Muir Holdings plc

Directors' report and consolidated financial statements

Registered number SC 242454

1 February 2009

Contents

Directors and advisers

Directors	JW Muir C Muir RW Muir AC Muir IM Muir JSH Watt
Secretary	JSH Watt
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Solicitors	Davidson Chalmers, WS 12 Hope Street Edinburgh EH2 4DB
Registered office	Muir House Belleknowes Industrial Estate Inverkeithing Fife KY11 1HY

Directors' report

The directors submit their report and audited accounts for the year ended 1 February 2009.

Principal activities and business review

The group's principal activities comprise property investment and managing an investment portfolio. The group will continue with these activities for the foreseeable future.

The financial results for the year are set out in the financial statements and show the profit for the year was £718,000 *(2008: £1,063,000).*

Dividends

The directors do not recommend payment of a final dividend for the year, no interim dividend was paid during the year (2008 – nil)

Directors

The directors who held office during the year are shown on page 1.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and 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 group and the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Policy and practice on payment of creditors

The group's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The group does not follow any code or standard on payment practice but it is the group's policy to pay all of its suppliers within 45 days of the end of the month in which it receives the goods or services.

Purchases made by the company itself are, with very few exceptions, made from subsidiaries and do not, therefore, involve taking credit from external suppliers.

Directors' report (*continued*)

Political and charitable contributions

During the year the group made no charitable donations *(2008: £nil)*.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

JSH Watt
Secretary

Muir House
Belleknowes Industrial Estate
Inverkeithing
Fife
KY11 1HY

21 September 2009

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Muir Holdings plc

We have audited the group and parent company financial statements of Muir Holdings plc for the year ended 1 February 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and parent 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 1 February 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP
KPMG LLP
Chartered Accountants 2009
Registered Auditor

Consolidated profit and loss account

for the year ended 1 February 2009

	Note	**2009**	2008
		£000	£000
Turnover	*1*	**2,376**	2,377
Cost of sales		**(623)**	(406)
Gross profit		**1,753**	1,971
Administrative expenses		**(194)**	(215)
Other operating income		**182**	157
Operating profit		**1,741**	1,913
Profit on disposal of investment properties		**-**	169
Interest receivable and similar income	*5*	**83**	48
Interest payable and similar charges	*6*	**(775)**	(987)
Profit on ordinary activities before tax	*2*	**1,049**	1,143
Tax on profit on ordinary activities	*7*	**(331)**	(80)
Profit for the financial year		**718**	1,063

Consolidated statement of total recognised gains and losses

for the year ended 1 February 2009

	2009	2008
	£000	£000
Profit for the financial year	**718**	1,063
Total recognised gains and losses relating to the financial year	**718**	1,063

Group balance sheet
at 1 February 2009

	Note	**2009**	2008
		£000	£000
Fixed assets			
Tangible assets	*8*	**9**	11
Investment properties	*9*	**34,886**	34,584
Total fixed assets		**34,895**	34,595
Current assets			
Investments	*11*	**867**	956
Debtors	*12*	**128**	116
Cash at bank and in hand		**1,356**	848
		2,351	1,920
Creditors: amounts falling due within one year	*13*	**(1,292)**	(2,247)
Net current assets/(liabilities)		**1,059**	(327)
Total assets less current liabilities		**35,954**	34,268
Creditors: amounts falling due after more than one year	*14*	**(15,967)**	(15,000)
Provisions for liabilities and charges	*15*	**(1)**	-
Net assets		**19,986**	19,268
Capital and reserves			
Called up share capital	*16*	**50**	50
Merger reserve	*17*	**(50)**	(50)
Revaluation reserve	*17*	**16,775**	16,775
Profit and loss account	*17*	**3,211**	2,493
Shareholders' funds	*18*	**19,986**	19,268

These financial statements were approved by the board of directors on 21 September 2009 and are signed on its behalf by:

JW Muir
Director

JSH Watt
Director

Company balance sheet
at 1 February 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	*10*	**50**	50
Net assets		**50**	50
Capital and reserves			
Called up share capital	*16*	**50**	50
Profit and loss account	*17*	**-**	-
Shareholders' funds	*18*	**50**	50

These financial statements were approved by the board of directors on 21 September 2009 and are signed on its behalf by:

JW Muir
Director

JSH Watt
Director

Notes

(*forming part of the financial statements*)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements.

Basis of preparation

The accounts have been prepared under the historical cost accounting rules, modified to include the revaluation of investment properties, and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the group is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 1 February 2009.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Permanent reductions in value are written off to profit and loss account. No depreciation or amortisation is provided in respect of these properties, nor could it be reasonably quantified.

This treatment of investment properties is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, because these properties are held for investment, the directors consider that annual depreciation would be inappropriate and that the accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

Tangible fixed assets and depreciation

Tangible assets are depreciated on a straight line basis at the undernoted rates in order to write off their cost or valuation less estimated residual values over their expected useful lives:

Plant and equipment	4-8 years

Turnover

Turnover represents the invoiced value of rental income and dividends received.

Investments

Current asset investments are stated at the lower of cost and market value. Fixed assets are stated at cost less provision for permanent impairment.

Pensions

A subsidiary company participates in a group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Profit on ordinary activities before taxation

		2009	2008
		£000	£000
Profit on ordinary activities before taxation is stated after charging:			
Auditors' remuneration	- audit of these financial statements	**1**	1
	- audit of financial statements of subsidiaries pursuant to legislation	**3**	4
	- other services relating to tax	**1**	1
Depreciation		**5**	3

3 Staff costs

	2009	2008
	No	No
Average number of employees (excluding directors)	**1**	1
	£000	£000
Wages and salaries	**60**	60
Social security costs	**8**	7
Pension cost – defined contribution scheme	**7**	7
	75	74

The company is a member of a group pension scheme, which provides benefits on a final pensionable pay. Because the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis, as permitted by FRS 17 "Retirement Benefits", the scheme has been accounted for in these financial statements as if it was a defined contributions scheme. Overall there is a deficit on the group's scheme of £1,400,000 *(2008: £1,009,000).*

The latest full actuarial valuation of the scheme was carried out on 1 May 2008 and updated for FRS 17 purposes at 3 February 2008 and 28 January 2007 by a qualified independent actuary. The contribution for the year was £290,000 *(2008: £790,000).* The current employer contribution rate for the scheme is £290,000 per annum.

4 Directors' remuneration

No directors' emoluments were paid during the year (*2008: £nil*)

Notes *(continued)*

5 Interest receivable

	2009 £000	2008 £000
Income from short term deposits	**83**	48

6 Interest payable and similar charges

	2009 £000	2008 £000
Interest payable on bank loans and overdraft	**775**	986
Other interest	**-**	1
	775	987

7 Tax on profit on ordinary activities

	2009 £000	2008 £000
UK corporation tax		
Current tax on income for the period	**313**	292
Adjustment in respect of prior periods	**(4)**	-
Total current tax	**309**	292
Deferred tax:		
Origination and reversal of timing differences	**20**	(156)
Adjustments in respect of prior periods	**2**	(56)
Tax on profit on ordinary activities	**331**	80

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*2008: lower*) than the standard rate of corporation tax in the UK of 28.3% (*2008: 30%*). The differences are explained below.

	2009 £000	2008 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,049**	1,143
Current tax at 28.3% (2008: 30%)	**297**	343
Effects of:		
Industrial buildings allowance	**(9)**	-
Non taxable income	**(8)**	(13)
Expenses not deductible for tax purposes	**54**	8
Difference between capital allowances and depreciation charged	**(20)**	(36)
Short term timing differences	**(4)**	(10)
Marginal relief	**3**	-
Adjustment in respect of prior periods	**(4)**	-
Total current tax charge (see above)	**309**	292

Notes *(continued)*

8 Tangible fixed assets

Group

	Plant and equipment £000
Cost	
At beginning of year	34
Additions	3
At end of year	37
Depreciation	
At beginning of year	23
Charge for year	5
At end of year	28
Net book value	
At end of year	**9**
At beginning of year	11

9 Fixed asset investments properties

	Group £000
Cost or valuation	
At beginning of year	34,584
Additions	302
At end of year	34,886
Net book value	
At end of year	**34,886**
At beginning of year	34,584

Investment properties with a value of £30,980,000 were valued as at 11 January 2007 on an open market value basis by Hardies, Chartered Surveyors, Dunfermline. These valuations were carried out in accordance with the Practice Statements published by the Royal Institution of Chartered Surveyors.

Following an internal re-valuation process as at 1 February 2009 the directors do not propose any change in the valuation of investment properties.

The historic cost of investment properties amounted to £18,100,000 (*2008: £17,810,000*).

Notes *(continued)*

10 Fixed asset investments

Company

	Shares in subsidiary undertakings £000
Cost	
At beginning and end of year	**50**

The issued share capital of subsidiary undertakings, all of which are wholly owned and registered in Scotland, is in the form of ordinary shares. Details of trading subsidiary undertakings are as follows:

Subsidiary undertaking	Principal activity
JW Muir (Property Investments) Limited	Property investment
Muir Financial Investments Limited	Investment

11 Current asset investments

	Group 2009 £000	Group 2008 £000
Cost	**867**	956

Listed investments have a current market value of £978,000 *(2008: £1,274,000)*.

12 Debtors

	Group 2009 £000	Group 2008 £000
Trade debtors	**74**	67
Amounts owed by related parties	**-**	1
Other debtors	**32**	18
Prepayments	**22**	9
Deferred tax asset (note 15)	**-**	21
	128	116

13 Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000
Bank loans (secured)	**500**	-
Trade creditors	**24**	66
Amounts owed to related parties	**243**	1,693
Corporation tax	**239**	171
Other creditors	**137**	198
Accruals and deferred income	**149**	119
	1,292	2,247

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group	
	2009	2008
	£000	£000
Bank loan	**14,375**	15,000
Amounts owed to related undertakings	**1,592**	-
	15,967	15,000

The balance of £1,592,000 which is outstanding as at 1 February 2009 relates to a loan from JW Muir Group Plc, a related company. The directors have received written confirmation that the amounts due will not be called for payment within a period of one year from the date of approval of these financial statements.

A bank loan of £15,000,000, with a two year payment holiday, is repayable in 32 quarterly instalments of £125,000 starting in January 2009. The outstanding balance of £11,000,000 is due to be repaid in January 2017. The interest on this loan is variable at 0.9% above base rate. The loan is secured over specific investment properties.

Loans are repayable as follows:	**2009**	2008
	£000	£000
In one year or less	**500**	125
Between one and two years	**500**	1,500
Greater than two years	**13,875**	13,375
	14,875	15,000

15 Deferred taxation

	Group
	£000
Accelerated capital allowances	
At beginning of year (asset)	(21)
Adjustment in respect of prior periods	2
Charge to profit and loss account	20
At end of year (liability)	**1**

The elements of deferred taxation are:

	2009	2008
	£000	£000
Accelerated capital allowances	**1**	(21)

Notes *(continued)*

16 Called up share capital

	2009	2008
	£000	£000
Authorised		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	**50**	50

17 Reserves

Group	**Merger reserve £000**	**Revaluation Reserve £000**	**Profit and loss account £000**
At beginning of year	(50)	16,775	2,493
Profit for the year	-	-	718
At end of year	**(50)**	**16,775**	**3,211**

Company	**Profit and loss account £000**
At beginning and end of year	-

18 Reconciliation of movements in shareholders' funds

	Group		**Company**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Profit for the financial year	**718**	1,063	**-**	-
Net addition to shareholders' funds	**718**	1,063	**-**	-
Opening shareholders' funds	**19,268**	18,205	**50**	50
Closing shareholders' funds	**19,986**	19,268	**50**	50

19 Related parties

During the year the group received services from Muir Construction amounting to £251,000 (*2008: £515,000*). At the year end an amount of £206,000 (*2008: £12,000*) was outstanding and included within amounts due to related undertakings within creditors due within one year.

At the year end an amount of £1,629,000 *(2008: £1,681,000)* was owed to, and an amount of £nil *(2008: £1,402)* was owed by JW Muir Group plc, a related company. In the current year £1,592,000 *(2008: £nil)* is included within amounts owed to related undertakings within creditors due greater than one year, and £37,000 *(2008: £1,681,000)* is included within amounts owed to related parties within creditors due within one year.