

COMPANY REGISTRATION NUMBER 2693490

TERRACE HILL DEVELOPMENTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2007

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COMPANIES HOUSE

TERRACE HILL DEVELOPMENTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R E Lane
P A J Leech
A J W Pratt
K W Grundy
N M Wakefield
T G Walsh

Company secretary

Park Circus (Secretaries) Limited

Registered office

1 Portland Place
London
W1B 1PN

Auditor

BDO Stoy Hayward LLP
Chartered Accountants
& Registered Auditors
55 Baker Street
London W1U 7EU

TERRACE HILL DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2007

The directors present their report and the financial statements of the company for the year ended 31 October 2007

PRINCIPAL ACTIVITIES

The principal activities of the company are property development, the provision of development management services and an investment holding company

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,121,196 Particulars of dividends paid are detailed in note 6 to the financial statements

DIRECTORS

The directors who served the company during the year were as follows

R E Lane
P A J Leech
A J W Pratt
K W Grundy
N M Wakefield
T G Walsh

The company is a wholly owned subsidiary and the interests of the directors are disclosed in the financial statements of the ultimate parent company

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 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 company and of the profit or loss of the company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for 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 auditor is 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 auditor is aware of that information

TERRACE HILL DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2007

AUDITOR

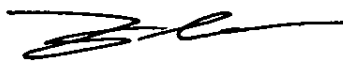
A resolution to re-appoint BDO Stoy Hayward LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
1 Portland Place
London
W1B 1PN

Signed by order of the Board



PARK CIRCUS (SECRETARIES) LIMITED
Company Secretary

Approved by the directors on 22 August 2008

TERRACE HILL DEVELOPMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL DEVELOPMENTS LIMITED
YEAR ENDED 31 OCTOBER 2007

We have audited the financial statements of Terrace Hill Developments Limited for the year ended 31 October 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TERRACE HILL DEVELOPMENTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL DEVELOPMENTS LIMITED
YEAR ENDED 31 OCTOBER 2007

Report of the independent auditors (*Continued*)

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its result 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

55 Baker Street
London W1U 7EU

BDO Stoy Hayward LLP
BDO STOY HAYWARD LLP
Chartered Accountants
& Registered Auditors

22 August 2008

TERRACE HILL DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2007

	Note	2007 £	2006 £
TURNOVER	2	24,192,239	12,306,411
Cost of sales		(18,537,740)	(11,991,431)
GROSS PROFIT		5,654,499	314,980
Administrative expenses		(3,034,387)	(121,157)
OPERATING PROFIT	3	2,620,112	193,823
Interest receivable		4,136	688
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,624,248	194,511
Tax on profit on ordinary activities	5	(503,052)	(3,000)
PROFIT FOR THE FINANCIAL YEAR		<u>2,121,196</u>	<u>191,511</u>

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

The notes on pages 8 to 11 form part of these financial statements.

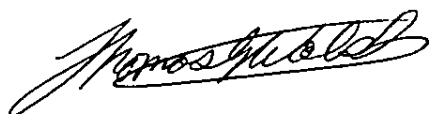
TERRACE HILL DEVELOPMENTS LIMITED

BALANCE SHEET

31 OCTOBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investments	7	100	100
CURRENT ASSETS			
Stocks	8	1,629,212	2,083,872
Debtors	9	1,120,843	302,122
Cash at bank		—	13,648
		<u>2,750,055</u>	<u>2,399,642</u>
CREDITORS: Amounts falling due within one year	10	<u>2,144,880</u>	<u>1,915,663</u>
NET CURRENT ASSETS		<u>605,175</u>	<u>483,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>605,275</u>	<u>484,079</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	750,000	750,000
Profit and loss account	13	(144,725)	(265,921)
SHAREHOLDERS' FUNDS	14	<u>605,275</u>	<u>484,079</u>

These financial statements were approved by the directors and authorised for issue on the 22 August 2008 and are signed on their behalf by



T G WALSH

The notes on pages 8 to 11 form part of these financial statements.

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Turnover represents the sales of trading properties, rental and service charge income excluding Value Added Tax and arises solely within the United Kingdom. Sales of properties are reflected in the accounts if the property is deemed to be practically complete and an unconditional contract is exchanged by the balance sheet date

Work in progress

Development work in progress is valued at the lower of cost and net realisable value. Interest and other attributable costs are included in the value of work in progress where appropriate

Provision is made for any foreseeable losses where appropriate. No element of profit is included in work in progress

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the company

An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	<u>24,192,239</u>	<u>12,306,411</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	2007 £	2006 £
Directors' emoluments	<u>-</u>	<u>-</u>

Auditors remuneration is paid by the parent company

4. PARTICULARS OF EMPLOYEES

There were no employees other than the directors, during the year

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	503,052	3,000
Total current tax	<u>503,052</u>	<u>3,000</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>2,624,248</u>	<u>194,511</u>
Profit/(loss) on ordinary activities by rate of tax	787,274	58,353
Group Relief	<u>(284,222)</u>	<u>(55,353)</u>
Total current tax (note 5(a))	<u>503,052</u>	<u>3,000</u>

(c) Factors that may affect future tax charges

The 2007 Finance Act reduced the UK main rate of corporation tax to 28% from 30%. The reduction will take effect from 1 April 2008 onwards. The relevant legislation was substantively enacted on 26 June 2007.

6. DIVIDENDS

Equity dividends

	2007 £	2006 £
Paid during the year		
Equity dividends on ordinary shares	<u>2,000,000</u>	<u>-</u>

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

7 INVESTMENTS

	Investment in subsidiaries £
COST	
At 1 November 2006 and 31 October 2007	<u>100</u>
NET BOOK VALUE	
At 31 October 2007	<u>100</u>
At 31 October 2006	<u>100</u>

The company owns 50% of the issued share capital of Frontsouth Hereford Limited, a company registered in England and Wales

8. STOCKS

	2007 £	2006 £
Work in progress	<u>1,629,212</u>	<u>2,083,872</u>

Included within work in progress is interest capitalised during the year of £nil (2006 Nil)

9. DEBTORS

	2007 £	2006 £
Trade debtors	326,516	18,425
Amounts owed by group undertakings	732,708	—
Other debtors	—	210,027
Prepayments and accrued income	61,619	73,670
	<u>1,120,843</u>	<u>302,122</u>

10. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	38,321	—
Trade creditors	24,699	77,768
Amounts owed to group undertakings	1,457,000	1,587,895
Corporation tax	503,052	—
Other taxation	121,808	—
Accruals and deferred income	—	250,000
	<u>2,144,880</u>	<u>1,915,663</u>

TERRACE HILL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

11. RELATED PARTY TRANSACTIONS

The controlling party of the company was Saffery Champness Trust Corporation, trustees of a life interest trust in which R F M Adair is a beneficiary R F M Adair is a director of the ultimate parent company, Terrace Hill Group Plc

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Terrace Hill Group Plc

12 SHARE CAPITAL

Authorised share capital

	2007	2006
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>

13 PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
Balance brought forward	(265,921)	(457,432)
Profit for the financial year	2,121,196	191,511
Equity dividends paid	(2,000,000)	—
Balance carried forward	<u>(144,725)</u>	<u>(265,921)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	2,121,196	191,511
Equity dividends paid	(2,000,000)	—
Net addition to shareholders' funds	<u>121,196</u>	<u>191,511</u>
Opening shareholders' funds	<u>484,079</u>	<u>292,568</u>
Closing shareholders' funds	<u>605,275</u>	<u>484,079</u>

15 ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill Limited a company registered in England and Wales The ultimate parent company is Terrace Hill Group Plc which is registered in Scotland

Copies of the consolidated financial statements of Terrace Hill Group Plc are available from the company's registered office