

COMPANY REGISTRATION NUMBER SC289793

**SECOND SOUTH EASTERN RECOVERY INVESTING
LIMITED**

FINANCIAL STATEMENTS

30 SEPTEMBER 2010

WEDNESDAY



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SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

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SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	T G Walsh M A Kelly
Company secretary	Terrace Hill (Secretaries) Limited
Registered office	144 West George Street Glasgow G2 2HG
Auditor	BDO LLP Chartered Accountants & Registered Auditors 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Bankers	Bank of Scotland plc 38 Threadneedle Street London SW1Y 5WX

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the company for the period from 1 November 2009 to 30 September 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was making investments.

RESULTS AND DIVIDENDS

The profit for the period amounted to £441,101. The directors have not recommended a dividend.

DIRECTORS

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

T G Walsh

M A Kelly

DIRECTORS' RESPONSIBILITIES

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 financial statements in accordance with United Kingdom Accounting Standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

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.

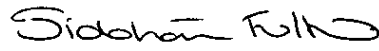
AUDITOR

BDO LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
144 West George Street
Glasgow
G2 2HG

Signed by order of the directors




TERRACE HILL (SECRETARIES)
LIMITED
Company Secretary

Approved by the directors on 22/03/2011

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

We have audited the financial statements of Second South Eastern Recovery Investing Limited for the period from 1 November 2009 to 30 September 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 AUDITOR

As explained more fully in the statement of directors' responsibilities, the directors 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; 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 company's affairs as at 30 September 2010 and of its profit for the period 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED *(continued)*

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

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 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Neil Craig (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow

22/03/2011

BDO LLP is a limited liability partnership registered in England & Wales (with registered number OC305127).

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

	Note	Period from 1 Nov 09 to 30 Sep 10 £	Year to 31 Oct 09 £
TURNOVER		—	—
OPERATING PROFIT		—	—
Other provisions	2	441,101	—
Amounts written off investments	4	—	(441,101)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		441,101	(441,101)
Tax on profit/(loss) on ordinary activities	5	—	—
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u>441,101</u>	<u>(441,101)</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 period as set out above.

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

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED


BALANCE SHEET

30 SEPTEMBER 2010

COMPANY REGISTRATION NUMBER: SC289793

	Note	30 Sep 10 £	31 Oct 09 £
FIXED ASSETS			
Investments	6	<u>3,352,262</u>	<u>3,352,262</u>
CURRENT ASSETS			
Debtors	7	<u>–</u>	<u>925,000</u>
NET CURRENT ASSETS		<u>–</u>	<u>925,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,352,262</u>	<u>4,277,262</u>
CREDITORS: Amounts falling due after more than one year	8	<u>3,352,261</u>	<u>4,718,362</u>
		<u>1</u>	<u>(441,100)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	1	1
Profit and loss account	12	<u>–</u>	<u>(441,101)</u>
SHAREHOLDERS' FUNDS/(DEFICIT)	13	<u>1</u>	<u>(441,100)</u>

These financial statements were approved by the directors and authorised for issue on 22/03/2011, and are signed on their behalf by:


M A Kelly
Director

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

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

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 1996) 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 cash flow statement.

Consolidated financial statements

The company is exempt under section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2. OTHER PROVISIONS

Waiver of debt due to ultimate parent company.

3. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial period, including the directors, amounted to 2 (2009 - 2).

No salaries or wages have been paid to employees, including the directors, during the period.

4. AMOUNTS WRITTEN OFF INVESTMENTS

	Period from	Year to
	1 Nov 09 to	31 Oct 09
	30 Sep 10	
	£	£
Investment provision	<u>—</u>	<u>441,101</u>

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

5. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%).

	Period from 1 Nov 09 to 30 Sep 10 £	Year to 31 Oct 09 £
Profit/(loss) on ordinary activities before taxation	<u>441,101</u>	<u>(441,101)</u>
Profit/(loss) on ordinary activities by rate of tax	123,508	(123,508)
Expenses not deductible for tax purposes	-	123,508
Transfer pricing adjustment	-	(23,112)
Losses carried forward	-	2,154
Group relief	-	20,958
Non taxable item	<u>(123,508)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

6. INVESTMENTS

	Subsidiary undertakings £
COST	
At 1 November 2009 and 30 September 2010	<u>3,793,363</u>
AMOUNTS WRITTEN OFF	
At 1 November 2009 and 30 September 2010	<u>441,101</u>
NET BOOK VALUE	
At 30 September 2010 and 31 October 2009	<u>3,352,262</u>

The company owns 100% of the issued share capital of the company listed below:

South Eastern Recovery II Limited

Nature of Business: Property Letting

	30 Sep 10 £	31 Oct 09 £
Aggregate capital and reserves	3,365,394	3,333,819
Profit/(loss) for the year	31,575	(16,696)

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

7. DEBTORS

	30 Sep 10 £	31 Oct 09 £
Amounts owed by group undertakings	<u>—</u>	<u>925,000</u>

All amounts shown under debtors fall due for payment within one year.

8. CREDITORS: Amounts falling due after more than one year

	30 Sep 10 £	31 Oct 09 £
Amounts owed to group undertakings	<u>3,352,261</u>	<u>4,718,362</u>

9. CONTINGENCIES

There exist inter-company guarantees from this and other companies in the group for an unlimited amount in respect of group borrowings. These borrowings are secured by way of a standard security and a bond and floating charge over the assets of the company.

10. RELATED PARTY TRANSACTIONS

As a company of which 100% of the voting rights are controlled within Terrace Hill Group plc, the company has taken advantage of the exemption within FRS 8 not to disclose related party transactions with fellow group companies.

11. SHARE CAPITAL

Allotted and called up:

	30 Sep 10 £	31 Oct 09 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

12. PROFIT AND LOSS ACCOUNT

	Period from 1 Nov 09 to 30 Sep 10 £	Year to 31 Oct 09 £
Balance brought forward	(441,101)	—
Profit/(loss) for the financial period	<u>441,101</u>	<u>(441,101)</u>
Balance carried forward	<u>—</u>	<u>(441,101)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 Sep 10 £	31 Oct 09 £
Profit/(Loss) for the financial period	441,101	(441,101)
Opening shareholders' (deficit)/funds	<u>(441,100)</u>	<u>1</u>
Closing shareholders' funds/(deficit)	<u>1</u>	<u>(441,100)</u>

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

14. ULTIMATE PARENT COMPANY

The directors consider that Terrace Hill Group plc (registered in Scotland) is the company's ultimate holding company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: Terrace Hill Group plc, 144 West George Street, Glasgow G2 2HG.

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

MANAGEMENT INFORMATION

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**

SECOND SOUTH EASTERN RECOVERY INVESTING LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 NOVEMBER 2009 TO 30 SEPTEMBER 2010

	Period from 1 Nov 09 to 30 Sep 10 £	Year to 31 Oct 09 £
OVERHEADS	-	-
Other provisions	441,101	-
Amounts written off investments	-	(441,101)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>441,101</u>	<u>(441,101)</u>