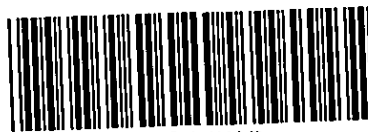


TERRAPIN LIMITED
FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED
28 SEPTEMBER 2008

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COMPANIES HOUSE

Terrapin Limited

Financial Statements

For the 52 weeks ended 28 September 2008

Company registration number: 687831

Registered office: South House
Bond Avenue
Milton Keynes
MK1 1JJ

Directors: G W M Orr
P Howlett White
A J Day
W J Eyres
D N Pollington
R MacDonald

Secretary: A J Day

Bankers: Lloyds TSB Bank plc
Central Milton Keynes

Solicitors: Shoosmiths
Central Milton Keynes

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Central Milton Keynes

Terrapin Limited

Financial Statements

For the 52 weeks ended 28 September 2008

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Report of the Directors

The directors present their report together with the financial statements for the 52 weeks ended 28 September 2008.

Principal Activity

The company is principally engaged in the design and construction of offsite manufactured buildings and building components for sale, lease and hire.

Results and Dividends

The loss for the period amounted to £705,000 (2007: £720,000 profit). A dividend of £5,683,754 was paid on 10 December 2007. Shareholders' funds now stand at £2,478,000.

Business Review

The Company has suffered a significant reduction in turnover from that of last year, primarily due to the cancellation of two major volumetric (Prospex) projects worth over £8.5m in total.

Gross margin however has been increased through the period to 22% (2007: 18%).

In addition, a significant increase has been achieved in securing new, medium to long term hire projects, through our efforts to reinvigorate this traditionally strong market for Terrapin.

The business has been consolidated in the period with the closure of the Nottingham satellite office. The Sales, Commercial and Technical functions have been relocated to Head Office in Milton Keynes.

A dividend has been requested and paid to Terrapin International Limited in the year, which is the first for some 15 years. During the period the net worth of the Group has increased due to the repayment of all external debt and the continued positive trading of sister company Bond Estates Limited.

Principal Risks and Uncertainties

The principal risk to the business is the uncertain global economic climate and its affect on securing continuity of volumetric works through the factory. The Government policy of continuing to invest in Education, Health and Custodial capital projects should provide sufficient opportunities in the short and medium term to minimize this risk.

Financial Risk Management Objectives and Policies

There are always risks associated with the building and contracting industries where there are the possibilities of cost overruns on projects and disputed claims. With detailed and regular project management accounts, a conservative attitude to profit taking plus a wide client base, this risk is minimised as far as possible.

The company seeks to manage liquidity risk by ensuring that sufficient cash resources are available to meet the foreseeable needs. In addition to the actions mentioned above the Company has a regular income from its building hire contracts.

Research and Development

Research and development work during the year followed the pattern of recent years. There has been continued emphasis on sustainability and environmental issues alongside development of strategies to comply with the projected future tightening of regulations and its impact on the buildings of the future.

Report of the Directors (continued)

Directors

The directors in office at the end of the period are listed below. All served throughout the period with exceptions noted below:

P. Howlett White
W. J. Eyres
A. J. Day
G. W. M. Orr
D. N. Pollington (appointed 20 Nov 2007)
R. MacDonald (appointed 7 Jan 2008)

P. Howlett White and A. J. Day retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 judgments 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.

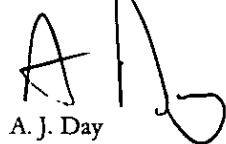
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A. J. Day
Secretary

Date: 23 January 2009



Report of the Independent Auditor

to the members of Terrapin Limited

We have audited the financial statements of Terrapin Limited for the period ended 28 September 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 22. 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 auditor

The directors' responsibilities for preparing the Report of the Directors and financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors 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 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.

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 28 September 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Central Milton Keynes
Date: 23 January 2009

Principal Accounting Policies (continued)

For the 52 weeks ended 28 September 2008

Basis of preparation

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

The principal accounting policies of the company are set out below. They have remained unchanged from the previous period.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. In the case of long term contracts, turnover reflects the contract activity in the period.

Operating lease income is taken to turnover in equal monthly instalments over the period of hire and amounts received in advance attributable to the subsequent accounting period are treated as deferred income.

Long term contracts

The attributable profit on long term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long term contracts are included in stock to the extent that they cannot be matched with contract work accounted for as turnover.

Long term contract balances included in stocks are stated at cost after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful economic lives. The rates generally applicable are:

Motor vehicles	25%
Furniture and equipment	20% - 33%
Plant and machinery	10% - 20%

Components for hiring

Components and building units for hiring are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost of a unit by equal monthly instalments over the estimated useful life of each of its principal components.

Rehabilitation costs incurred in preparing components and building units for hire and the associated installation costs are capitalised at cost and amortised on a straight line basis over the period of hire.

Site restoration costs, including the cost of dismantling the units, are capitalised where contractual. These costs are written off over the period of the hire contract.

Principal Accounting Policies (continued)

For the 52 weeks ended 28 September 2008

Research and development

Research and development expenditure is charged against profit in the period in which it is incurred.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Leased assets

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account over the periods of the leases and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

Retirement benefits

Defined benefit pension scheme

The company participates in a group defined benefit scheme which became a paid up scheme on 31 July 2000 with the consequence that final salary benefits ceased to accrue from that date. It is unable to identify its share of the underlying assets and liabilities and as such the company accounts for its contributions to this scheme as a defined contribution scheme. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period. Currently all contributions are met by the parent company.

Defined contribution pension scheme

The pension costs charged against operating profits are contributions payable to the scheme in respect of the accounting period.

Cash flow statement

The directors have taken advantage of the exemption from preparing a cashflow statement, which is available to a wholly owned subsidiary undertaking, where the parent publishes full consolidated accounts.

Principal Accounting Policies (continued)

For the 52 weeks ended 28 September 2008

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Terrapin Limited

Profit and Loss Account

For the 52 weeks ended 28 September 2008

	Note	2008 £'000	2007 £'000
Turnover	1	16,615	27,342
Cost of sales		<u>(12,941)</u>	<u>(22,367)</u>
Gross profit		3,674	4,975
Administrative expenses		<u>(4,437)</u>	<u>(4,083)</u>
Operating (loss)/profit	1	(763)	892
Net interest	2	<u>17</u>	<u>16</u>
(Loss)/profit on ordinary activities before taxation	1	(746)	908
Tax credit/(charge) on profit on ordinary activities	4	<u>41</u>	<u>(188)</u>
(Loss)/profit for the financial period, transferred to reserves	16	(705)	720

There were no recognised gains or losses other than the loss for the financial period.

All of the company's activities are classified as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

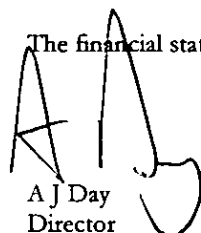
Terrapin Limited

Balance Sheet

As at 28 September 2008

	Note	28 September 2008 £'000	30 September 2007 £'000
Fixed assets			
Components for hiring	6	2,249	1,883
Other tangible assets	7	451	499
		<u>2,700</u>	<u>2,382</u>
Current assets			
Stocks	8	638	1,475
Debtors – due after more than one year	9	-	116
Debtors – due within one year	9	3,183	9,425
Cash at bank and in hand		845	1,720
		<u>4,666</u>	<u>12,736</u>
Creditors: amounts falling due within one year	10	<u>(3,705)</u>	<u>(5,564)</u>
Net current assets		<u>961</u>	<u>7,172</u>
Total assets less current liabilities		<u>3,661</u>	<u>9,554</u>
Creditors: amounts falling due after more than one year	11	(603)	(15)
Provisions for liabilities and charges	13	<u>(580)</u>	<u>(672)</u>
		<u>(1,183)</u>	<u>(687)</u>
		<u>2,478</u>	<u>8,867</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	1,978	8,367
Shareholders' funds	17	<u>2,478</u>	<u>8,867</u>

The financial statements were approved by the Board of Directors on 23 January 2009.


A J Day
Director


G W M Orr
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

For the 52 weeks ended 28 September 2008

1. Turnover and (loss)/profit on ordinary activities before taxation

In the opinion of the directors there is one class of business as described in the report of the directors. All sales were made within the United Kingdom.

The (loss)/profit on ordinary activities is stated after:

	2008 £'000	2007 £'000
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	35	38
Fees payable to the company's auditor for other services:		
- Taxation services	5	6
Depreciation and amortisation		
Components for hiring	922	1,176
Other tangible fixed assets	159	117
Assets held on finance lease	10	10
Hire of equipment	37	-
Other operating lease rentals	563	412
Research and development	114	40

Turnover includes income of £1,812,000 (2007: £2,056,932) in respect of operating leases.

2. Net interest

	2008 £'000	2007 £'000
Other interest receivable	35	21
Interest payable on hire purchase and finance leases	(3)	(5)
Other loan interest payable	(15)	-
Net interest	17	16

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

3. Directors and employees

Staff costs during the period were as follows:

	2008 £'000	2007 £'000
Wages and salaries	3,465	3,432
Social security costs	338	333
Other pension costs	239	309
	4,042	4,074

The average number of employees of the company during the period was:

	2008 Number	2007 Number
Administrative	74	72
Production	65	71
	139	143

The company is a member of a funded group defined benefit pension scheme and a defined contribution group personal pension scheme. The company accounts for the group defined benefit scheme as a defined contribution scheme as it is unable to identify its share of the underlying assets and liabilities. The financial statements of the holding company, Terrapin International Limited, contain details of the actuarial valuation of the group defined benefit scheme.

The group defined benefit pension scheme became a fully paid up scheme on 31 July 2000.

Remuneration in respect of directors was as follows:

	2008 £'000	2007 (restated) £'000
Emoluments	328	206
Pension contributions to defined benefit scheme	-	-
Pension contributions to defined contribution scheme	23	15
	351	221

During the period 5 directors (2007: 3) participated in the defined contribution pension scheme. 1 director (2007: 1) participated in the defined benefit scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2008 £'000	2007 (restated) £'000
Emoluments	82	82
Pension contributions to defined benefit pension scheme	-	-
Pension contributions to defined contribution pension scheme	7	7
	89	89

The amounts of pension contributions in respect of directors include amounts paid by the parent company.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

4. Tax on (loss)/profit on ordinary activities

The taxation (credit)/charge is based on the result for the period and is made up as follows:

	2008 £'000	2007 £'000
UK corporation tax credit at 29% (2007: 30%)	(237)	-
Adjustment in respect of prior periods	-	(26)
Total current tax	(237)	(26)
Origination and reversal of timing differences		
- current period	22	168
- in respect of prior periods	174	19
	196	187
Effect of decreased tax rate	-	27
Total deferred tax	196	214
Tax (credit)/charge on (loss)/profit on ordinary activities	(41)	188

The tax assessed for the period is different from the standard rate of UK corporation tax of 30%. The differences are explained as follows:

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 29% (2007: 30%).	(216)	272
Effect of:		
Expenses not allowable for tax purposes	5	4
Additional deduction for R&D expenditure	(10)	(8)
Depreciation in excess of capital allowance for the period	(9)	319
Group relief	-	(517)
Other timing differences	(7)	(70)
Adjustment to tax charge of prior periods	-	(26)
Current tax credit for the period	(237)	(26)

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

5. Dividends

A dividend of £5,683,754 was paid on 10 December 2007 to Terrapin International Limited.

6. Components for hiring

	Total £'000	Components and building units £'000	Site restoration costs £'000
Cost			
At 1 October 2007	9,943	9,271	672
Additions	1,300	1,256	44
Disposals	(1,306)	(1,170)	(136)
At 28 September 2008	9,937	9,357	580
Accumulated depreciation			
At 1 October 2007	8,060	7,547	513
Provided in the period	922	828	94
Eliminated on disposals	(1,294)	(1,158)	(136)
At 28 September 2008	7,688	7,217	471
Net book amount at 28 September 2008	2,249	2,140	109
Net book amount at 30 September 2007	1,883	1,724	159

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

7. Other tangible assets

	Total £'000	Furniture and equipment £'000	Motor vehicles £'000	Plant and machinery £'000
Cost				
At 1 October 2007	1,524	642	74	808
Additions	121	111	-	10
Disposals	-	-	-	-
At 28 September 2008	1,645	753	74	818
Accumulated depreciation				
At 1 October 2007	1,025	473	53	499
Provided in the period	169	108	10	51
Eliminated on disposal	-	-	-	-
At 28 September 2008	1,194	581	63	550
Net book amount at 28 September 2008	451	172	11	268
Net book amount at 30 September 2007	499	169	21	309

Included within the net book value of £451,000 is £51,000 (2007: £65,000) relating to assets held under finance lease and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £10,000 (2007: £10,000).

8. Stocks

	2008 £'000	2007 £'000
Long term contract balances	115	1,168
Raw materials and consumables	279	254
Finished goods	244	53
	638	1,475

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

9. Debtors

	2008 £'000	2007 £'000
Amounts falling due after more than one year:		
Deferred tax	-	116
	-	116
Amounts falling due within one year:		
Trade debtors	1,860	3,512
Amounts owed by group undertakings	995	5,689
Amounts recoverable on contracts	236	64
Other debtors	48	19
Deferred tax	-	80
Corporation tax recoverable	-	26
Prepayments and accrued income	44	35
	3,183	9,425

10. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	1,326	1,915
Social security and other taxes	178	141
Amounts due under finance leases and hire purchase	10	20
Other creditors	6	7
Accruals	1,219	2,473
Deferred income	686	1,008
Secured loans	280	-
	3,705	5,564

11. Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts due under finance leases and hire purchase	-	15
Secured loans	603	-
	603	15

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

12. Borrowings

Borrowings are repayable as follows:

	2008 £'000	2007 £'000
Within one year		
Amounts due under finance leases and hire purchase	10	20
Secured loans	280	-
After one and within two years		
Amounts due under finance leases and hire purchase	-	12
Secured loans	318	-
After two and within five years		
Amounts due under finance leases and hire purchase	-	4
Secured loans	285	-
	893	36

Included in the above are two loans secured against the income stream of various components on hire:

The first loan has capital outstanding at 28 September 2008 amounting to £240,000. This is repayable in equal monthly instalments by August 2010. This loan accrues annual interest payable at 8.71% of the outstanding capital balance.

The second loan has capital outstanding at 28 September 2008 amounting to £643,000. This is repayable in equal monthly instalments by January 2012. This loan accrues annual interest payable at 8.67% of the outstanding capital balance.

13. Provisions for liabilities and charges

	Return and dismantling provision £'000
At 1 October 2007	672
Provided during the period	44
Utilised during the period	(136)
At 28 September 2008	580

Return and dismantling provision relates to the costs that will be incurred in dismantling and returning components at the termination of each hire contract. £350,000 (2007: £321,000) of the period end provision relates to costs that are expected to be incurred within one year. The remaining £230,000 (2007: £351,000) is expected to be incurred between one and ten years. The timing of these costs are calculated on the hire period of each contract at the balance sheet date. Any future changes in the hire contract will impact the timing of those transfers of economic benefit.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

14. Deferred taxation

Deferred taxation is provided for in full as follows:

	Amount provided	
	2008	Asset
	£'000	2007
		£'000
Accelerated capital allowances	-	559
Short term timing differences	-	(363)
	-	196
		£'000
At 1 October 2007		196
Deferred tax charged in the profit and loss account for the period		(196)
At 28 September 2008		-

15. Share capital

	2008 and 2007
	£'000
Authorised, allotted, called up and fully paid	
Ordinary shares of £1 each	500

16. Profit and loss account

	£'000
At 1 October 2007	8,367
Dividend paid	(5,684)
Loss for the period	(705)
At 28 September 2008	1,978

17. Reconciliation of movements in shareholders' funds

	2008	2007
	£'000	£'000
(Loss)/profit for the financial period	(705)	720
Dividend paid	(5,684)	-
Shareholders' funds at 1 October 2007	8,867	8,147
Shareholders' funds at 28 September 2008	2,478	8,867

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 September 2008

18. Capital commitments

The company had no capital commitments at 28 September 2008 (30 September 2007: £57,000).

19. Contingent liabilities

The company has performance bonds outstanding at the period end with a value of £99,000 (2007: £36,000).

There is a group VAT registration in place in which Terrapin Limited is joint and severally liable for the group VAT liability. At the end of the year the contingent liability amounts to £37,000 (2007: £735,000).

The company has bank cross guarantees with other group companies to a limit of £2,500,000 (2007: £2,500,000).

20. Leasing commitments

Operating lease payments amounting to £702,000 (2007: £524,000) are due within one year. The leases to which these amounts relate expire as follows:

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year or less	407	133	26	11
Between one and five years	-	162	414	73
	407	295	440	84

21. Transactions with related parties

As a wholly owned subsidiary of Terrapin International Limited, the company is exempt from the requirements of FRS8 to disclose the transactions with other members of the group headed by Terrapin International Limited.

22. Ultimate holding company and controlling related party

The ultimate holding company and controlling related party is Terrapin International Limited, a company registered in England and Wales.

The largest and smallest group of companies for which accounts are prepared is headed by Terrapin International Limited. Copies of the group accounts can be obtained from the registered office, Bond Avenue, Bletchley, Milton Keynes, MK1 1JJ.