</u>	<u>5,314,558</u>
<b>CURRENT ASSETS</b>			
Amounts due from group undertakings		25	-
Cash at bank and in hand		<u>9</u>	<u>73,770</u>
		34	73,770
<b>CREDITORS: amounts falling due within one year</b>			
Amounts due to group undertakings	7	<u>(9,554,304)</u>	<u>(9,904,707)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(9,554,270)</u>	<u>(9,830,937)</u>
<b>NET LIABILITIES ATTRIBUTABLE TO MEMBERS</b>		<u>(4,869,270)</u>	<u>(4,516,379)</u>
<b>REPRESENTED BY:</b>			
Loans and other debts due to Members within one year			
Members' capital classified as a liability under FRS 25	8	230,400	242,500
Other amounts	8	<u>(5,099,670)</u>	<u>(4,758,879)</u>
<b>TOTAL MEMBERS' INTERESTS</b>	8	<u>(4,869,270)</u>	<u>(4,516,379)</u>

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

The financial statements of Murray Capital Partners Limited Liability Partnership, registered number SO300977 were approved by the members and authorised for issue on 20 September 2011.

Signed on behalf of the Partnership by

  
D D Murray  
For and on behalf of  
Murray Capital Limited

  
C J McDermid  
For and on behalf of  
MCL Partners Limited



# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice regarding Accounting by Limited Liability Partnerships issued by the Consultative Committee of Accountancy Bodies (the "SORP"). The particular accounting policies adopted are described below and have been applied consistently throughout the current year and prior period.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Basis of preparation**

The balance sheet at 31 December 2010 shows that the LLP is in a net current liability and net liability position. The nature of the LLP's business is such that its future operational existence is dependent on the continuing financial support provided by the parent company, Murray Capital Limited. The members have placed reliance on the letter of support obtained from Murray Capital Limited.

In their consideration of going concern, the directors have reviewed the company's cash flow forecasts, associated risks and downside sensitivities; these forecasts extend for a period beyond one year from the date of approval of these financial statements. The company is party to a cross guarantee detailed in note 10. Subsequent to the year end the overdraft and loan to which the guarantee relates were repaid in full.

The members therefore have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the members have determined that it is appropriate to continue to adopt the going concern basis of accounting in the preparation of these financial statements.

#### **Fixed asset investments**

Unlisted and listed fixed asset investments are shown at cost less provisions for impairment. Income from fixed asset investments, where applicable, is included within the financial statements in the period in which it is receivable or earned.

#### **Members' interests**

In accordance with FRS 25 "Financial Instruments: Disclosure and Presentation", Members' interests has been classified as a financial liability.

#### **Taxation**

Members are personally liable for taxation on their share of the profits of the limited liability partnership. Consequently no reserve for taxation is made in the financial statements in respect of Members' tax liabilities, and the profits are shown within Members' Interests or as "Loans and other debts due to Members" without any deduction for tax.

#### **Consolidation**

The company has taken advantage of the exemption provided by s400 of the Companies Act 2006 from the need to prepare consolidated financial statements as it is a subsidiary of Murray Capital Newco Limited, a company incorporated in Scotland which prepares consolidated financial statements. Accordingly, the financial statements provide information about the LLP, not its group.

# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 2. ADMINISTRATIVE EXPENSES

	Year ended 31 December 2010 £	6 months ended 31 December 2009 £
Bank charges	3	20
General expenses	30	30
	<u>33</u>	<u>50</u>

### 3. (LOSS) / GAIN ON SALE OF INVESTMENTS

In the current year investments were sold at a loss of £173,191 (6 months ended 31 December 2009: profit of £1,582.)

### 4. INVESTMENT INCOME

	Year Ended 31 December 2010 £	6 months ended 31 December 2009 £
Bank interest received	-	1
Interest on loan stock from group undertaking	378,000	191,589
	<u>378,000</u>	<u>191,590</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2010 £	6 months ended 31 December 2009 £
Interest payable to Murray Capital Limited	<u>545,567</u>	<u>613,477</u>

# MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2010

### 6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Loans to group undertakings £	Participating interests £	Other investments other than loans £	Total £
At 1 January 2010	585,000	3,600,000	321,429	808,129	5,314,558
Additions	500,000	-	-	-	500,000
Disposals	-	-	(321,429)	(808,129)	(1,129,558)
At 31 December 2010	<u>1,085,000</u>	<u>3,600,000</u>	<u>-</u>	<u>-</u>	<u>4,685,000</u>

At 31 December 2010 the LLP held investments in the following subsidiary undertaking and participating interests:

Investment	Holding	Principal activity	Country of incorporation
Capito Holdings Ltd	88.6%	Computer related activities	Scotland
Brand Rex Ltd	37.5%	Manufacture of insulated wire and cable	Scotland

### 7. RELATED PARTY TRANSACTIONS

During the year to 31 December 2010 the LLP sold investments with a book value of £1,129,558 to Murray Capital Ventures Limited for consideration of £956,366.

Interest of £545,567 was charged on amounts loaned by Murray Capital Limited to Murray Capital Partners LLP (6 months to 31 December 2009 - £613,477).

The amount due to Murray Capital Limited at 31 December 2010 is £9,554,304 (31 December 2009 - £9,904,707). The loan is repayable as and when disposals are made.

### 8. MEMBERS' INTERESTS

	Members' capital classified as a liability under FRS 25 £	Other amounts £	Total £
<b>Members capital:</b>			
Designated Members	230,400	-	230,400
Cumulative loss for the period to 31 December 2009	-	(4,758,879)	(4,758,879)
Loss for the year to 31 December 2010	-	(340,791)	(340,791)
At 31 December 2010	<u>230,400</u>	<u>(5,099,670)</u>	<u>(4,869,270)</u>

Members' capital totalling £12,100 was repaid during the year.

# **MURRAY CAPITAL PARTNERS LIMITED LIABILITY PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2010**

### **9. MEMBER INFORMATION**

The average number of members during the year was 3 (6 months to 31 December 2009 – 6).

### **10. CONTINGENT LIABILITIES**

On 21 April the LLP entered into a new cross guarantee structure as a result of new debt facilities that were provided by the LLP's bankers Lloyds Banking Group. The parties to the cross guarantee are Murray Capital Ventures Limited, Murray Capital Newco Limited, New Murray Capital Limited, Murray Capital Limited, Murray Capital Partners LLP, MCL Partners Limited, Rise Scotland Limited, Hammond Resources Limited and Quality Link Recruitment Limited. The maximum cross guarantee exposure is £9.65m in total.

At 31 December 2010, the company guaranteed bank borrowings of its holding company, fellow subsidiary undertakings and Murray Capital Ventures Limited. The total contingency at 31 December 2010 amounted to £8,127,655. Security for the bank facilities consists of cross guarantees, a bond and floating charge over the assets of the company.

Subsequent to the year end the bank borrowings guaranteed were repaid in full.

### **11. PARENT COMPANY**

On 21 April 2010 as part of a wider restructure the LLP's immediate parent company Murray Capital Limited was de-merged from Murray International Holdings Limited. The immediate and ultimate parent company is Murray Capital Newco Limited, the ultimate ownership of which is held by Sir David E Murray.

The largest and smallest group in which the results of the Partnership were consolidated as at 31 December 2010 was Murray Capital Newco Limited whose principal place of business is 11 Charlotte Square, Edinburgh, EH2 4DR and copies of financial statements are available from that address.

### **12. CASH FLOW STATEMENT**

The LLP has not presented a cash flow statement. It has taken advantage of the small company exemption contained in Financial Reporting Standard 1 (Revised) – "Cash flow statements".