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COMPANY REGISTRATION NUMBER 05171481

**REGISTRAR OF
COMPANIES**

**TERRACE HILL (PINWOOD) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2008**



TERRACE HILL (PINWOOD) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

T G Walsh
R E Lane

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 (PINEWOOD) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company is property development. There have been no changes in the company's activities in the year under review.

DIRECTORS

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

T G Walsh
R E Lane

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.

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.

TERRACE HILL (PINWOOD) LIMITED

THE DIRECTORS' REPORT *(continued)*

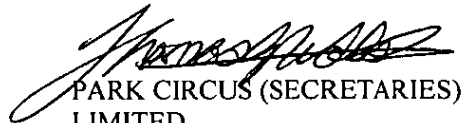
YEAR ENDED 31 OCTOBER 2008

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 17 August 2009

TERRACE HILL (PINEWOOD) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL (PINEWOOD) LIMITED
YEAR ENDED 31 OCTOBER 2008

We have audited the financial statements of Terrace Hill (Pinewood) Limited for the year ended 31 October 2008 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 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.

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 (PINWOOD) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL (PINWOOD) LIMITED *(continued)*
YEAR ENDED 31 OCTOBER 2008

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 2008 and of its 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.

BDO Stoy Hayward LLP

55 Baker Street
London W1U 7EU

BDO STOY HAYWARD LLP
Chartered Accountants
& Registered Auditors

17 August 2009

TERRACE HILL (PINEWOOD) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2008

		Year to 31 Oct 08 £	Period from 1 Jan 07 to 31 Oct 07 £
TURNOVER	Note 2	2,021,420	1,384,685
Cost of sales		<u>(1,133,385)</u>	<u>(1,298,994)</u>
GROSS PROFIT		888,035	85,691
Administrative expenses		<u>(59,540)</u>	<u>(15)</u>
OPERATING PROFIT	3	828,495	85,676
Interest receivable		21	8
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>828,516</u>	<u>85,684</u>
Tax on profit on ordinary activities	5	—	—
PROFIT FOR THE FINANCIAL YEAR		<u>828,516</u>	<u>85,684</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.

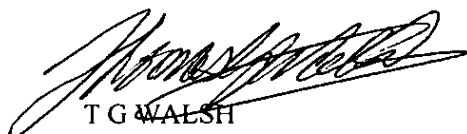
TERRACE HILL (PINEWOOD) LIMITED

BALANCE SHEET

31 OCTOBER 2008

	Note	2008 £	2007 £
CURRENT ASSETS			
Stocks	7	—	157,116
Debtors	8	1,224,996	1,664,539
		<u>1,224,996</u>	<u>1,821,655</u>
CREDITORS: Amounts falling due within one year	9	<u>396,479</u>	<u>1,217,468</u>
NET CURRENT ASSETS		<u>828,517</u>	<u>604,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>828,517</u>	<u>604,187</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	1	1
Profit and loss account	12	828,516	604,186
SHAREHOLDERS' FUNDS	13	<u>828,517</u>	<u>604,187</u>

These financial statements were approved by the directors and authorised for issue on 17 August 2009, 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 (PINWOOD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover represents the attributable profit on pre-sold development properties excluding value added tax and arises solely within the United Kingdom.

The attributable profit is the relevant portion of the total estimated profit appropriate to the progress made in construction and letting.

The attributable profit on the sale of development properties are reflected in the accounts if the development properties are pre-sold and the substantial risks derived from completion of the property are passed over to the purchaser.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Interest costs and other attributable direct overheads are included in the value of work in progress where appropriate.

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.

Cost of raising finance

In accordance with Financial Reporting Standard No 4 costs incurred in raising finance are netted off against the loan proceeds and amortised over the life of the loan.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	Year to	Period from
	31 Oct 08	1 Jan 07 to
	£	31 Oct 07
	£	£
United Kingdom	<u>2,021,420</u>	<u>1,384,685</u>

TERRACE HILL (PINEWOOD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

3. OPERATING PROFIT

Operating profit is stated after crediting:

	Year to 31 Oct 08 £	Period from 1 Jan 07 to 31 Oct 07 £
Directors' emoluments	—	—
Auditor's remuneration is paid by the parent company.		

4. PARTICULARS OF EMPLOYEES

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

5. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.83% (2007 - 30%).

	Year to 31 Oct 08 £	Period from 1 Jan 07 to 31 Oct 07 £
Profit on ordinary activities before taxation	828,516	85,684
Profit on ordinary activities by rate of tax	238,861	25,705
Group Relief	(238,861)	(25,705)
Total current tax	—	—

6. DIVIDENDS

Equity dividends

	Year to 31 Oct 08 £	Period from 1 Jan 07 to 31 Oct 07 £
Paid during the year		
Equity dividends on ordinary shares	604,186	2,000,000

TERRACE HILL (PINWOOD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

7. STOCKS

	2008	2007
	£	£
Work in progress	<u>–</u>	<u>157,116</u>

8. DEBTORS

	2008	2007
	£	£
Trade debtors	350,918	918
Amounts owed by group undertakings	836,875	–
Other debtors	37,203	186,207
Prepayments and accrued income	<u>–</u>	<u>1,477,414</u>
	<u>1,224,996</u>	<u>1,664,539</u>

9. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Overdrafts	26,097	30,511
Trade creditors	139,062	73,362
Amounts owed to group undertakings	–	1,111,155
Accruals and deferred income	<u>231,320</u>	<u>2,440</u>
	<u>396,479</u>	<u>1,217,468</u>

10. 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.

11. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

TERRACE HILL (PINWOOD) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

12. PROFIT AND LOSS ACCOUNT

	Year to 31 Oct 08	Period from 1 Jan 07 to 31 Oct 07
	£	£
Balance brought forward	604,186	2,518,502
Profit for the financial year	828,516	85,684
Equity dividends	(604,186)	(2,000,000)
Balance carried forward	<u>828,516</u>	<u>604,186</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	828,516	85,684
Equity dividends	(604,186)	(2,000,000)
Net addition/(reduction) to shareholders' funds	<u>224,330</u>	(1,914,316)
Opening shareholders' funds	604,187	2,518,503
Closing shareholders' funds	<u>828,517</u>	<u>604,187</u>

14. 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.