

COMPANY REGISTRATION NUMBER 04349231

TERRACE HILL (NEWCASTLE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2007

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COMPANIES HOUSE

TERRACE HILL (NEWCASTLE) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|---|
| The board of directors | P A J Leech 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 (NEWCASTLE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was property development. There was no trading activity during the year under review.

DIRECTORS

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

N J C Turnbull
P A J Leech
T G Walsh

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

T G Walsh was appointed as a director on 26 January 2007.

N J C Turnbull retired as a director on 16 January 2007.

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 (NEWCASTLE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2007

AUDITOR

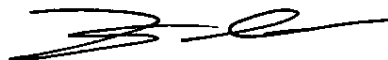
A resolution to re-appoint BDO Stoy Hayward LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

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

We have audited the financial statements of Terrace Hill (Newcastle) 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 (NEWCASTLE) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL (NEWCASTLE) 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 (NEWCASTLE) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2007

| | Note | 2007 £ | 2006 £ |
|--|------|-----------|-----------|
| TURNOVER | — | | — |
| Cost of sales | | — | 400 |
| GROSS PROFIT | | — | 400 |
| Administrative expenses | | — | — |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | — | 400 |
| Tax on profit on ordinary activities | 4 | — | (120) |
| PROFIT FOR THE FINANCIAL YEAR | | — | 280 |

All of the activities of the company are classed as discontinued

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 10 form part of these financial statements

TERRACE HILL (NEWCASTLE) LIMITED

BALANCE SHEET

31 OCTOBER 2007

| | Note | 2007 £ | 2006 £ |
|--------------------------------|------|------------|------------|
| CURRENT ASSETS | | | |
| Debtors | 5 | <u>194</u> | <u>194</u> |
| TOTAL ASSETS | | <u>194</u> | <u>194</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 7 | 1 | 1 |
| Profit and loss account | 8 | <u>193</u> | <u>193</u> |
| SHAREHOLDERS' FUNDS | 9 | <u>194</u> | <u>194</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 10 form part of these financial statements

TERRACE HILL (NEWCASTLE) 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

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. OPERATING PROFIT

Operating profit is stated after charging

| | 2007 £ | 2006 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | — | — |

Auditors remuneration is paid by the parent company

3. PARTICULARS OF EMPLOYEES

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

4 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%) | — | 120 |
| Total current tax | — | 120 |

TERRACE HILL (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

4 TAXATION ON ORDINARY ACTIVITIES (CONTINUED)

(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 | - | 400 |
| Profit/(loss) on ordinary activities by rate of tax | - | 120 |
| Total current tax (note 4(a)) | - | 120 |

5. DEBTORS

| | 2007 £ | 2006 £ |
|------------------------------------|-----------|-----------|
| Amounts owed by group undertakings | 194 | 194 |

6. 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

7. SHARE CAPITAL

Authorised share capital.

| | 2007 £ | 2006 £ |
|----------------------------------|-----------|-----------|
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |

Allotted, called up and fully paid

| | 2007 | | 2006 | |
|----------------------------|------|---|------|---|
| | No | £ | No | £ |
| Ordinary shares of £1 each | 1 | 1 | 1 | 1 |

8. PROFIT AND LOSS ACCOUNT

| | 2007 £ | 2006 £ |
|-------------------------------|-----------|-----------|
| Balance brought forward | 193 | (87) |
| Profit for the financial year | - | 280 |
| Balance carried forward | 193 | 193 |

TERRACE HILL (NEWCASTLE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2007

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2007 | 2006 |
|---------------------------------------|------------|-------------|
| | £ | £ |
| Profit for the financial year | — | 280 |
| Opening shareholders' funds/(deficit) | <u>194</u> | <u>(86)</u> |
| Closing shareholders' funds | <u>194</u> | <u>194</u> |

10 ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill North East 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.